Practice Management Symposium

Dimensional

Compensation Design: Align Goals, Drive Results

Kate Juelfs, SPHR®
Chief Operations Officer and Chief Compliance Officer
Foster Group

Rachel Lysne
Partner, Chief Compliance Officer and Director of Operations
Aspen Capital Management

Mark Colaço, CFP® (Moderator)
Regional Director, Practice Management and Vice President
Dimensional Fund Advisors

United States: This information is provided for registered investment advisors and institutional investors and is not intended for public use. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.
Canada: **FOR ADVISOR AND DEALER USE ONLY. NOT FOR PUBLIC USE. DO NOT DISTRIBUTE.** This material is issued by Dimensional Fund Advisors Canada ULC (Dimensional Canada) for educational purposes only, should not be construed as investment advice or an offer of any security for sale and does not represent a recommendation of any particular security, strategy or investment product. This material is provided solely as background information on a confidential basis for registered investment advisors and dealers and is not intended for public use or for distribution to existing or potential investors. **This material is not a sales communication. It should not be distributed to clients of Dimensional Canada, to unitholders of mutual funds managed by Dimensional Canada or to potential investors in mutual funds managed by Dimensional Canada. Unauthorized copying, reproducing, duplicating or transmitting of this material is strictly prohibited.**

Dimensional



Dimensional

Compensation and Compensation Design

DEFINITION

Assessing *why*, *how*, and *what* you pay employees.

OUTCOME

A compensation philosophy and fair market value plan that rewards the behavior you seek, supports the financial wellness of the business, and reflects the values and mission of the organization.

Dimensional

Global Advisor Study

A strategic practice management tool



FOCUS AREAS:

- Key Business Metrics
- Roles and Compensation
- Income Statement
- Rotating Topic-Specific Modules

Global Investor Study

Insight into your firm from a client's point of view



FOCUS AREAS:

- Demographics
- Business Development
- Values & Services
- Investments

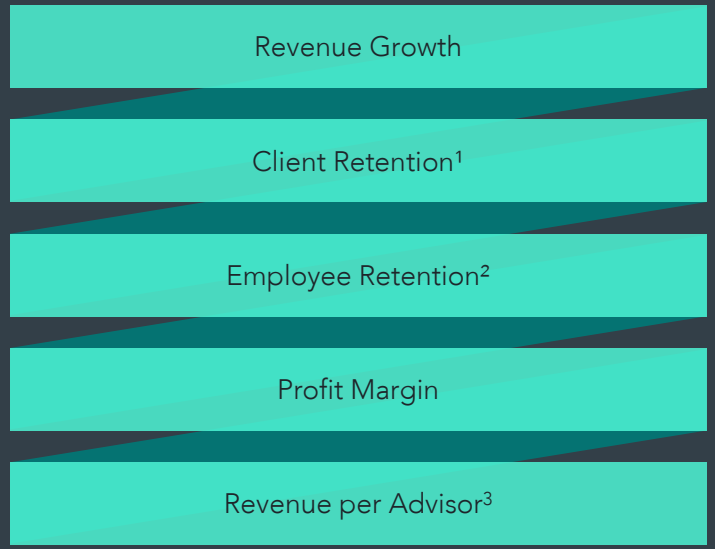
2015-2026 Global Investor Study all-time stats. 2010-2026 Global Advisor Study, all-time stats.

High Performing Firms Defined

Dimensional

Dimensional defines the universe of High Performing Firms by ranking firms across five key metrics.

Each firm is given a percentile rank across the five metrics, and the average of these determines the overall ranking. The top quartile of firms by overall ranking are selected as High Performing Firms[4].



