Seminar Series

Employment Benefits as a Value Driver

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Business Owners Strategic Solutions

THE SUCCESSION JOURNEY SERIES

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Things my attorneys make me say.

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Compensation & Benefits:

A Business Value Strategy

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IGNITE BRILLIANCE

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Your Business Is More Than Income—It's an Asset. Treat It Like One.

IGNITE BRILLIANCE

This is a business conversation.

Compensation and benefits are a lever that directly shapes who stays, who leaves, how fully people invest in what you are building, and what your business is worth when the time comes to transition it.

We will work through a framework that gives you a complete picture of what you offer your people —and where your biggest opportunities are

We will go inside each element with the depth this audience needs —market positioning, retention tools, succession incentives

We will connect every decision back to business value, transferability, and what happens when you are ready to step away

You will leave with a specific action plan for your most critical person

Your people are your value.

The opportunity is bigger than most owners expect.

Where the conversation usually begins:

- Compensation and benefits are a cost to manage
- Pay is set based on what the budget allows
- Benefits are table stakes—offered because it's expected
- This is an HR conversation, not a business strategy conversation

What the research shows:

- They are one of the most direct levers to grow business value
- They signal to your team how much you value their contribution
- They protect institutional knowledge and operational continuity
- Buyers evaluate them — they affect your multiple at exit

Before we go further.

Think about your one or two most critical people.

If they left tomorrow—what would break, slow down, or disappear?

Write their name or role on your worksheet. We will come back to this person at the end of every section. By the time we finish, you will have a specific action plan for them.

Human capital is not just having good people. It is the foundation of business value.

It is the knowledge, relationships, judgment, and capability your business depends on to operate, grow, and transfer.

It affects your valuation multiple

Businesses where key knowledge, relationships, and capability are concentrated in one or two people carry a valuation discount. Distributed, retained human capital supports a higher multiple.

It has a measurable replacement cost

SHRM research shows replacing a key employee costs between 50% and 200% of their annual salary—a direct hit to EBITDA in the year it happens, compounded through your multiple at sale.

It is what a buyer is actually paying for

Revenue tied to one relationship, operational knowledge that lives in one person's head, or a team that leaves at closing—buyers price all of this in. Human capital risk reduces what they will pay.

Human capital risk compresses what a buyer will pay.

The same revenue, the same EBITDA—a different human capital profile produces a different multiple.

High dependency	Moderate depth	Distributed capital
1-2 people hold most knowledge, relationships, and operational control	Some documentation, some backup, but key person gaps remain	Knowledge documented, team retained, succession depth visible
Buyer sees risk. Multiple is compressed.	Buyer negotiates protections. Middle-range multiple.	Buyer sees stability. Higher multiple supported.

Six levers. One integrated strategy.

Adapted from the WorldatWork Total Rewards Framework—the practitioner standard used by compensation professionals and Fortune 500 companies.

Compensation

What you pay—base, bonus, incentives

Benefits

Health, retirement, leave

Well-Being

Physical, mental, financial health

Work-Life Flexibility

How, when, and where work gets done

Career Growth & Dev.

Growth, development, advancement

Recognition

How you make people feel valued

Attraction | Retention | Transferable Business Value

Compensation is not just what you pay.
It is what you signal.

Market Positioning

- Benchmark your pay against what others pay for similar work in your market
- Owners who set pay by gut feel or budget alone create preventable turnover risk
- You do not need to pay the most —you need to be competitive enough to keep the people who matter
- Affordable data sources exist — BLS, industry surveys, compensation databases

Pay Ranges

- A minimum, midpoint, and maximum for each role
- Ranges give you structure, flexibility, and a defensible answer for a buyer
- Documented pay ranges signal operational maturity
- A business with pay structure is easier to manage, scale, and transfer

Variable Pay

- Base pay keeps people. Incentive pay aligns people with outcomes.
- Bonuses and profit sharing tied to the results you care about: revenue, margin, retention
- Incentive plans are underused in small business —and undervalued as a retention tool
- A team aligned to the same outcomes you care about is a selling point to buyers

Discussion: Do you have a formal incentive plan? What is it tied to?

