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AN OPPORTUNITY TO INCENTIVISE AND RETAIN YOUR BEST EMPLOYEES

During recent months, our politicians have been pandering to public opinion by looking to curb “excessive termination benefits” paid to company executives. There have also been muddled attempts to tamper with employee share scheme benefits.

This debate is not only about big companies. It is even more significant for small and medium enterprise. It seems to me that the current economic climate creates the perfect opportunity for private companies (not just listed public companies) to secure the services of their best people – those who can contribute in a meaningful way to building value and developing your business and at the same time ward off the risk of your best people becoming your strongest competition.

You can go beyond the basic remuneration model to ensure that your employees become part of your business and have a real stake in its future.

Here are a few suggestions:

- Profit participation with pre-agreed targets;
- Profit pools for employee groups;
- Equity options if business objectives are achieved;
- Assisted equity participation linked to performance hurdles;
- “Phantom” equity or business participation plans.

There are many variables and combinations. Each has its own characteristics. These plans can provide you with the means to:

- Secure the loyalty of your most valued team members;
- Reward genuine commitment and results;
- Create effective non-compete provisions.

Mike Lyons
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