

Governance
By-Laws Leadership Evaluations
Decisions
Roles Strategic Planning
Conflict of interest



The Business and Behaviours Behind Executive Agreements

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TERMS OF ENGAGEMENT

Aligning Sport Organization Objectives within
Executive Agreements

Margo Crawford



- 25+ years in Human Resources
- Recipient of the Vision Award for Human Resources Professional of the Year
- Co-founded one of Ottawa's most successful start-up companies (Meriton Networks)
- Extensive experience with both the private and public sector.
- Held executive and consulting positions and with the corporate, high technology, education and school board, Not-for Profit and local sectors
- Numerous Board positions
- President of Nakkertok Nordic Ski Club

Business Sherpa Group



Includes:

- Experienced HR professionals (on-site or virtual)
- Access to compensation data
- Executive HR leadership support
- Recruitment, HR policies and employment terms, benefits, performance management, workforce/talent management



The company controls the resource dials to best suit their business needs.

Today we are going to share experiences learned from:

- ✓ Drafting & negotiating executive agreements
- ✓ Working with small organizations through change
- ✓ Working closely with Boards hiring executives
- ✓ Working closely with Executive Directors

PRACTICAL HR ADVICE ... NOT LEGAL ADVICE

AGENDA

1. Why this topic
2. Stakeholders
3. Trigger events
4. Best practices
5. Samples



Why this is an important topic?

Contract Negotiations

What is being asked/offered?

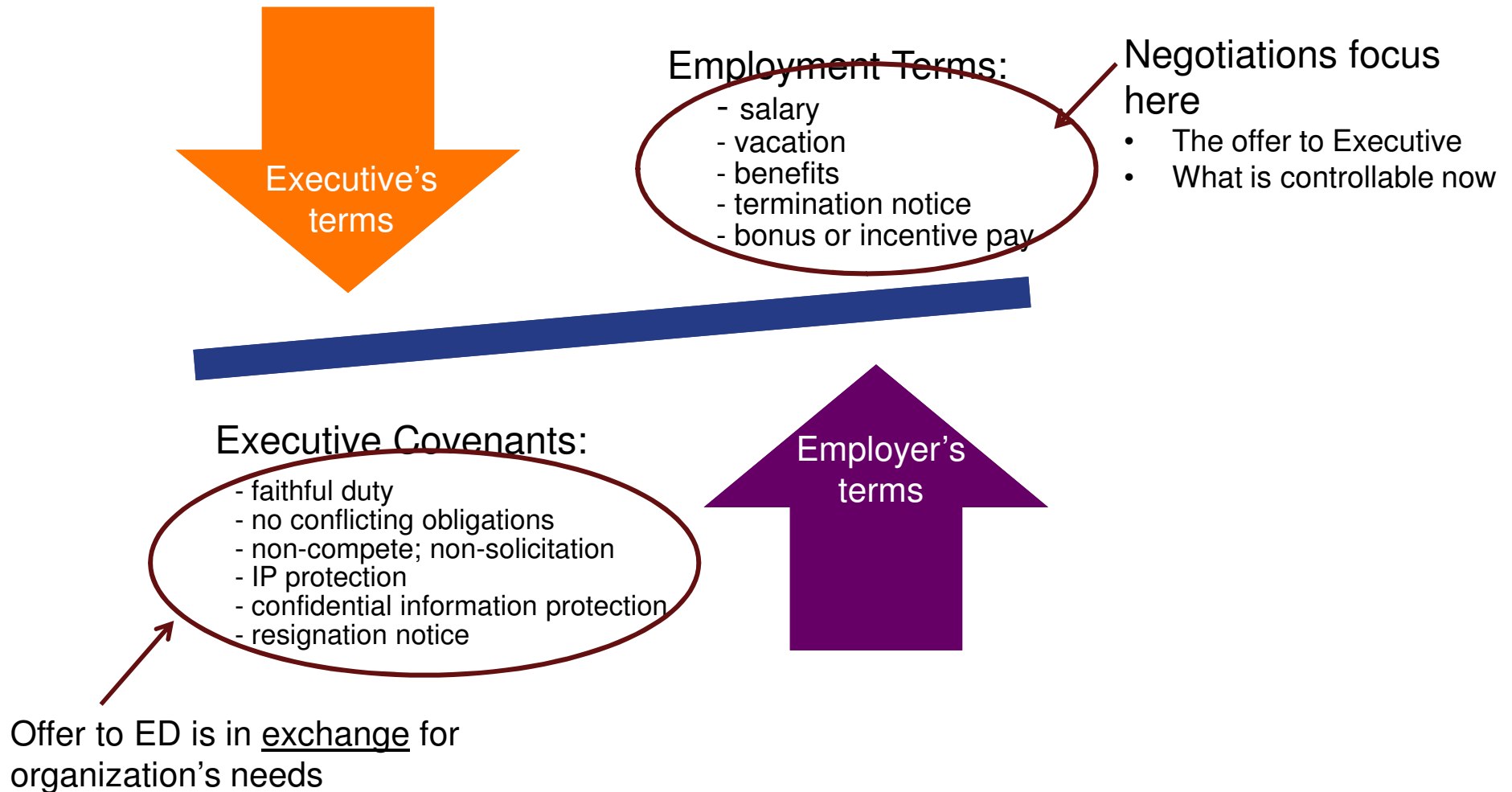
What is the impact?

