



July 2013

In this issue: Welcome to MDL | CEO Compensation | Ethics II | Success Stories | Thought for the Day

Welcome to the new MDL Partners, Inc.

We are pleased to announce the formation of MDL Partners, Inc. The initials stand for McNeil, Decker, and Lemmonds, and reflect the new partnership with our Washington office and our plans for future expansion. It also represents Managers, Directors, and Leaders, our executive network which now numbers nearly 5,000 executives globally. Our network includes virtually every industry, functional specialty and geography. This breadth is reflected in the new logo and tagline “a worldwide executive network.”

The website will be www.MDLPartners.com, and our Linked In group will be MDL Partners Network. We have also formed an Energy SIG, IT and Telecom SIG, M&A SIG, and Healthcare and Biotech SIG, which as a client you are welcome to join.

Feel free to call us at 781-237-3777 or email us at careers@mdlpartners.com. We look forward to a positive and productive relationship, and an exciting future.

CEO Compensation

The answer: \$10M

The question: What is the appropriate salary for the CEO of a Fortune 500 Company?

CEO compensation has been increasingly in the news, putting a spotlight on those who set CEO and executive compensation. Boards, investors and compensation consultants seem to be settling on this \$10M number as appropriate, and probably as important, relatively defensible.

Of course, base salary is only a small part of total compensation which ranges from zero (Kosta Kartsothis, Fossil, inc.) to \$96.2M for Larry Ellison at Oracle.

There are a couple of trends in CEO compensation worth noting. First, Dodd Frank regulations enable investors to participate in a non-binding referendum on CEO compensation and there have been a number of votes already creating a chilling effect

on excessive increases. In general, there is greater pressure for transparency and more publicity around CEO compensation than there has been in the past.

In addition, there is a significant trend toward more incentive-based, performance-based compensation. CEOs are no longer “paid for breathing” but have compensation tied to operating performance and stock price improvement. Increasingly, CEOs and the executive team are receiving performance-based restricted stock as part of their compensation package.

So what are the implications if you are not yet in the \$10M/year category? First, there is typically a trickle-down effect in compensation. What happens at the top will fairly quickly move down the ladder and affect your compensation. Expect very slow growth in base salary with an even greater emphasis on performance-based incentives. Second, although not directly affected, private company executive compensation tends to follow public company compensation trends. If you work for a private company, you may see a similar de-emphasis on base compensation and increased emphasis on performance-based incentives.

Of course, this doesn't mean you should stop working your way up the ladder. A Fortune 500 CEO still makes 380x the salary of his or her company's average worker.

Ethics II

In a former newsletter, we suggested that you think more consciously about and refine your personal ethical roadmap. We hope that you have become more aware of ethical issues that you may deal with yourself and that appear more frequently in the news. Have you been following the Whitey Bulger trial and the exposure of his organization's code of ethics? Would you give political asylum to Edward Snowden? Would you cancel your company's contract with Paula Deen?

These are relatively simple ethical dilemmas. As a leader and manager, as opposed to an individual contributor, you actually face more complex ethical decisions. You must balance your own ethics with the ethics and values of your employees, your department, and your organization/company as a whole. You are faced with the multiple ethical frameworks and perspectives of your employees and must balance them with the pressure to produce results. At the managerial level, you face conflicts not only within your own ethical system, but between multiple ethical systems. At the same time, as a manager, there is an expectation of high ethical standards, and your actions are scrutinized and magnified.

As a manager or leader, you directly impact the lives of your employees and your behavior toward them becomes a first priority. You have a negative impact if you force them to compromise their values or lower their standards for the sake of results. Fortunately, you can also positively impact their lives. As a leader, you have the power, opportunity, responsibility and ethical duty to make employees' work, and by extension, their lives, better. As a manager, you can train, coach, mentor and engage employees to further their development. If possible, you can provide work which utilizes and builds their skills and provides an interesting challenge. If you can't tailor the work, you can at least provide a safe, friendly environment and reasonable compensation. As a leader, you can tie individual and department work to a larger, ethically acceptable vision. Most important, you can provide an example in word and deed of high ethical standards for your organization. If you have not already, you will discover that applying these strategies will clearly improve business performance, as well as your personal satisfaction.

In the next issue, we'll take a look at ethical issues in the executive suite.

Success Stories

Matt Fisch has taken a position as Managing Director of the International Entrepreneurship Center, a startup incubator loosely affiliated with Babson College.

Tim Lacey is now Vice President, Business Unit Operations at ACI Worldwide, an electronic payment systems company servicing financial institutions, retailers and processors.

Michael Allison is now an Associate Broker at Lacaze Meredith Real Estate in Easton, MD.

Sudeep Dharan is Senior Vice President Product Development at Razorsight, a cloud-based analytics software company headquartered in Reston, VA.

Paul Keefe is Partner Channel Director at Earthlink.

Matthew Raymond is Senior Director of Communications at International Food Information Council Foundation. The International Food Information Council (IFIC) Foundation is dedicated to the mission of effectively communicating science-based information on health, nutrition and food safety for the public good.

Robert Reeves is Director, Logistics, Operations, and Training at Alexandria, Virginia-based CALIBRE Systems, Inc., an employee-owned management and technology

services company that supports government and industry with management analysis, technology solutions, and program support.

Darnell Singleton is Head of Vendor Engagement and Controls at Direct Energy in Pennsylvania.

Kevin Sturm is Vice President – Operations at Allied Telecom.

Yen Sullivan is Vice President of Product Strategy at Relevate, a leading marketing information services provider headquartered in Springfield, VA.

Jan-Paul van Maaren is Vice President Marketing at Pall Corporation.

Rich Schott has been hired to run the National Programs at “Child Care Aware of America” (formerly NACCRA), a non-profit out of Arlington, VA.

Thought for the Day

Teamwork means never having to take all the blame yourself.

MDL Partners

Boston - 20 William Street - Wellesley, MA 02481 | 781-237-3777

Stamford - 6 Landmark Square, 4th Floor - Stamford, CT 06901 | 203-359-5623

DC/VA/MD - 2111 Wilson Blvd., Suite 700 - Arlington, VA 22201 | 703-516-6688

Hartford – 10 Talcott Notch Rd. - Farmington, CT 06032 | 860-269-0291