

Comp*Intelligence*

# WORKING WITH YOU EQUITY COMPENSATION

## Manual Labor Lunacy

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## Overview

Everyone does it – common examples of manual work:

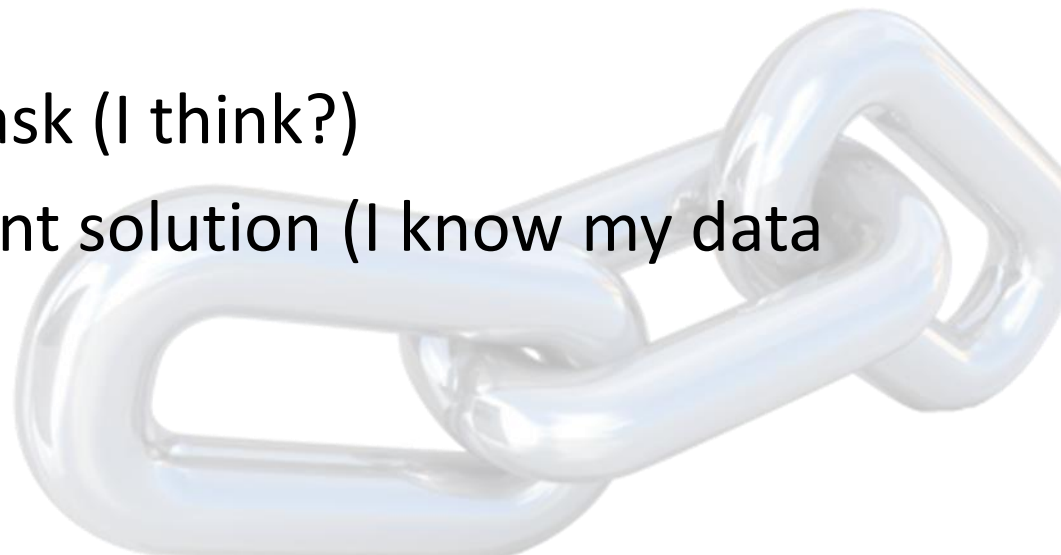
- Reconciliation
- Import file creation
- Data analysis
- Reporting
- Participant communications



## Why?

### Pros:

- Immediate need, no time to really examine the problem and the solution
- Lack of staff and / or funding
- It works!
- This is a one-time task (I think?)
- It is the most efficient solution (I know my data best)



## Why?

### Cons:

- Not easily repeatable
- Time consuming
- No controls in place
- May require extra staff
- Keeps you from doing more important tasks



## What can you do?

- Change your process
- Hire extra staff, could be temp staff when needed
- Push the work to someone else
  - Internal group
  - Vendor partners
- **Add automation**



## Consider Automation

When not in a crunch, consider the problem and possible solutions:

- Can the solution be automated?
- How much time will it take?
- Is there funding or can I get funding?
- Are tech resources available internally?
- Can I hire outside help?



## Steps to Automation

1. Identify the problem
2. Create a Business Case
  - a. Justification
  - b. Approximate cost and time for development
  - c. Company and department benefits
  - d. Identify potential resources
3. Present the case / idea and get management buy in and agreement for funding



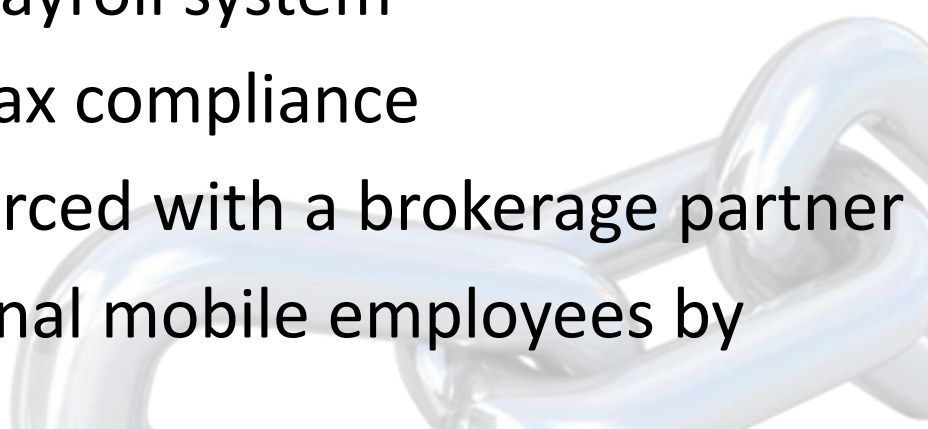
## Steps to Automation

4. Possible RFP / RFI
5. Meet with internal and / or external resources
6. Select the team
7. Create the specifications
8. Development
9. Testing and QA
10. Go Live