Benefits are how you protect and support your people.

You do not have to offer everything. You need to offer what your people value most—and what your competitors do not always deliver well.

Health Insurance

One of the most significant drivers of employment decisions. Options include group plans, Health Reimbursement Arrangements (HRAs), Individual Coverage HRAs (ICHRAs), and association health plans. Defined-contribution designs let you set a fixed budget while giving employees choice.

Retirement Plans

SEP-IRA, SIMPLE IRA, and 401(k) plans differ in contribution limits and administrative requirements. An employer match signals long-term investment and creates a financial reason to stay. A business with a retirement plan in place signals maturity to buyers.

Non-Traditional Benefits

Flexible scheduling, professional development, paid parental leave. Often low-cost and high-impact when targeted to what your workforce actually values. These are frequently where small businesses can differentiate from larger competitors.

Cost and Affordability

Use defined contribution designs that cap your spend, tiered options that give employees choice within a budget, and prioritize the two or three benefits your workforce values most over spreading a limited budget too thin.

Poll: Health insurance | Retirement plan | Flexible scheduling | Professional development—which does your business currently offer?

Where small businesses can outcompete larger employers.

These four elements cost less to deliver and matter more than most owners realize.

Well-Being

Support the whole person—physical, mental, and financial health. A culture where workload is sustainable and the owner models healthy work habits. A business where people are burning out is a risk signal to buyers.

Work-Life Flexibility

Small businesses can offer flexibility that large employers cannot—faster decisions, fewer layers, more trust. Also a succession consideration: if your business can only operate with everyone on-site on a fixed schedule, that limits transferability.

Career Growth & Development

Growth, development, and advancement opportunities answer the question every ambitious person quietly asks: 'Is there a future for me here?' Stretch assignments, mentorship, certifications, and cross-training are practical, affordable tools.

Recognition

Consistent, genuine acknowledgment that someone's contribution matters. Formal programs and a direct, specific, timely thank-you from the owner both count. Employees who feel recognized are more loyal—especially during a transition when uncertainty is highest.

Think about your key person: which of these four matters most to them right now?

SECTION 3

Protecting Key People Through Transition

Connecting total rewards to business transition risk and exit value

Every transition creates uncertainty for your people.

Uncertainty makes your best people vulnerable to outside offers — at exactly the moment you can least afford to lose them.

- Compensation structures may be unclear — people wonder if their pay is safe
- Benefits may be in question — especially if the buyer has a different approach
- Career growth and development paths disappear — the path forward is no longer visible
- Recognition fades — the owner is focused elsewhere and people feel it

M&A research from Deloitte and Willis Towers Watson consistently finds that companies which actively engage key employees within 30 days of announcing a transaction are significantly more likely to retain them through closing.

The tools available to protect your most critical people.

Stay Bonuses & Retention Agreements

A contractual commitment to pay a key employee a defined bonus if they remain through a specified date or event — sale close, leadership handoff. Portion paid at signing, portion at the trigger. Can be funded now or tied to transaction proceeds. These are business protection tools, not golden parachutes.

Deferred Compensation

Nonqualified plans that promise a key employee a future payment in exchange for continued service. Targeted to your most critical people — unlike qualified plans. Creates a financial reason to stay that grows over time. Also allows a key person to manage income timing and tax strategy. Requires professional structuring.

SERPs — Supplemental Executive Retirement Plans

Employer-funded supplemental retirement benefit for a select leader whose retirement income falls short because qualified plan limits leave high earners meaningfully underprepared. Retains a high-value leader long-term and bridges succession gaps. Solves a real financial problem for the individual — which is what makes it a powerful retention instrument.

