Beyond Administration
How to Communicate Your Equity Compensation Plan like a Pro
Boost awareness, participation and ROI in your equity compensation plan

With all the number crunching that goes into kicking off an equity compensation program, participant communications may have a way of slipping to the bottom of your to-do list. But imagine one morning you receive an email from your CFO. She's concerned about the fact that your company's ESPP enrollment is down 20% since last year, and she feels that poor employee communications are to blame.

The ESPP is a Section-423 qualified plan with a 15% discount, and it has some of the most appealing benefits that an ESPP can have, so you know that plan design is not to blame.

Of course, you sent an email and posted an intranet article when the plan was implemented. And you think the ESPP information sheet you prepared for new hires is getting read, but staffing changes and a dispersed employee base make it tough to track the effectiveness of your communications.

If this scenario sounds familiar, read on.

In this white paper, we've invited communications consultant Robert Holland to lend his expertise. For more than 20 years, Holland has helped leading organizations unleash the power of communications to add value to the bottom line. Here, Holland shares his knowledge to help you communicate your company’s equity compensation to employees.

Take stock of your resources

Start by determining what resources are available to you. First of all, do you have a communications team you can consult with? Since equity compensation is a specialized topic, your in-house communicators may not be comfortable taking complete responsibility for your communications plan. Holland advises a collaborative approach.

“Let the communicators do what they do best, but let them know you can provide them with the information they need to help you formulate messages and strategies for delivering those messages,” he says. “Make sure they know that you understand this is a highly technical subject, but that you have thought through the core message, and that you can help put the information in plain English so that employees will understand it.”

If you don’t have in-house communicators, move on. Make a list of all the communications channels that already exist at your company. Your list should include a mix of face-to-face, print and electronic channels. Realize that every medium has its pros and cons. For example, posters and tent cards might be great for creating buzz around the office, but they’re not the right media for conveying the finer (legal) details. That information is best communicated in a plan booklet that’s permanently available on a shared drive or company intranet. And don’t think that email is the solution.

Communicator’s toolbox

- Intranet
- Internal newsletter
- Email
- Quarterly town hall meetings
- Business unit meetings
- Lunch and learn programs
- Message boards

- New hire packages
- New employee orientation programs
- Pay stub notices
- Voice mail
- Videos
- Facebook
- Twitter
Though it’s fine for a quick alert, it’s not practical to have your employees sifting through their in-boxes searching for answers to their ESPP questions. Keep your foundational documents in an accessible location. This has the added advantage of making them easier to maintain.

**Identify your goals**

As with any strategic endeavor, determining the objectives of a communications plan is vitally important, and yet most people skip this step and go straight to a tactical brainstorm. It’s easy to get so carried away with all the cool ways to communicate your plan that you lose sight of your objectives. And considering that stock plan administration often involves cross-functional teams – you might be collaborating with payroll, legal, HR and even the executive suite – articulating a clear goal and gaining consensus throughout your organization is essential.

As Holland puts it, “Every communication plan must have a goal, and it should be a goal tied to a specific business objective.” It’s not enough to say you want to increase awareness. Be as specific as possible and make your goal measurable. The goal of your equity compensation plan may have a productivity or retention target, but it’s likely that your communications plan will have a participation or enrollment target. For example, if you’re kicking off a new plan, you may set a goal to achieve 80% participation within one year of implementation. Or if you’re reinvigorating a current program, a goal might be to increase participation among senior managers by 15% in six months.

**Know your audience**

Whom are you speaking to? If you’re tackling widespread disengagement, your answer is likely “everybody.” But you should still take the time to segment your audience, especially if your company has disparate employee groups. As Holland says, “In a manufacturing plant, the ‘shop floor’ employees and engineers have different information needs. They also bring different perspectives to the table. Employees who are members of the union are likely to have a different view of why management is sharing this information than salaried front-line supervisors.”

There may also be different levels of financial literacy to consider.