Future changes?

What is best for the sport organization?

- Happy and satisfied membership
- Happy and engaged Executive Director
- An organization that performs to its potential

The BEST result for the organization is a balanced agreement



Stakeholders

CONTRACT TERMS – Goals & Objectives

Please enter what you think the objectives of the Executive and Board are in the boxes below

Who Cares & Why?

Stakeholders

CONTRACT TERMS – Goals & Objectives	Executive	Board of Directors	Corporation	Members/ shareholders	Public	3 rd Party ???
Security – income protection; reasonable notice; ability to become employed again	■					
Reputation – graceful exit; references; public perception	■		■		■	
Ethics – professional, legal compliance, the right thing to do, good governance	■	■	■	■	■	■
Create Value – ongoing value creation for members, shareholders, public	■	■	■	■	■	■
Fair compensation – fairly paid for work and effort, and rewarded for performance	■					
Retention – stay on a steady path, limit unwanted turnover	■	■	■			
Protect assets – IP, confidential information, members, customers	■		■			■
Mitigate Risk – protect corporation; liability and legal exposure	■	■	■			■
Performance – a fully engaged and performing team	■	■	■			■
Succession – ability to have seamless succession in key executive roles	■	■				■

Questions?



Organization Life Cycles



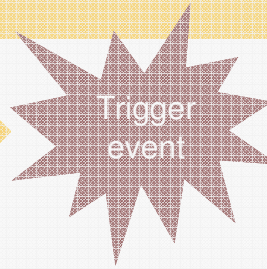
What is a **Trigger Event**?

- A known event that will result in a fundamental change to the organization.
- A clear goal or objective to be achieved.
- A 3rd party becomes interested or involved.

Organization Life Cycles

On-going Business
(+2 years)

Pre-event period
(≤ 2 years)



Post-event period
(≤ 2 years)

On-going Business
(+2 years)

Please enter what you would consider to be a trigger event in the box below

Organization Life Cycles

On-going Business
(+2 years)

Pre-event period
(≤ 2 years)



Post-event period
(≤ 2 years)

On-going Business
(+2 years)

Type of Trigger Event	Example	3 rd Party
Known corporate cycle	Olympics – impact of performance of sport	Funders; Canadian Olympic Committee; public; ??
Funding decision	Major grant funding application	Funding agency
Departure of Executive	End of a fixed term contract	New Executive entering corporation
Macro-economic or political decision	NFP Act change Oct 2014	Government agency or political influencers
Board of Directors changes	Rotational Boards; new chairs, etc.	New Board members

So what?