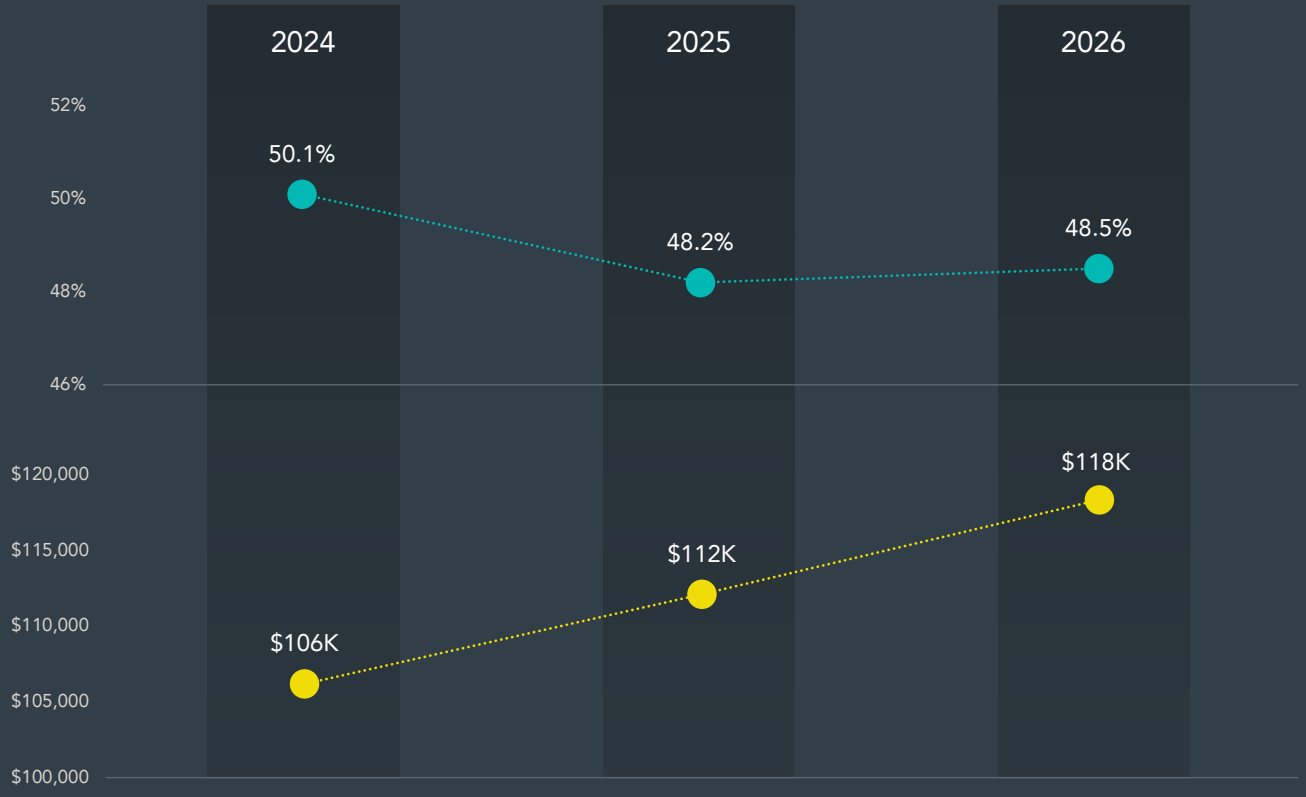
1. Excluding death, divorce, "we terminated".
2. Excluding "we terminated".
3. Service and Senior combined.
4. Firms must provide data for at least four of the five metrics to be under consideration as a High Performing Firm