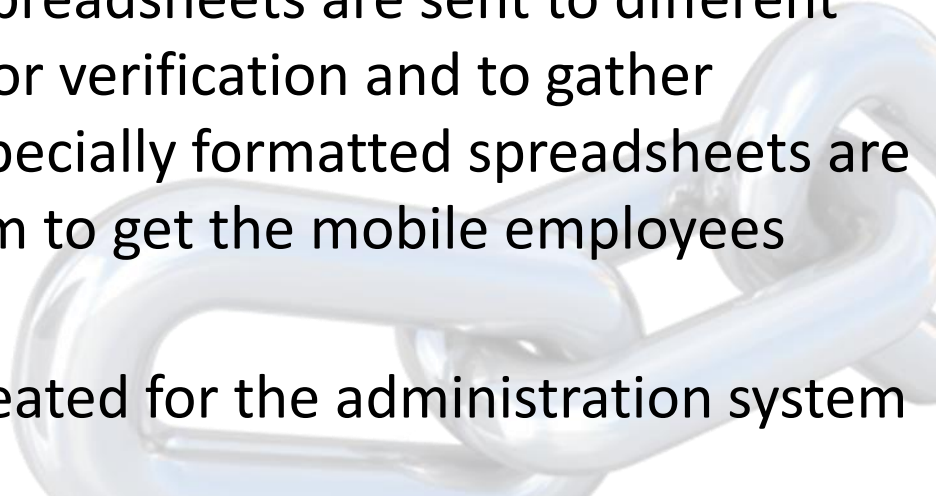


## Case 1

- Large Biotech Company
  - Approximately 18,000 broad-based participants with more than 4,000 global participants
  - Very mobile population, Inpats, Expats
  - No centralized HR or Payroll system
  - Very concerned with tax compliance
  - Administration outsourced with a brokerage partner
  - Tax help for International mobile employees by outside firm
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## Case 1

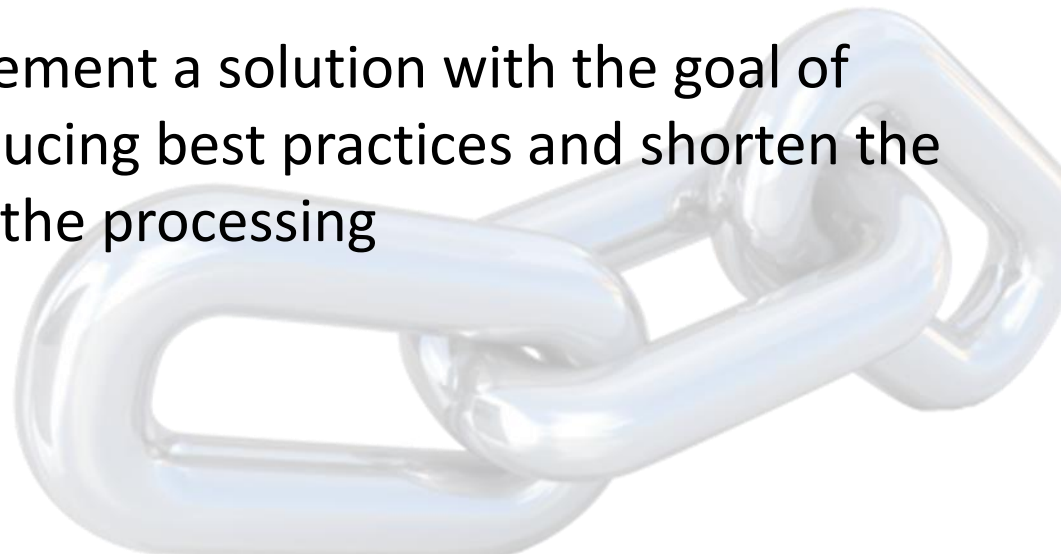
### The Problem:

- Multiple times a year, they have large RSU / PSU releases that require a huge amount of data analysis to determine if the correct population has been identified, if tax rates and grant status is correct, if location, participant status, and office codes are correct
  - After the data is parsed, spreadsheets are sent to different payroll and/or HR teams for verification and to gather additional information. Specially formatted spreadsheets are sent to the outside tax firm to get the mobile employees effective tax rate
  - Finally, update files are created for the administration system to correct data
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## Case 1