- Creates pressure
- Unknown outcomes
- New stakeholder(s)

What is best for the organization is less clear.

Organization's Objectives

On-going Business
(+2 years)

Pre-event period
(≤ 2 years)

Trigger
event

Post-event period (≤
2 years)

On-going Business
(+2 years)

What is best for the organization?

- Organization performing at its potential
- Happy and engaged Membership
- Happy and engaged ED
- Stability
- Protect assets & mitigate risks

How do executive agreements achieve this?

- Performance incentives/rewards
- Fair pay, benefits, vacation
- Notice of termination/ resignation
- Intellectual property (IP) protection; confidentiality; non-solicitation; non-competition clauses

Organization's Objectives

On-going Business
(+2 years)

Pre-event period
(≤ 2 years)

Trigger
event

Post-event period (\leq
2 years)

On-going Business
(+2 years)

Dynamics Change

- Deadline approaches and certain results are expected
- 3rd party enters the picture – assess/make decision on organization
- Key employees feel uncertain....right when you need them focused and motivated
- Greater need for stability
- Expectations increase around sustainability and ongoing performance

Organization's Objectives

On-going Business
(+2 years)

Pre-event period
(≤ 2 years)

Trigger
event

Post-event period (≤
2 years)

On-going Business
(+2 years)

What is best for the organization?

- Organization performing at its potential
- Happy and engaged Membership
- Happy and engaged ED
- Stability
- Protect assets & mitigate risks
- Hit specific goals and milestones

How do executive agreements achieve this?

- Performance incentives/rewards
- Fair pay, benefits, vacation
- Notice of termination/ resignation
- Special termination provisions connected with event
- IP protection; confidentiality; non-solicitation; non-competition clauses
- Special incentive and performance rewards

Executive Agreements Terms – Best Practices

On-going Business
(+2 years)

Pre-event period
(≤ 2 years)

Trigger
event

Post-event period
(≤ 2 years)

On-going Business
(+2 years)

Executive Agreements

1. Base pay, benefits, vacation, pension
2. Incentive Pay
3. Fixed term; period for notice of renewal
4. Faithful duty; no conflicting obligations; abide by company policy
5. Termination: notice period for termination without cause, resignation, or; frustration due to death or disability
6. Confidentiality, non-disclosure and IP protection clauses; non-compete and non-solicitation clauses
7. Fair and reasonable...

Special Agreements

1. Defined period with fixed start and end
2. Limited to key strategic employees
3. Reward for achieving specific identified goals for organization
4. Retention incentive to remain after event
5. Earn-out bonus to achieve post-event goals
6. Special termination clauses for added protection pre/post event

IN SUMMARY....

Business as usual:

KNOW THE PLAYERS

UNDERSTAND OBJECTIVES

CONSIDER BEHAVIOURS

BALANCED AGREEMENT

Special events:

