



The Spotlight

The Spotlight is a regular Q & A feature that showcases our people, their expertise, and trending topics that are on top of our clients' minds directly from the voices of our business leaders.



Gayle Appelbaum, Partner, Regional and Community Banking

Gayle Appelbaum is a Partner in McLagan's regional and community banking consulting practice. She specializes in developing compensation plans that balance short and long-term risk while building shareholder value. Gayle focuses on the full spectrum of compensation and benefits issues, including corporate governance, pay-for-performance, risk assessment, taxation, regulatory compliance, M&A, and compensation agreement provisions.

Questions and Answers

How should firms be preparing for the 2019 Proxy Season?

Here are three quick tips to consider:

1. Check the 2019 proposals from the proxy advisory firms. Is there anything that you should be doing differently?
2. Confirm that you do not have any problematic pay practices that would result in a NO vote recommendation or make your firm vulnerable to shareholder litigation.
3. Ask yourself—will your firm have any special ballot items this year, and if so, are these items in line with acceptable standards?

As you prepare your proxy statement, be sure to provide the rationale for all actions taken and use the opportunity to share your story and successes with your shareholders.

If you could describe today's regional and community banking industry in three words, what would they be?

Fierce: Competition for talent remains high.

Evolving: What will be the outcome of FinTech and other industries trying to enter banking?

Motivated: Banks have the desire to remain relevant and adapt to changing consumer needs.

How can firms accelerate gender diversity on boards and what impact will this have?

As companies work through ongoing succession planning and recruitment processes, it is important to target qualified and experienced potential board members, while expanding profiles to include diverse candidates. Many companies are already subject to new board diversity laws and shareholder advisory firms are integrating gender diversity into present and future scorecards. Consciously seeking diverse candidates for board seats should result in a wider range of thoughts and perspectives, helping to mirror a

company's varied customer base. In addition, institutional shareholders have their own standards about diverse representation on boards of directors and we expect this topic to remain front of mind.

How are compensation strategies shifting in the current market?

There are a number of questions influencing pay decisions. How can firms balance increased compensation to remain market competitive with the need to deliver shareholder value? With historically low unemployment, what can companies do to retain key talent and build future leaders? What is the right mix of pay for top executives and other key positions? These questions will evolve in the face of retention concerns and pressures from competitors. And of course, the need to align pay and performance will continue.

With shareholder litigation on the rise, public companies must take a more defensive stance on director compensation. Annual benchmarking is necessary to address shareholder advisory firms' increased focus on this area of compensation and can also help ward off any potential NO vote recommendations.

What are you most excited to partner with clients on in 2019?

I look forward to developing total compensation programs that drive desired performance results and attract and retain key talent, leading to increased employee engagement and job satisfaction. Working with clients to face the challenges of M&A head on, effectively navigate today's environment of increasing shareholder litigation, and achieve parity across their organizations is a truly gratifying experience.

If you are interested in connecting with Gayle, she can be reached at gayle.appelbaum@mcclagan.com.