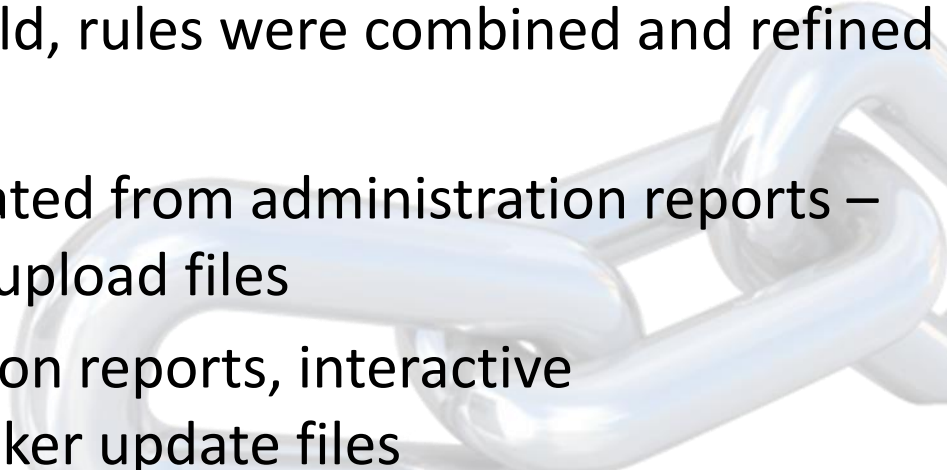
### The Problem:

- The data review, analysis, and update process was taking approximately 6 weeks to complete manually. Temp staff was brought in to help complete the process
- This tedious but very important process was not efficient and error-prone
- The client wanted to implement a solution with the goal of finding efficiencies, introducing best practices and shorten the time needed to complete the processing



## Case 1

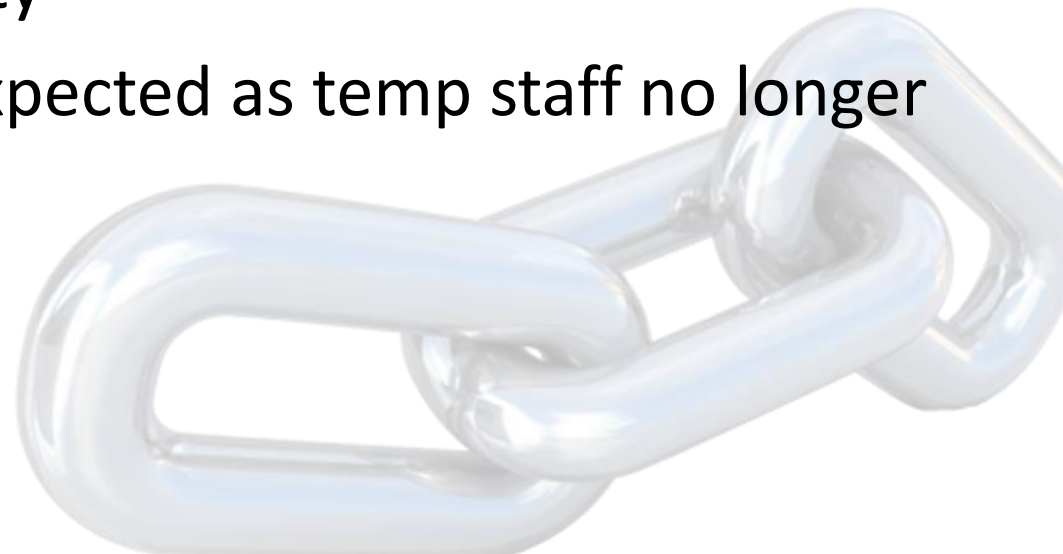
### The Solution:

- Bring in an outside technology firm to develop a rules-based engine to automate the manual process
  - Using the existing stakeholder knowledge and process flow diagrams, the rules were developed to mimic the manual process
  - During the technology build, rules were combined and refined for maximum efficiency
  - Automation database created from administration reports – no need to create special upload files
  - Outputs consist of exception reports, interactive spreadsheets, and the broker update files
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## Case 1

