

## Global Private Company

**Issue:** A joint venture was formed with a view to exploiting the technology and brand strength of two global organisations, across world markets. At the time, the management teams were new to one another, having emerged from each of the two joint venture partners. At the same time, the way to market, and the road to success was far from clear. However, one goal was clear: build value.

**How we helped tackle the problem:** We developed a phantom share option programme based upon an independent, annual valuation. We helped design the programme, helped select the valuation process and provided adjustments during the years following the programme's initial launch.

**Outcome:** The company is a world leader. Management is gradually evolving, but the phantom option programme is seen as a huge contributor to the team's achievement of excellent value growth.

## Newly acquired division of FTSE100 company

**Issue:** In 2006, a leading UK company acquired a business-to-business internet company. While the infrastructure was un-picked and successfully bolted into the parent's core operation, there was a question: what to do with the Business-to-Business remainder of the enterprise?

**How we helped tackle the problem:** We developed a value-sharing programme, based around Economic Shares, a tax effective mechanism which enables staff in the division to hold 'shares' in an enterprise (rather than a separate, unquoted company). While providing tax benefits to participants, the programme also sends a clear signal to staff that value appreciation above pre-set targets leads to a great opportunity for all.

**Outcome:** The Economic Shares have been in place for less than a year, but the existence of the value-sharing incentive has ensured the 'B2B Enterprise' portion of the acquired company has rapidly been built into a separate viable entity, with clear goals and a highly motivated team.

## Privately held global commodity broking house

**Issue:** This unique business, with offices in all of the major commodity-producing countries, is staffed by a closely-knit and long-serving group of managers who act like 'partners', although there is no 'equity' to share. An opportunity arose to create a pool of equity, derived from the two owners – both producers in the sector.

**How we helped tackle the problem:** Modelled future performance of the company, setting targets for 'out-performance' and developed an incentive package whereby key employees obtain equity instead of cash at levels of profitability above pre-determined levels. In turn, the equity was restricted for five years, serving as a basis for a real partnership.

**Outcome:** Negotiations with the shareholders are continuing

## International leisure company

**Issue:** Three international leisure organisations are due to merge, then float on the stock market. The new company requires incentives which align key executives with the success of the newly listed enterprise, and the shareholder circular document to support the flotation process.

**How we helped tackle the problem:** Conducted a detailed private survey of executive pay at similar organisations in the sector, as well as similar-sized, listed organisations. Made recommendations on pay packages for non-executives as well as key executives. Developed a new share-based incentive programme, and prepared documentation for shareholder circulars/listing documents.

**Outcome:** Company is due to float mid-2007

FSA regulated private insurance company

**Issue:** An unusual organisation, limited by guarantee and therefore lacking any stakeholders. In the absence of an obvious value-based 'goal', employees are looking to achieve 'Best in Class', across a range of measures.

**How we helped tackle the problem:** Private, tailored pay survey, looking at a wide range of different enterprises with similar levels of regulatory control, size of assets under management, risk profile, and sector exposure.

**Outcome:** On-going