



# Intel's Back to Basics - Employee Education Campaign

Keith E. Pearce

Corporate Compensation & Benefits Program Manager  
Intel

[keith.e.pearce@intel.com](mailto:keith.e.pearce@intel.com)

916.356.9187

# About Intel

- The Company
  - World's largest chip maker
  - Manufacturing, engineering
  - ~80,000 employees in 58 countries
  - Centralized pay and stock programs
  
- Our Stock Programs
  - Broad-based Restricted Stock Units (RSUs) in 2005; 100% eligible, 90% receive annually via performance review process; 4 year linear vest
  - Options (+RSUs) for senior exempt employees in 2005; 4 year linear vest; also a key player mega-grant program
  - Employee Stock Participation Plan; ~70+% participation, 15% discount, six month look-back; 10% max contribution cut to 5% in 2009
  - Option exchange in 2009; 90% considered, 66% participated



## What We Heard About Stock...

- RSUs?
- I hate it when my RSUs expire. Why do you do that?
- Why does Intel tax my RSUs twice?
- My stock is worthless. Why don't you just give me cash? Can I opt out?
- Intel stock has been in a trading range for 10 years



## ...And What We Took That To Mean...

- Employees don't appreciate what they have at Intel as much as we want them to and, given all we offer, as much as we think they should.
- Stock price growth was the only lens through which perceived value was viewed
- With stock in particular, Intel and our employees are paying an "ignorance tax"



## ...And What We Set Out To Do About It

- Significantly increase employees' perceived value of what they receive as an Intel employee, such that it roughly matches the actual value delivered
- Perceived value is maximized when employees understand the value promise and the actual experience confirms or exceeds it
- Perceived value progression:
  - Awareness... Understanding... Participation... Appreciation



# Our Perceived Value Guiding Principles

- Design
  - Simplify!
- Communications
  - Be More Transparent
  - Re-personalize the Experience
  - Manage Expectations
  - Focus on Both Importance and Context

*Every design and every communication is an opportunity to increase or decrease perceived value*



# Specific Tactics We've Used

- Design
  - Option exchange bands
  - Stock Participation Plan restoration design considerations
  
- Communications
  - Communication Style
    - Plain language vocabulary, accessible, simple, concise, (nearly) acronym-free, storytelling, use of visuals, spin-free
  - Communication Planning
    - Roadmap (timing and cadence), decision-making framework
  - Employee Dialog
    - Expos, presentations, investment club
  - Social Media
    - Employee-to-employee discussion groups and blogs
    - Short video



## Tactics We're Considering

- Feature presentations
- Branding
- Engaging Human Resources and managers more fully
- Concierge service
- Additional, more specific data collection on participation
- Employee support as educational channel
- Revamp online content in corporate portal



## Closing Thoughts

- Measurement is really difficult
  - Surveys, focus groups
  - Good: Satisfaction surveys
  - Better: Importance or preference via conjoint analysis
  - Best: Value gap analysis
- Employees won't ever thank us like it's Christmas and some employees will never be happy – and that's okay.
- Key messages:
  - You are employee shareholders – it matters
  - You are receiving real value – it's part of your total package