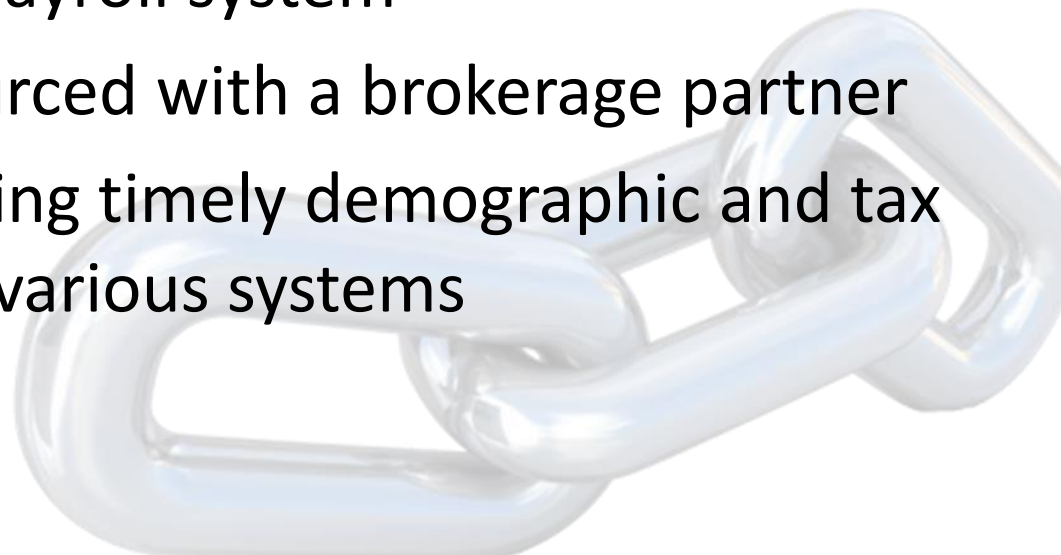
### The Result:

- A six-week process is now completed in one day
- Management is very satisfied with the project
- Other departments are looking for ways to automate
- Improved data integrity
- Overall cost savings expected as temp staff no longer needed



## Case 2

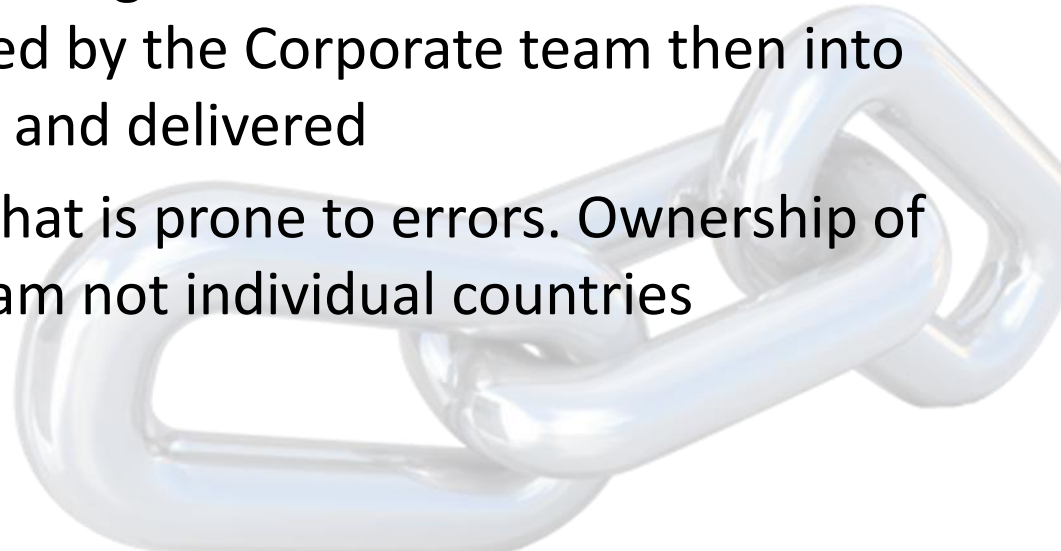
- Global Media Firm
- Approximately 5,000 participants with more than 1,200 global participants
- Spread across more than 20 countries
- No centralized HR or Payroll system
- Administration outsourced with a brokerage partner
- Concerned about getting timely demographic and tax updates between the various systems