Human Capital Spend by Year

Dimensional

Median Human Capital Spend as Percent of Revenue

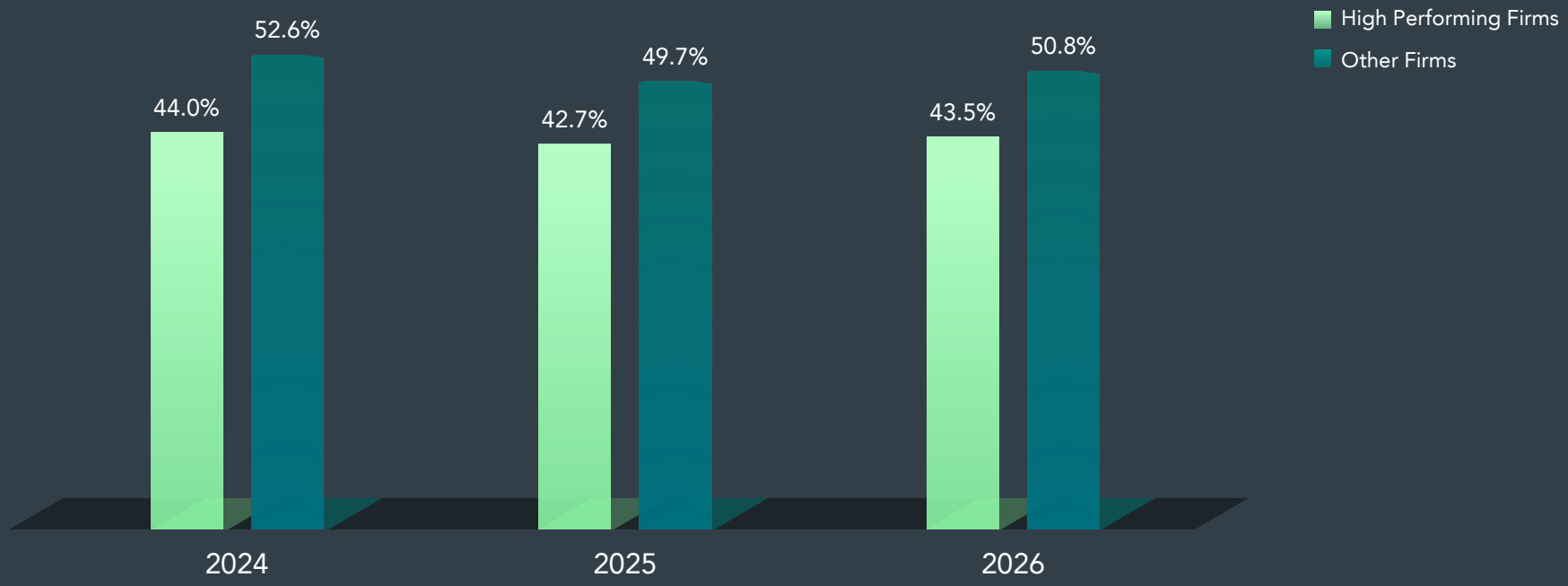
Median Cash Compensation per Employee



Results from 2024-2026 Global Advisor Study (US Only). 521 firms participated in 2024, 515 firms participated in 2025, 410 firms participated in 2026.

Percent of Revenue Spent on Human Capital

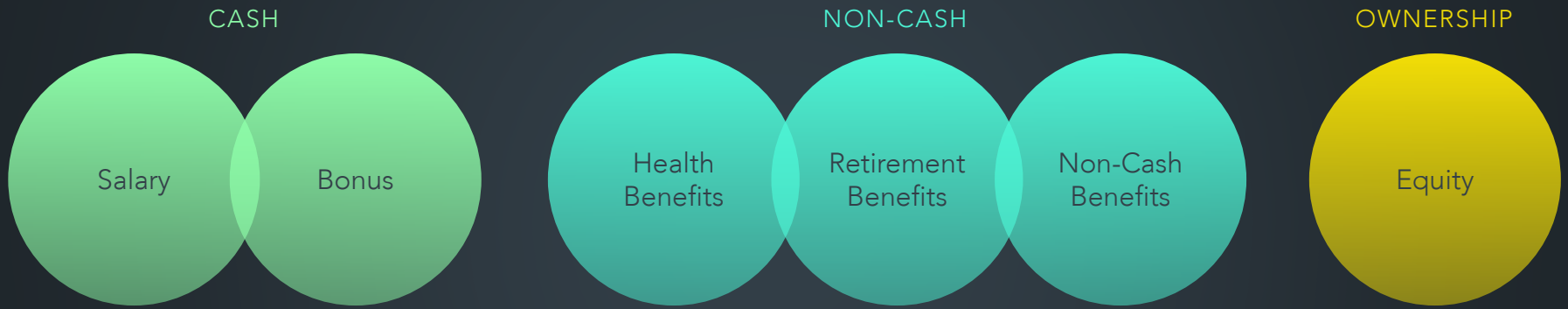
Median



Results from 2024-2026 Global Advisor Study (US Only). 521 firms participated in 2024, 515 firms participated in 2025, 410 firms participated in 2026.

