

# Solving Headcount Pressures Through Creative Compensation Strategies

## The Compensation Trends Forcing a New Wave of Creative Solutions



### Leadership Churn on the Rise

A growing wave of C-suite leadership turnover suggests executives are carrying heavier workloads while base pay remains static, eroding retention and signaling misalignment between expectations and rewards.



### Realignment of Incentives

Boards are leaning on performance-linked pay and longterm incentives rather than base salary to retain and motivate top leaders.



### Total Rewards in the Spotlight

Median total compensation for top HR executives rose 18% in 2025, reflecting the growing strategic importance of HR leaders in navigating internal capacity, total rewards, and headcount itself.

## Creative Compensation Strategies & Solutions

Several creative compensation strategies are emerging as organizations aim to maximize the value of existing teams, mitigate turnover risk, reduce reliance on new hiring, and retain critical talent, all in the name of **preventing costly backfills and headcount expansion**.

Every organization is different, so view the strategies below not as a rigid formula, but as a guiding framework.

## Longterm Equity Incentives

Create durable alignment with company value creation.

### RSUs > Options

Volatile private-market valuations, longer IPO timelines, and complex tax treatment have diminished the appeal of stock options while increasing the relevance of RSUs.

#### How It Works

- Tie vesting to specific, measurable business outcomes instead of just time.
- Double-trigger RSUs (vesting + liquidity event) align employee expectations with corporate milestones. This eliminates the “tax on paper value” problem that drives employees to exit in favor of more straightforward compensation elsewhere.

### Liquidity Access Programs

For senior talent with substantial vested equity and facing “paper wealth fatigue”, allow employees to realize value without waiting for a full exit.

#### How It Works

- Offer periodic internal liquidity windows.
- Facilitate secondary transactions to investors.
- Set up milestone-based cash outs.

#### Hunt Club Tip

Private companies often have more flexibility to address equity illiquidity through private market networks like EquityZen. These platforms enable employee liquidity without an IPO or sale, strengthening both recruiting and retention.

### Cash & Equity Hybrids

Hybrid LTIs balance downside protection with long-term alignment.

#### How It Works

- A portion of the incentive is guaranteed or semi-guarantees deferred cash.
- A second portion is tied to company value creation or growth.
- Both components vest over multiple years, often with overlapping schedules.





# Retention Mechanisms

Maintain headcount by reducing attrition pressure through improved access to value and continuity.

## Retention Grants for Critical Roles

Lock in your strongest talent and reduce turnover by attaching RSUs or cash retention bonuses to key business outcomes and tenure.

### How It Works

- Identify 5–10 “linchpin” roles where turnover would force immediate, costly hiring.
- Link RSUs or milestone bonuses to a combination of tenure and critical deliverables (e.g., shipping a product, closing a quarter, or hitting revenue targets).

## Rolling Vesting Awards

Rolling awards eliminate predictable attrition by ensuring there is always meaningful future value at risk.

### How It Works

- Employees receive an initial multi-year grant (cash, RSUs, or phantom equity).
- Each year, a new grant is added with its own vesting schedule.
- As one grant vests, another is layered on to maintain continuous retention value.

## Longevity Rewards Across the Org

One-time financial or sabbatical rewards triggered at multi-year service intervals reinforce commitment and reduce mid-career attrition.

### How It Works

- Define service milestones and associated rewards (e.g. 30-day sabbatical after five years of service).
- Apply rewards broadly across the organization to encourage long-term career progression and loyalty, as well as boost culture.



# Expanded Scope & Capability–Based Incentives

Reward leadership and high-performing individual contributors for driving greater impact.

## Streeeeeeetch Roles

Empower high-potential employees to expand their scope and make a bigger strategic impact.

### How It Works

- Hire a director-level leader and attach performance-linked RSUs or milestone bonuses that mirror VP-level stakes, driving ownership, accountability, and measurable business impact.
- Give employees temporary ownership for high-impact projects outside their core function or level, with cash bonuses tied to successful outcomes and completion.

## Internal Project Marketplace

Reallocate internal capacity and surface underutilized talent by allowing employees to opt into discrete projects in exchange for targeted incentives.

### How It Works

- Create visibility around high-priority projects that might require new hires or stall due to bandwidth.
- Allow employees to “opt in” for micro-bonuses, RSU fragments, or extra time off.

## Skill Stack Bonuses

Incentivize employees to develop high-value, future-critical skills that would otherwise require new headcount.

### How It Works

- Identify emerging needs (e.g., AI fluency, analytics, PM tooling, compliance).
- Offer a one-time bonus or RSU grant for completing strategic upskilling tied to business needs or specific projects.

### Hunt Club Tip

Gamified compensation (i.e., small bumps within reach as employees upskill) can especially help retain engineering and technical talent by rewarding real-time development instead of relying on infrequent (and often hefty) promotion-based raises. Formula-driven pay keeps retention high and progress motivating, even when a formal promotion isn’t on the table.

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