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**To:** [Zahn, Aaron F. - Managing Director/CEO](#)  
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**Subject:** Total Compensation TPs  
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**Attachments:** [Total Market Comp Talking Points2dmg.docx](#)  
[Total Market Compensation TPs - DRAFT v1.docx](#)

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Aaron,

I am attaching the approved Word version of the talking points one-pager that you and David worked on a few weeks ago. I have also created a separate document with what I think are the key-takeaways: Background (why we're doing this), Philosophy (what it's based upon/tenants), Draft Policy (what policy says) and Overview of proposed '5 to 5' program (extra component). Let me know if you want something added or summarized. k

Kerri

## BUILD THE FOUNDATION

The Board began with the **Strategic Framework** and employees produced the **Guiding Principles**, which yielded the important outcome of identifying JEA's four corporate measures of value: **Customer Value, Financial Value, Environmental Value** and **Community Impact Value**. The four Corporate Measures will ensure alignment of our entire community with JEA's vision and mission.

Enhancing our Core Competencies of: 1) *Focus on delivering an unparalleled positive customer experience*; 2) *Work together to elevate the entire team, and*; 3) *Innovate and evolve to match our customers' needs to match market trends* will accelerate JEA's ability to deliver value.

The important concept of **Ideas** was then added to JEA's existing Core Values of Safety, Service, Integrity, Growth<sup>2</sup> and Accountability, setting the stage for accelerating innovation and promoting culture change.

## ELEVATE THE ENTIRE TEAM

With a focus on elevating the entire team, the distinction that employee incentives should drive value and teamwork is what makes the Total Compensation Philosophy so critical to JEA's success. **We must:**

- Ensure JEA's corporate compensation philosophy is aligned with JEA's Guiding Principles
- Encourage long-term culture of value creation
- Establish formal compensation policy to align behavior to the four Corporate Measures of Value and market-based compensation
- Ensure policy promotes collaboration to drive Vision and Mission

## DRIVE A CULTURE OF INNOVATION

In short, total compensation should include a competitive base salary plus both short-term and **long-term** incentives. If we align compensation to results, we will create unparalleled organizational value. Our employees will become more engaged, adaptable and aligned to our vision and corporate measures.

In addition to core compensation, additional incentive programs to drive innovation are key to JEA's success. A new program called **5 to 5 – Innovation Incentive Program** is being finalized and rolled out to all employees to incentivize new ideas to generate incremental revenue or cost-savings. If ideas are implemented and show proven results, employees receive a cash incentive for their valuable contribution. To date, hundreds of ideas have been submitted with several being implemented and these employees are on pace to be the first to benefit from this incentive program.

## EXPERIENCE LONG TERM GROWTH

Ultimately, a total compensation strategy leads to employee engagement and retention, helps attract the right talent and ensures alignment of company and employee goals. From there, employees are rewarded for taking calculated risks and executing to achieve extraordinary results – producing a winning culture that creates sustained growth.



## PROCESS OF ALIGNMENT

### APRIL–AUGUST 2018

Created **Strategic Framework** to begin evolution towards the Vision of “Improving Lives by Accelerating Innovation”

### AUGUST–JANUARY 2019

Created **Guiding Principles** resulting in alignment of stakeholders to JEA corporate initiatives

### JANUARY–APRIL 2019

Introduce **Total Market Compensation Philosophy** in order to align compensation to results and value

### APRIL–SEPTEMBER 2019

SLT to work with Board and shareholders on 10-year strategic plan to achieve long term growth

### Background:

- Board and Aaron wants CEO Compensation to be aligned with: 1) All employees compensation; 2) Total Compensation Philosophy; and 3) Results vs. Baseline
- Board to agree on Total Compensation Philosophy and Baseline before finalizing CEO contract
- Total Compensation Program (and CEO Compensation/Contract) approval is scheduled for April 2019 Board meeting

### Compensation Philosophy:

In order to enhance our core competency of ***Elevating the Entire Team***, the distinction that employee incentives should drive value and teamwork is what makes the Total Compensation Philosophy so critical to JEA's success. ***We must:***

- Ensure JEA's corporate compensation philosophy is aligned with JEA's Guiding Principles
- Encourage long-term culture of value creation
- Establish formal compensation policy to align behavior to the four Corporate Measures of Value and market-based compensation
- Ensure policy promotes collaboration to drive Vision and Mission

### Compensation Policy:

In short, total compensation should include a competitive base salary plus both ***short-term*** and ***long-term*** incentives. If we align compensation to results, we will create unparalleled organizational value. Our employees will become more engaged, adaptable and aligned to our vision and corporate measures.

Actual proposed language: ***"Total compensation will meet the market (50% percentile), which is where the majority of companies in the industry and geographical area reside. Total compensation will include Base Salary, Short Term Incentives and Long Term Incentives. The 50th percentile pays competitively for behavior that meets expectations. Short term and long term incentives will align to and drive JEA's Corporate Measures of Value. Internal equity will be achieved by evaluating differences in skill, effort, responsibility and working conditions among jobs."***

### 5 to 5 – Innovation Incentive Plan:

In addition to core compensation, additional incentive programs to drive innovation are key to JEA's success. A new program called ***5 to 5 – Innovation Incentive Program*** is being finalized and rolled out to all employees to incentivize new ideas to generate incremental revenue or cost-savings. If ideas are implemented and show proven results, employees receive a cash incentive ranging from ***\$500-5,000*** for their valuable contribution. To date, hundreds of ideas have been submitted with several being implemented and these employees are on pace to be the first to benefit from this incentive program.