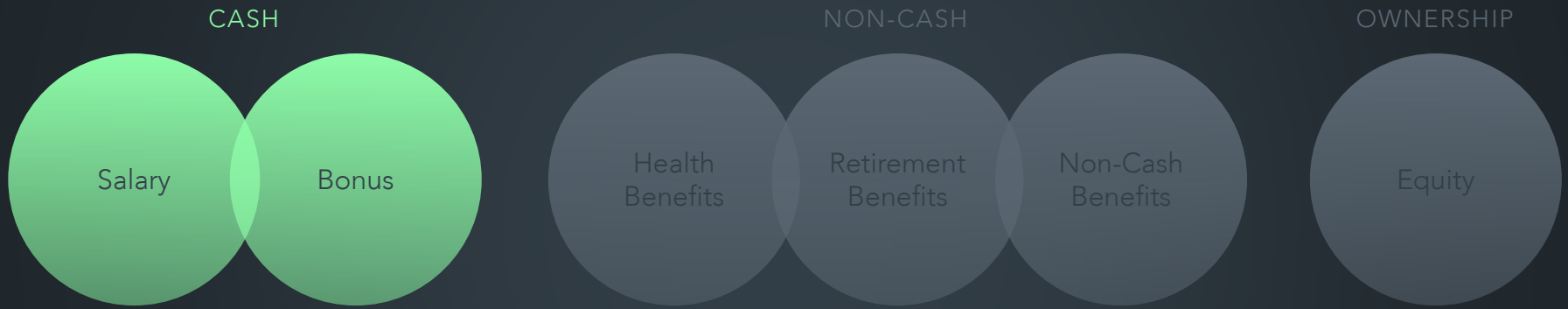
Components of Compensation Design

Dimensional



Components of Compensation Design

Dimensional



Incentive Compensation

86% of firms are compensating employees with at least one performance-based type of incentive pay (i.e., bonus)



2026 Global Advisor Study.
270 US firms participated in the compensation section.

Incentive Compensation

Dimensional

Individual Performance Bonus

- Rewards individuals for their personal achievement of goals and metrics.
- Common in non-client-facing roles.

Business Development Bonus

- Incentives those with business development responsibilities and/or targets to source and secure new business for the firm.

Servicing/ Retention Bonus

- Recognizes the role of servicing personnel in the value of the client, often based off client retention or net-promoter score.

Firm Profitability Bonus

- Drives teamwork as often based off a percent of firm profits and may be based on hitting annual firm goals.
- Helps non-owners start to think/work like owners.

Ad-Hoc Bonus

- Helps with short-term retention or one-off recognition via a lump sum payment.
- With no formal timing or structure, it can be offered to all team members or as an individual “spot-award”.
- Not recurring and often not communicated much in advance.

For education and discussion purposes only, not an exhaustive list of considerations.

Sample Performance Metrics and Scorecard

Dimensional

Senior Advisor

Firm Goal	Metric	Target	Actual	Score (0–10+)
Grow the Business 50%	New clients	6	4	5
	New client inflows	$4MM	$4MM	
	New COI meetings	6	3	
	Existing client net inflows	$10MM	$12MM	
	Prospect meetings	12	6	
Deliver a Superior Client Experience 25%	Client retention	98%	99%	11
	Advisor NPS (%)	77	80	
Be a Team Player 25%	Transition clients as needed to Associate Advisor	3	3	10
	Mentor, attitude, etc.	Informal 360 feedback	Yes	
Year-End Weighted Score				7.75

Illustrative only. Not to be used as a recommendation.

