

## Building a True Global Equity Compensation Culture

- **Tudor Havriliuc**, Director, Compensation & Benefits – Logitech
- **Dan Hickey**, Director, Executive Compensation & Equity Programs – Nokia
- **Mike Namie**, Sr. Compensation Consultant, Global Equity – Intel
- **Ellen Swarthout**, Sr. Director, Global Compensation & Benefits – Adobe
- **Michael Bendorf**, Principal – Buck Consultants (Moderator)



### Setting the Stage

---

- American businesses spent billions of dollars in equity-based compensation in 2006
  - International corporations spent countless billions more
- Too much effort and expense involved to be less than certain that your equity compensation programs are delivering on expectations
- So...

## **Setting the Stage**

---

- ...How do you know how well your equity compensation programs are working?



## **Today's Discussion**

---

- Strategic importance of equity compensation
- Current issues
- Some approaches
- Potential pitfalls
- Keys to success



## **Strategic importance of equity compensation**

- We're all struggling with the same issues
  - “Share the success” philosophy
  - Maximize return to shareholders by making employees shareholders
  - Promote retention of key employees
  - Market competitiveness



## **Current Issues**

- More employee dissatisfaction with equity programs
- Different levels of understanding around programs, vehicles and responsibilities
- “Commoditization” of equity
- Sense of entitlement
- Marketplace is changing
- Jurisdictional issues
- What is the role of equity in the new environment



## **Some approaches**

---

- Focus on perceived value of equity
  - Major investment in employee communication
- Making equity “special” again
  - Limiting participation to key contributor groups
- Reduction in “nuisance” grants
- Measuring ROI of equity
  - Difference between perceived value and accounting value
- Competitive and financial assessments



## **Some approaches (continued)**

---

- ESPP programs
  - Assess current state of programs
  - Examine potential of stock purchase plans as supplemental compensation
- Increased regional/local customization of programs
- Tie different equity vehicles to specific strategic objectives



## **Potential pitfalls**

---

- Impact on corporate culture
- Possibility of drifting away from original objectives due to incremental challenges
- Sense of urgency may drive change too quickly
- Interaction between internal stakeholders
- “One size fits all” communication strategy
- Administrative issues



## **Keys to success**

---

- Tailor your response to match the needs of your organization
  - Analysis of problem may be universal
  - Application of process can't be
- Communication is key
  - Help employees understand program changes



## Building a True Global Equity Compensation Culture

- **Tudor Havriliuc**, Director, Compensation & Benefits – Logitech
- **Dan Hickey**, Director, Executive Compensation & Equity Programs – Nokia
- **Mike Namie**, Sr. Compensation Consultant, Global Equity – Intel
- **Ellen Swarthout**, Sr. Director, Global Compensation & Benefits – Adobe
- **Michael Bendorf**, Principal – Buck Consultants (Moderator)