## Case 2

### The Problem:

- Multiple Excel / CSV files are sent from various countries to the Corporate team responsible for stock plan
- Requires a manual process to cut and paste information into templates to create upload files for the administration system
- The payroll information flowing back from the administration platform must be separated by the Corporate team then into individual country reports and delivered
- Lengthy, tedious process that is prone to errors. Ownership of data falls on Corporate team not individual countries

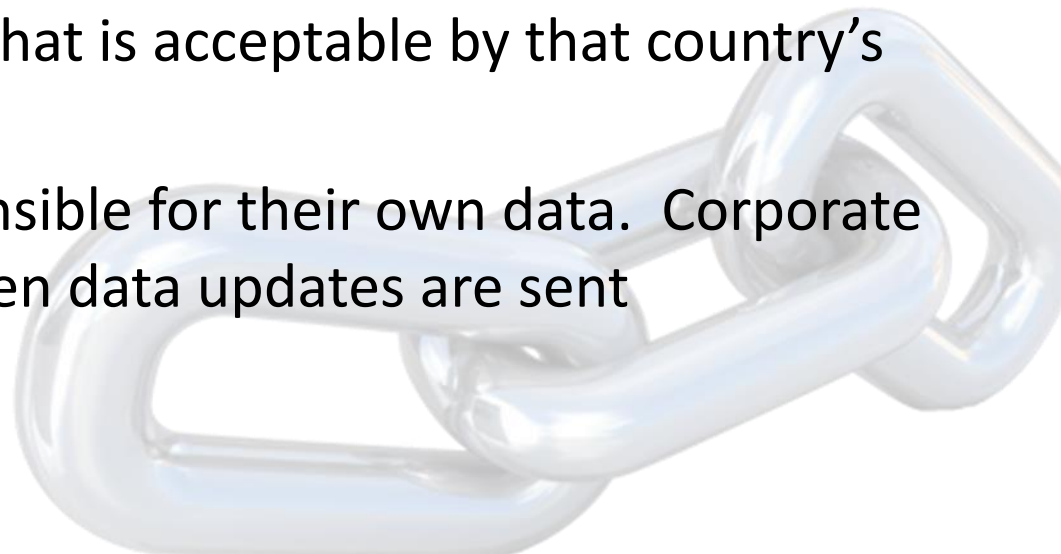




## Case 2

### The Solution:

- Implement file mapping and load tool. Each country sends demographic and tax information to a centralized interface that reformats data and sends to the vendor platform in the proper format
- Transactional payroll data is parsed by the tool into individual country files in a format that is acceptable by that country's payroll system
- Countries are now responsible for their own data. Corporate receives notifications when data updates are sent



## Case 2

### The Solution:

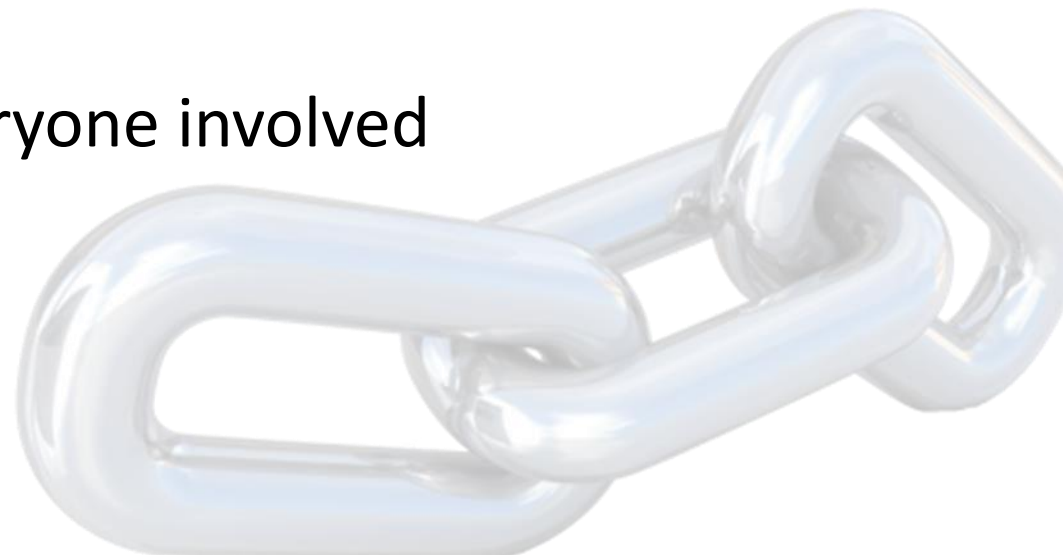
- Stakeholder meetings were held to review the current work flow and design the new process
- Developed flow diagrams and process documentation
- Get individual country's HR/Payroll/Legal approval for new process and address security concerns
- Implementing countries in priority order