Sample Performance Metrics and Scorecard

Dimensional

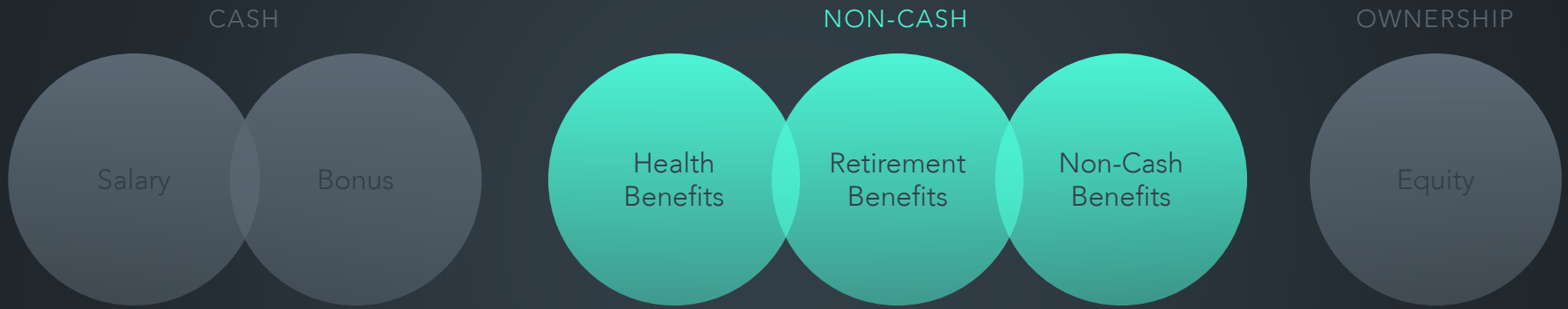
Operations Manager

Firm Goal	Metric	Target	Actual	Score (0–10+)
Grow the Business 25%	Cost/vendor management	Reduce expenses by 3%	Reduced expenses by 5%	11
	Process efficiency/improvements	Implement 3 workflows	Yes	
Deliver a Superior Client Experience 50%	Service level agreements	Meet SLAs with respect to asset movement, accounts reconciliation, etc.	Yes	10
	New client onboarding	< 4 weeks	Yes	
	Reduce operational risk	Ensure 2 different vendors of internet access	Yes	
Be a Team Player 25%	Mentor, conflict resolution, etc.	Informal 360 feedback	Yes	10
	Collaboration	Pulling in colleagues from different areas to address a challenge	Yes	
Year-End Weighted Score				10.25

Illustrative only. Not to be used as a recommendation.

Components of Compensation Design

Dimensional



The Offerings of High Performing Firms

Dimensional

Bare minimum may not be enough

Most Offered Benefits	
Retirement Matching	**85%**
Medical	**82%**
Flexible Work Schedule	**74%**
Annual Dues (e.g., CFA)	**70%**
Designation Reimbursement	**70%**
Industry Conference Attendance	**67%**
Dental	**61%**
Maternity/Primary Caregiver Leave	**52%**
Disability Insurance	**50%**
Vision	**50%**

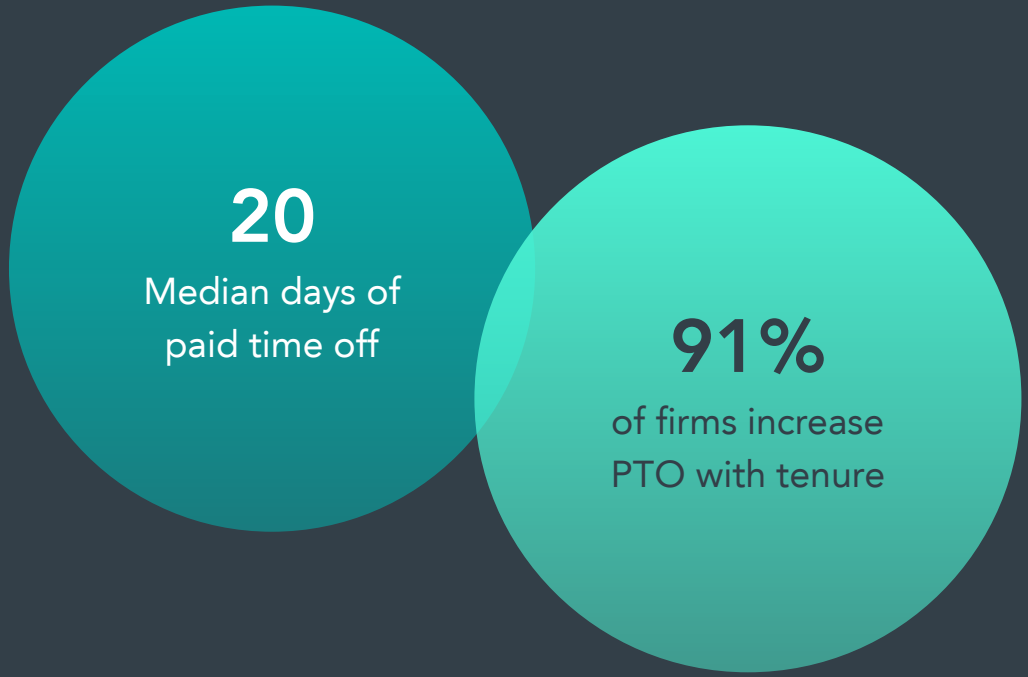
Least Offered Benefits	
Life Insurance	**47%**
FSA/HSA	**44%**
Education Subsidy	**42%**
Paternity/Secondary Caregiver Leave	**39%**
Technology Reimbursement	**35%**
Tuition Reimbursement	**32%**
Charitable Matching	**29%**
Community Service Day	**26%**
Parking or Other Transportation	**25%**
Fitness Club Memberships	**15%**
Sabbatical	**9%**

