**Summer 2011 – Compensation Exercise**

1. What was the problem with the merit-based pay plan that Howe 2 Ski Stores was

using?

1. What alternative compensation plan would you recommend (i.e., gainsharing, profit sharing, ownership, incentives, balanced scorecard, etc.) to help solve these issues? Please be specific about how this plan will be implemented.
2. What are the advantages of your new plan?

4. What disadvantages are there to your new plan?