



## **U.S. SQUASH Chief Executive Officer Compensation Policy**

### **Background**

In 2004, the Executive Committee of the United States Squash Racquets Association (U.S. SQUASH) adopted a plan to upgrade the position of Executive Director to that of Chief Executive Officer (CEO) as part of a broader overall plan to modernize the governance and general operation of our Association as we naturally evolved from our previous “grass roots” management structure and in accordance with broad trends occurring with many other national sports governing bodies.

The creation of the new CEO position was done to accomplish two things: 1) to be able to attract a seasoned general management executive to lead the Association on a path of expansion and growth and 2) to empower that individual to professionalize the Association's operations by building and managing a professional “in house” staff as opposed to having a cadre of volunteer Board and other non-professional volunteers engaged in what were fundamentally operating functions of the Association. In its essence the plan required the Board to focus on (i) the selection, review, and ongoing oversight of the CEO, (ii) strategy, (iii) fund raising, and, (iv) financial reporting and controls, with the CEO being given full general management leadership responsibility for the Association. Concurrently, the title of President, a volunteer position, was changed to Board Chair, and in 2007, after an extensive governance and bylaw review process, the Board of Directors was reduced to 10 people from 36 and the other “operating titles” previously given to volunteer Board members (Vice President, Treasurer and Secretary) were eliminated. The Board was now formally charged with oversight of the CEO, providing strategic guidance, fundraising, and the oversight of the financial reporting and related financial controls of the Association.

During the initial search for a CEO in 2003, the board retained a search professional who researched salaries at comparable not-for-profits including National Sports Governing Bodies and other sport management organizations in order to establish a compensation package that the Association (i) could afford, (ii) would attract the best possible talent, and (iii) was in line with the compensation packages at other comparable organizations the Association would seek to emulate.

At that time the Board was provided with data from Mercer Human Resources Consulting showing total annual compensation for National Governing Body Executive Director/CEO positions as well comparable Sports Industry Organizations which was used as the basis for the initial salary and bonus structure. A copy of the memo from Mercer is included in

Addendum A which also includes a series of memos covering executive compensation since the creation of the new position of CEO as well as copies of all CEO employment agreements since the position was created. These employment agreements have each been for two (2) year time periods.

Subsequently, the Board formed a Compensation Committee comprised of the Board Chair, the Chair of the Finance Committee, and two other Board members. The Compensation Committee has considered annual surveys of compensation levels of comparable executives to ensure the U.S. SQUASH CEO's compensation is consistent with the market. For example results from a 2007-2008 ARC CompReport based on an analysis of over 3,000 US based association chief staff executives in public/special interest cause associations with \$2 million in annual gross revenue (in the case of U.S. SQUASH, this would include district associations and endowment revenue) shows that the U.S. SQUASH CEO's compensation, once adjusted for the cost of living in the New York area, falls within the average range.

Since the hiring of our first CEO, the Board has conducted formal written performance reviews of the CEO at a minimum annually. Each Board member is asked to provide a written evaluation based upon pre-agreed criteria in order to determine these reviews. Each review also includes a review of the executive's compensation which considered the parameters set forth above. In addition, the Board Chair periodically reviews the CEO's travel and entertainment reimbursement practices and amounts to insure they are in accordance with customary and reasonable best practices.

## **Policy**

It is the desire of the U.S. SQUASH Board to attract and retain a dedicated, seasoned general management executive of the highest caliber available to the post of CEO who will be responsible for managing all areas of the Association's operations.

It is a primary function of the Board of Directors to undertake a formal written annual performance review of the CEO at fiscal year-end which evaluates the CEO's leadership and job performance in all key areas. It is a key responsibility of each Board member to thoughtfully and diligently participate in the annual performance review process.

The Finance, Audit and Compensation Committee has the responsibility to determine whether or not it will recommend to the entire Board, for its review and consideration, an annual discretionary compensation bonus based on the results of the performance review. The Compensation sub-committee shall consist of the Board Chair, the Chair of the Finance, Audit and Compensation Committee and two other Board members.

In considering whether or not a bonus is warranted, the Finance, Audit and Compensation Committee and Board as a whole will consider whether the Association has met the financial expectations set forth in the annual budget and other pre-agreed upon performance criteria such as membership growth, effective program implementation, improvement, and oversight, known as Key Tactical Indicators.

The anticipated range of the CEO's discretionary bonus is to be between 5% and 25% of base compensation in years with overall satisfactory job performance and better.

In addition when considering base salary levels and bonus compensation for the CEO, the Compensation Committee and Board will take in to consideration time relevant surveys of compensation levels of comparable executives to ensure the U.S. SQUASH CEO's compensation is consistent and competitive with the market.

The Compensation sub-committee will review no less than annually the travel and entertainment documentation practices and amounts to insure that they are within customary and reasonable best practices.

The Chair of the Finance, Audit and Compensation Committee and Board Chair shall together maintain a confidential ongoing standing file to be made available to all Board members upon request containing chronologically all CEO performance reviews and the comparable organization salary and bonus compensation data utilized in making all compensation decisions as well as the results of the periodic reviews of the travel and entertainment reimbursements to the CEO. This standing file will also include copies of all employment agreements and ancillary documents relevant to the CEO's employment relationship with the Association.