Results from 2023 Global Advisor Study. 500 US Participants, 125 High Performing Firms.

Non-Cash Benefits

Dimensional

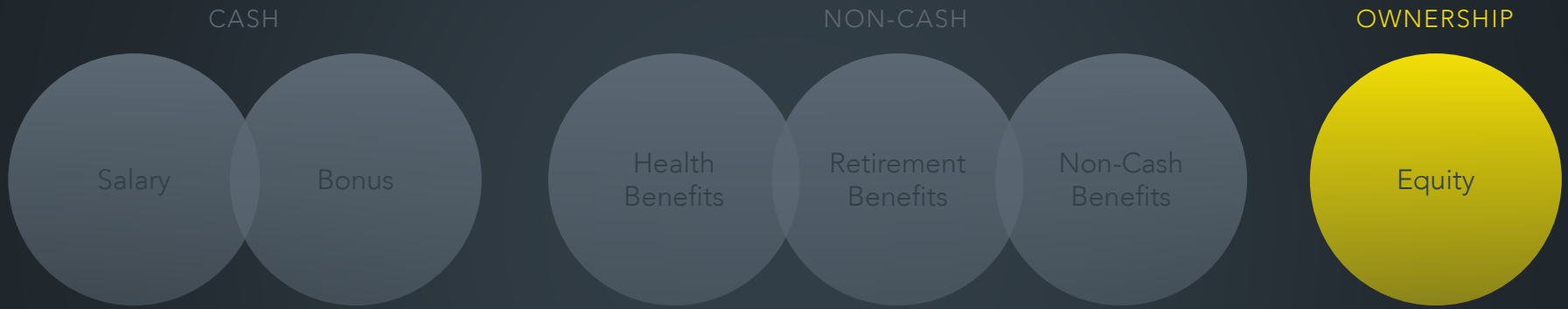
Paid Time Off



2023 Global Advisor Study. 500 US firms participated.

Components of Compensation Design

Dimensional



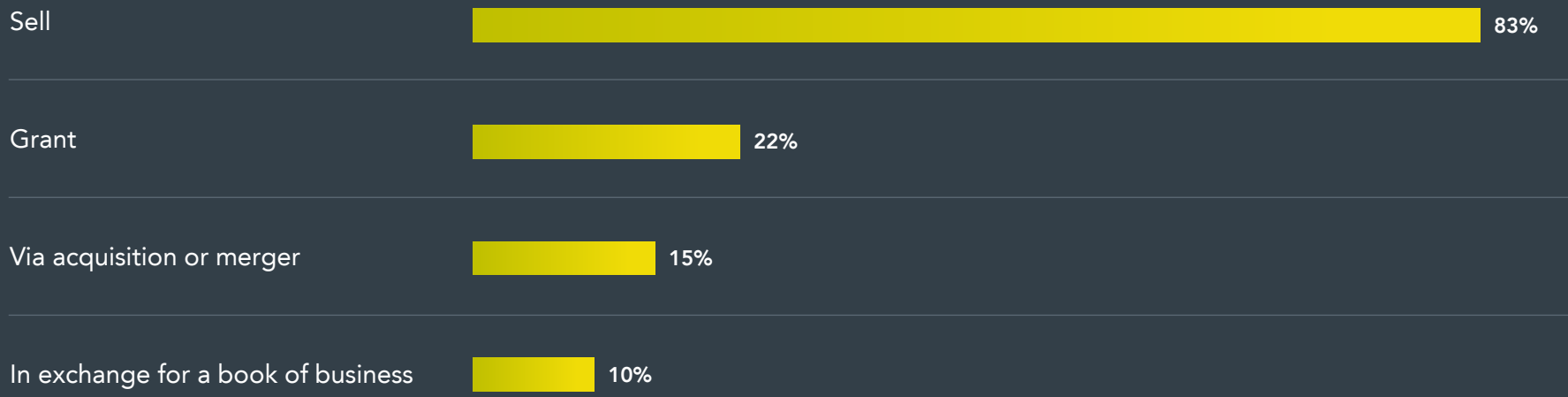
EQUITY AND EMPLOYEE RETENTION

There is a positive correlation between employee ownership and employee retention.