KNOW THE PLAYERS

UNDERSTAND OBJECTIVES

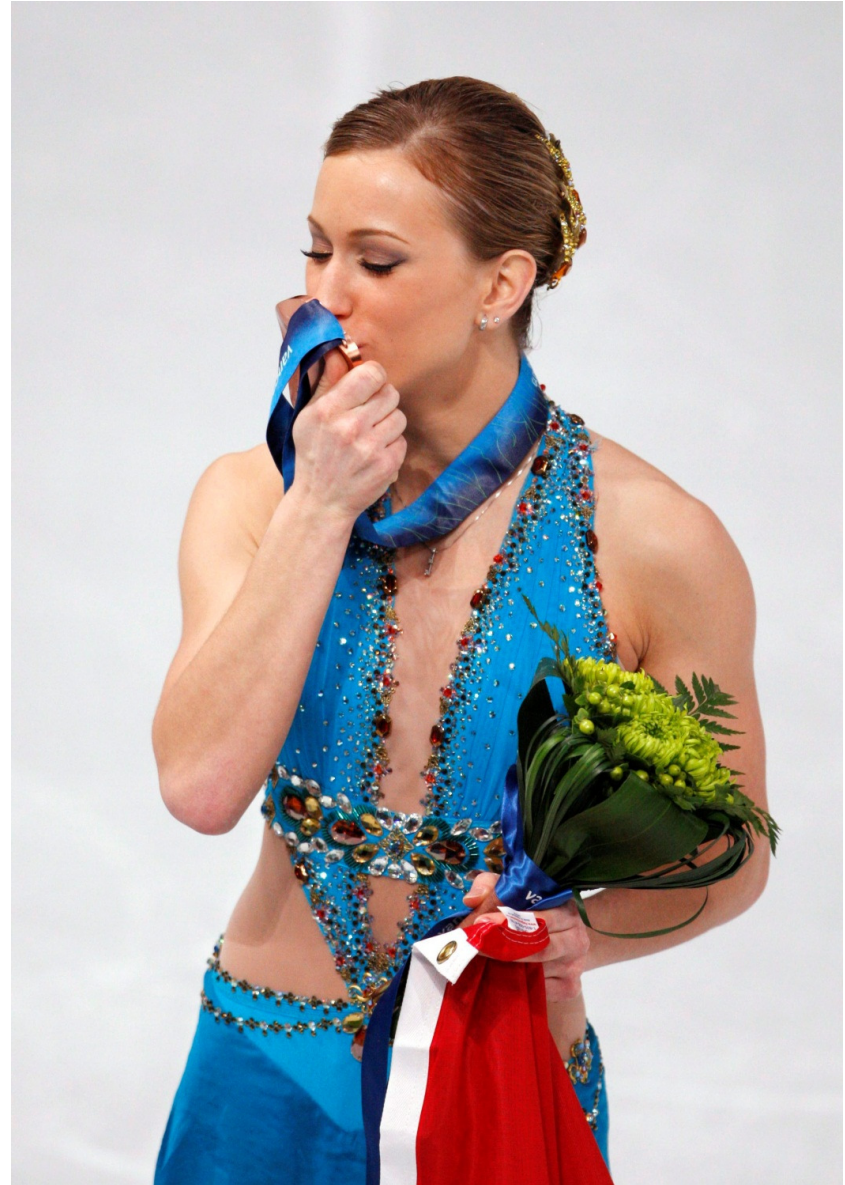
CONSIDER BEHAVIOURS

SPECIAL AGREEMENT

LEGAL REVIEW!!

Trigger event = different objectives
& new behaviours

Questions?





SAMPLE EXECUTIVE AGREEMENTS

Terms & Conditions Highlights

1. Duties & responsibilities
 - fiduciary with elevated expectations of an executive

2. Incentive Compensation
 - Refer to plan
 - Organization can change or eliminate
 - Payment is not precedent for continued payment

3. Vacation
 - Limit carry forward; forfeiture if not used

4. Termination
 - Provision for termination notice – in exchange for release
 - Define certain 'for cause' conditions
 - Provision for resignation notice