But if your participation problem is more localized – say uptake is low at a certain office or among your Gen Y staff – that answers your audience question. Audience specificity is key to developing appropriate tactics. According to Holland, “It’s important to understand this diversity of thinking, but also the different information needs these groups have so that you can provide the most meaningful, relevant information to each segment.”
Craft a key message for each audience

Write one clear, key message for each audience you’ve identified. For example, let’s say you’ve determined that knowledge of the plan is low among your line managers and they’re not comfortable talking about the ESPP with their staff. Your key message might be, “Our equity compensation plan is a benefit that you should encourage your staff to learn more about.” Your supporting points may include the benefits offered by your ESPP – a 15% discount on stock, simple payroll deductions and the ability to decrease contributions at any time. If you feel that your employees are finding the ESPP complex, a key message might be, “Participating in the ESPP is easy and intuitive,” and your supporting points might include the simple steps to enroll and exercise.

Developing your key messages is an essential part of the planning process. They’re not necessarily the exact words you’re going to use in your posters, emails and speaking points, but you will use them as a guide as you develop those tactics. That’s where the fun begins!

Plan your strategies and tactics

You’ve done your homework and created a plan with short-, mid-, and long-term strategies. You’re proud of your phased, multi-channel approach.

Strategy 1
Create foundational materials in plain language.

Tactics
1. Work with marketing and communications (or whoever owns the intranet) to create an information page on the company intranet
2. Using the legal plan document as a guide, create a simple, intuitive plan booklet that can be readily understood by employees from all walks of life – post that, too
3. Ask managers and team leads for common questions about the ESPP and use that information to develop an FAQ that anyone can understand
4. Include a section on how to use your third-party vendor’s system. Cover key actions like how to enroll in the ESPP and make contribution changes.
5. Make all assets on the information page available in print form at the manufacturing facility and anywhere computer access is limited
6. Revise the new-hire handout to be free of equity compensation jargon. Define key terms that may not be widely understood. Make sure that it directs employees to the intranet for up-to-date information.
7. Check with legal to see if there are any concerns about posting some of the material on the company’s Facebook page or on other forms of social media
8. Create a maintenance schedule to keep the foundational materials current

Strategy 2
Create a one-month, company-wide communications campaign to create buzz and increase overall awareness. This should be implemented only when the foundational materials are complete.

Jargon alert!

Don’t assume your audience is familiar with terms like “non-qual,” “ISO,” “look-back” and “non-statutory.” Jargon like that is only appropriate when it’s understood by everyone.

When you’re describing a broad-based equity plan, you’re unlikely to ever find yourself in that situation.
**Tactics**

1. Kick off the campaign at the next quarterly meeting. Write a message for the CEO to deliver.
2. Provide similar messaging to be echoed by leaders in other offices and business units.
3. Hold a few lunch-and-learn sessions in each office. Hang posters in common areas to advertise the sessions.
4. Find out if your company has a Twitter account for staff and determine if you can use that to steer employees to the information on the intranet.
5. If successful, consider replicating the entire one-month campaign as an annual tactic to drive participation.

**Strategy 3**
Create a champion program.

**Tactics**

1. Work with managers to identify ESPP evangelists within the company.
2. Ask them for testimonials about why they are so passionate about the ESPP.
3. Use the testimonials on the intranet page or save them for future buzz campaigns.
4. Once trained, invite champions to deliver presentations at new employee orientations, lunch and learns, and similar.

**Evaluate your success**

If you defined a clear enrollment or participation goal, evaluation is a snap. As Holland says, “The key is to have clearly defined goals at the outset and ask questions that will tell you if you achieved those goals.” There are also some softer means of measurement. You might conduct a focus group among your key audiences to help you gather more qualitative feedback on your communications tactics, the actual equity plan or both.

Communications is not a one-time effort. Even if you just ran a two-month launch or revitalization campaign that landed you great results, there is still ongoing work to be done in maintaining your foundational materials, communicating changes and explaining new information. In the ever-changing world of equity compensation, frequent communication and clarification are necessary to maintain understanding and confidence in your equity compensation program.


**Need help?**

When you choose Solium, you benefit from deep industry expertise on the full range of issues that touch equity compensation, including employee communications. We offer templates and tools that can be customized to reflect your company’s brand and the details of your equity plan. Success means doing what you do well and letting someone else worry about the rest.

To learn more, contact Solium at solutions@solium.com.
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Contact Solium

solutions@solium.com
solium.com

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