Results from the Dimensional 2020-2026 Global Advisor Study.
410 participants in 2026. 515 participants in 2025. 521 participants in 2024. 500 participants in 2023. 518 participants in 2022. 523 participants in 2021. 734 participants in 2020.

Structure of Equity Offering

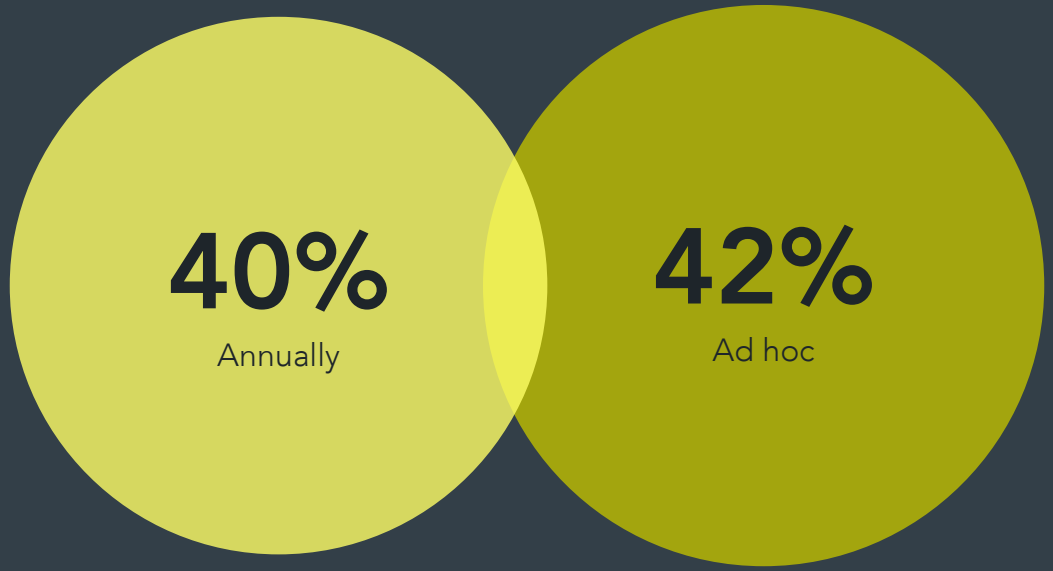
How do you currently offer equity to employees? (Select all that apply.)



Results from the 2025 Global Advisor Study, Equity and Ownership Module, 300 Participants

Frequency of Equity Offering

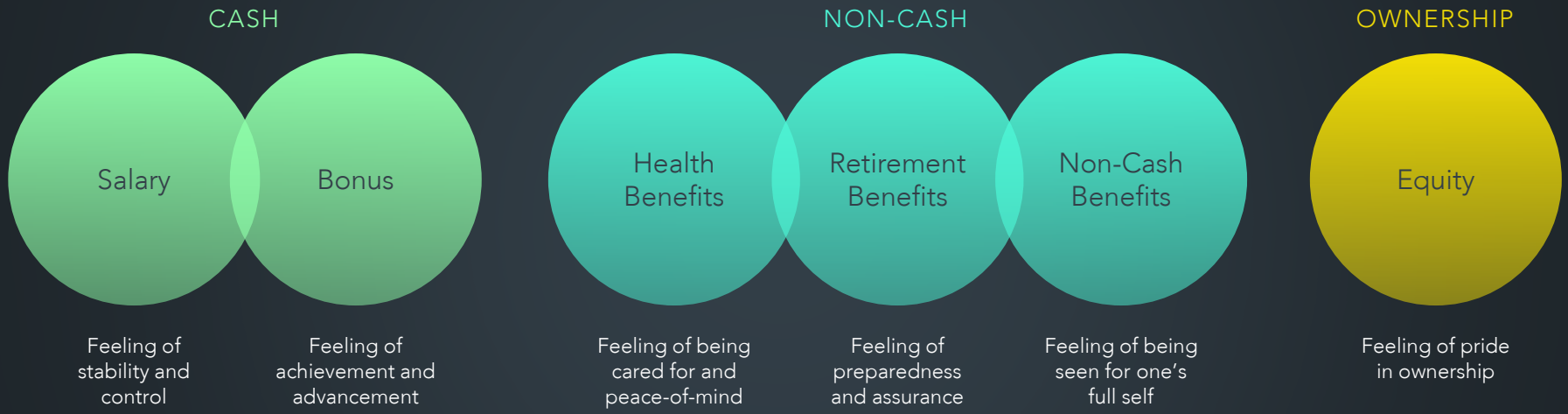
At what frequency do you offer employees the opportunity to purchase equity?