5. Non-solicitation/competition
 - Be specific; narrow in geography; limited period of time

SPECIAL INCENTIVE PLANS

Details

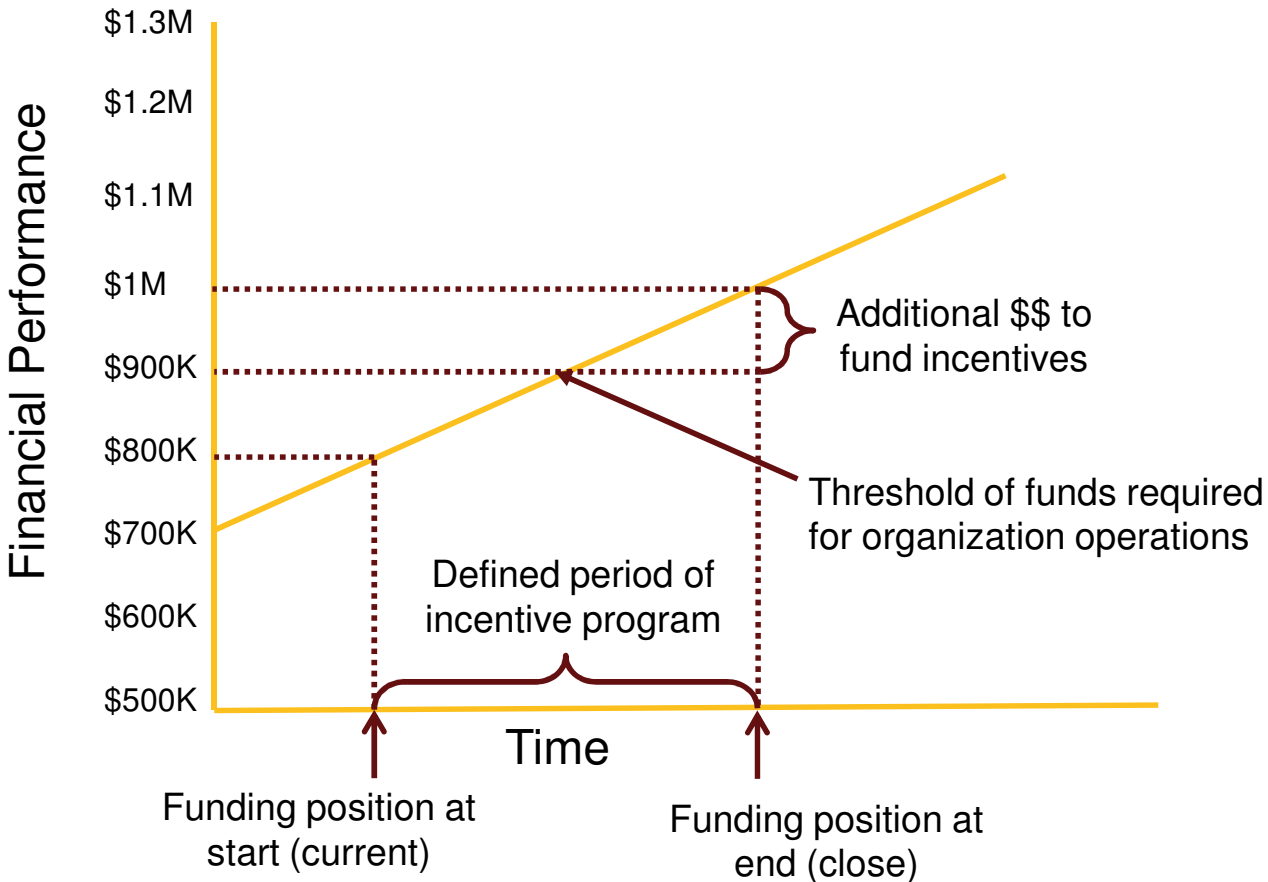


Special Incentive Agreements

1. Identify an acceptable bonus or incentive amount (% of base salary or fixed \$\$).
2. Set clear & measurable targets
3. Model it to ensure it is self-funding

WHY?

1. Reward performance
2. Retention
3. Drive value



Special Incentive Agreements

Incentive Program: model the numbers to ensure the incentive is affordable and makes sense.

Operating Budget			Incentive Planning			
Current FY	Next FY	Stretch Goal	Available Funds	Base Salary	Incentive %	Incentive \$
\$800,000	\$900,000	\$1,000,000	\$100,000	\$100,000	20%	\$20,000
			\$80,000	\$80,000	10%	\$8,000
			\$72,000	\$75,000	10%	\$7,500
			\$64,000	\$75,000	10%	\$7,500
			\$57,000	\$50,000	5%	\$2,500
			\$54,500	\$50,000	5%	\$2,500
			\$52,000			

- Generated an additional \$52,000 beyond operational budget



THANK YOU!

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Next webinars

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May 21: Change Management

Presented by: Jennifer Birch-Jones & Alain Rabeau

June 18: Strategic Plan Development

Presented by: Carolyn Trono

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