Phantom Equity

Provides the economic benefit of ownership without diluting your ownership stake. Pays out based on business value growth at a triggering event like a sale. Ties a key person's financial outcome directly to yours — one of the most powerful alignment tools for a business approaching transition.

Build your total rewards foundation first.
Add deferred comp, a SERP, or phantom equity when you need a stronger retention hook or are bridging a succession gap.

Most deals fail because of people problems, not financial ones.

McKinsey research finds the majority of M&A transactions that fail to deliver expected value do so because of people and culture issues. Your total rewards decisions are part of what a buyer evaluates.

A business that commands confidence	A business that raises concern
Documented compensation structure and pay ranges	Pay set by gut feel, no documentation
Competitive, intentional benefits package	Benefits offered without intentional design
Retention agreements for key people	No retention structure — key people could leave at closing
Career growth paths visible for successors	Owner-dependent: knowledge leaves with the owner
A team that isn't dependent on the owner to function	No succession depth or development pipeline visible

Come back to your key person.

Think about what you have heard in the last 30 minutes.

Which of the six total rewards elements are you managing intentionally for this person right now?

Which element is most likely to drive their decision to stay—or leave?

If they received an outside offer tomorrow, what would make them choose to stay?

If not, what is the one thing you will put in place first?

Write your answers on your worksheet before we move to Section 4.

SECTION 4

The Owner's Action Frame

Where to start and how to build one layer at a time

You don't need to overhaul everything. You need to know where you stand.

1

Know Your Baseline

Walk through all six total rewards elements. Which are you managing intentionally? Which are happening by default?

Default is not a strategy.

2

Identify Your Highest Risk

Think back to the person you identified earlier. Which total rewards elements are most likely to drive their decision to stay or leave?

That is where your energy goes first.

3

Build One Layer at a Time

Start with one thing. Add structure over time.

The businesses most ready to transition are the ones that started building intentional total rewards practices while they still had time.

A starting point for every element.

Compensation	Do I know my market position? Do I have pay ranges? Is my incentive plan tied to the right outcomes?
Benefits	Do I know what my people value most? Am I covering the basics competitively and affordably?
Well-Being	Are my people sustainably supported, or are some running on empty?
Work-Life Flexibility	Am I using flexibility as a competitive advantage, or leaving it on the table?
Career Growth & Dev.	Do my key people see a future here? Am I investing in the people I want to keep?
Recognition	Do my people know their contribution matters? Is recognition consistent, specific, and genuine?
Transition Readiness	Would a buyer see a stable, well-rewarded team? Could I produce their due diligence requests confidently?

A strong total rewards package only protects you if your people understand it.

If your people do not know the full value of what you offer across all six elements, they are making employment decisions based on an incomplete picture.

What is a Total Rewards Statement?

A one-page document that shows a single employee the full value of everything they receive — base pay, incentives, health and retirement benefits, the employer's share of those costs, flexibility, and any other investment the business makes in them. Most employees significantly underestimate their total compensation when they only see their paycheck.

Why it matters for retention and transition

- Employees who understand the full value of their package are less likely to leave for a modest pay increase elsewhere
- A total rewards statement is a low-cost, high-return communication investment — often one of the most impactful things an owner can do this quarter
- During a transition, it gives employees a concrete picture of what they have and why staying serves their interests

Take this further.

You are leaving today with a specific plan for your most critical person.

Schedule four dates on your calendar

30, 60, 90, and 180 days out. Label each one: Total Rewards Review.

The plan you built today deserves a place on your calendar.

"You can dream, create, design, and build the most wonderful place in the world, but it requires people to make the dream a reality."

—Walt Disney

BUSINESS ENHANCEMENT SEMINAR SERIES, AND TOPICS OF INTEREST

Seminar Topics and Recommendations:

In addition to the succession planning series, there will be other seminars throughout the year on various topics of interest such as business assessments and enhancements, employee benefits, financial planning, tax planning, and business coaching.

If there are particularly topics of interest you would like to share, please email your suggestions and recommendations to info@theoneboss.com.

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