Results from the 2025 Global Advisor Study, Equity and Ownership Module, 300 Participants

Components of Compensation Design

Dimensional



Alignment with Business Goals and Behaviors

Dimensional

	SCENARIO 1	SCENARIO 2	SCENARIO 3
Firm Goal:	Growth	Superior Client Experience	Team Harmony
Compensation Component:	BD Bonus	Retention Bonus	Team Bonus
Sample Behaviors and Metrics:	COI Meetings, Referral Requests, Prospect Meetings	High NPS, Client Referrals, Client Feedback	Mentorship, Shared Knowledge

Sample Performance Scorecard

PRACTICE MANAGEMENT

Dimensional

Compensation Design: Align Goals, Drive Results



Quantitative Metric Examples

- Wallet Share %
- Total Revenue Managed
- Business Development: New Revenue
- Business Development: New Clients
- Client Retention (%)
- Professional Development (licenses/certifications obtained)
- Net Promoter Score (NPS %)

Qualitative Metric Examples

- Culture Carrier
- Brand Ambassador (social media, community outreach, etc.)
- Provides leadership/mentorship to others (formal or informal)
- Growth Mindset (personally and professionally)
- Aligns with firm's mission, ethics, and values
- Acts with integrity
- Respected by both colleagues and clients

Sample Scorecard

Role: Senior Advisor

	Metric	Target	Actual	Score (0-10+)
Grow the Business 50%	New clients	6	4	5
	New client inflows	$4M	$4M	
	New COI meetings	6	3	
	Existing client net inflows	$10M	$12M	
	Prospect meetings	12	6	
Deliver a Superior Client Experience 25%	Client retention	98%	99%	11
	Advisor NPS (%)	77	80	
Be a Team Player 25%	Transition clients as needed to Associate Advisor	3	3	10
	Mentor, attitude, etc.	Informal 360 feedback	Yes	
Year-End Weighted Rating				7.75

PRACTICE MANAGEMENT

Role: _____

	Metric	Target	Actual	Score (0-10+)
Firm Goal #1 _____ _____%				
Firm Goal #2 _____ _____%				
Firm Goal #3 _____ _____%				
Year-End Weighted Rating				

UNITED STATES
This information is provided for registered investment advisors and institutional investors and is not intended for public use. Dimensional Fund Advisors LP is an investment advisor registered with the Securities and Exchange Commission.

CANADA
FOR ADVISOR AND DEALER USE ONLY. NOT FOR PUBLIC USE. DO NOT DISTRIBUTE. This material is issued by Dimensional Fund Advisors Canada ULC (Dimensional Canada) for educational purposes only, should not be construed as investment advice or an offer of any security for sale and does not represent a recommendation of any particular security, strategy or investment product. This material is provided solely as background information on a confidential basis for registered investment advisors and dealers and is not intended for public use or for distribution to existing or potential investors. **This material is not a sales communication. It should not be distributed to clients of Dimensional Canada, to unitholders of mutual funds managed by Dimensional Canada or to potential investors in mutual funds managed by Dimensional Canada. Unauthorized copying, reproducing, duplicating or transmitting of this material is strictly prohibited.**

For illustrative purposes only.
Not a recommendation.