Pearl Meyer

RESEARCH REPORT | APR 2020

How Coronavirus is Affecting Director Compensation

Ryan P. Hourihan
MANAGING DIRECTOR

This survey was open from 4/14/2020 to 4/16/2020 and reflects responses from 315 participants, including 230 publicly traded companies, 71 private firms, and 14 not-for-profit organizations.

Due to the COVID-19 pandemic, we are observing trends in director pay that haven't been seen since the 2008-2009 economic crisis. Up to this point, the majority of director pay cuts have been focused in those industries most impacted such as energy, transportation, hospitality, etc. As the economic uncertainty and fallout continues, additional business sectors will likely consider similar actions to manage cash, contain costs, and acknowledge the economic hardship being felt by their key stakeholders.

While the impact of COVID-19 on director pay is just beginning to emerge, it appears that most companies are poised to stay the course (~55% of respondents). Approximately 20% of respondents have already acted to temporarily reduce director pay, while the remainder are still evaluating the best path forward. For companies still evaluating their options, we expect to gain more clarity over the next couple of months as companies, whose fiscal years correspond with the calendar year, conduct their annual shareholder meetings.

About the Author

Ryan brings 10+ years advising on incentive compensation, governance, and performance measurement across an array of organizations—with particular experience with privately held firms competing with publicly traded companies.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.