## Case 2

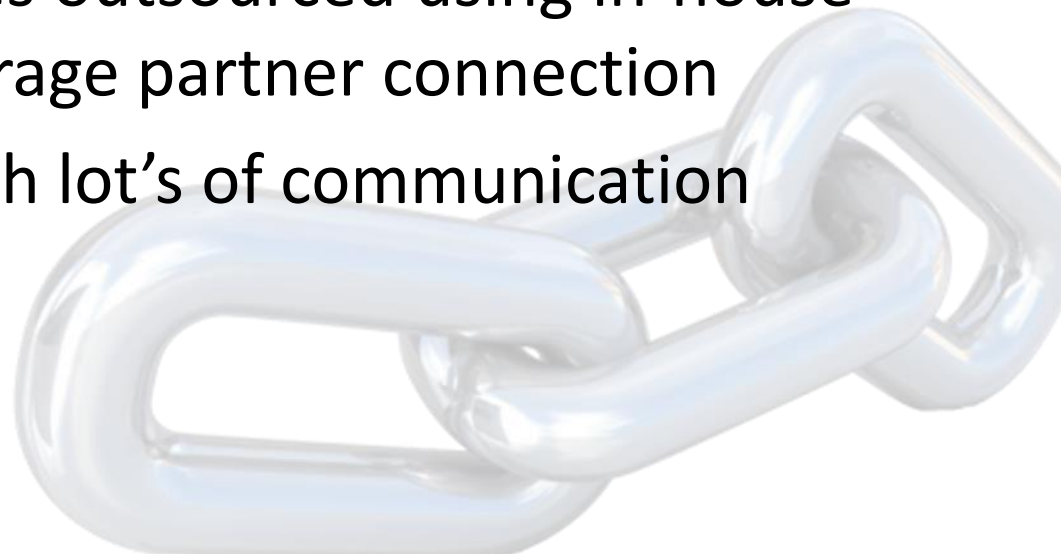
### The Result:

- Moved work and responsibility from the Corporate team to the appropriate International location
- Added confidence in the data integrity
- More timely updates
- Easier process for everyone involved



## Case 3

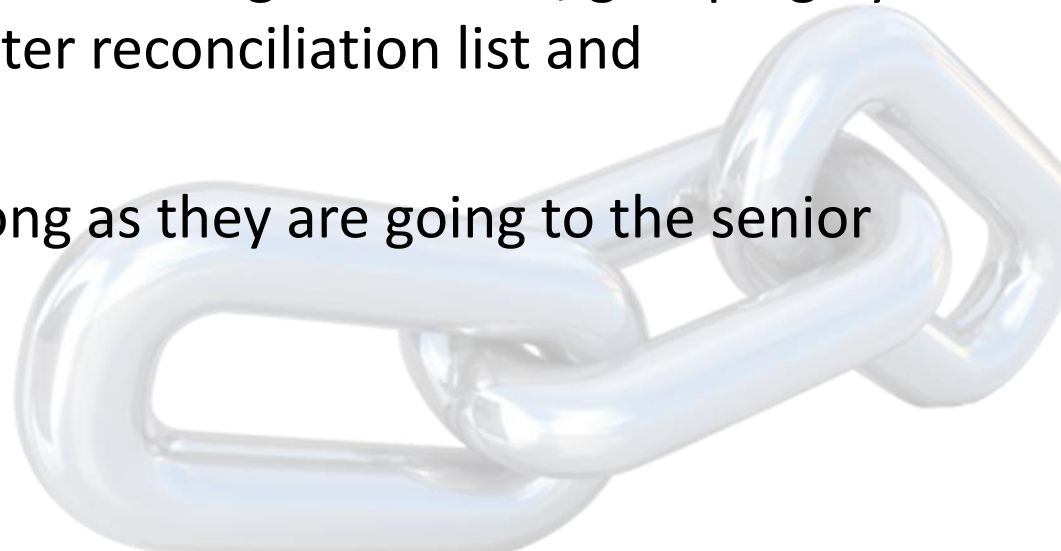
- Large Utility Company
- Approximately 300 participants in their executive stock plan - all key managers and senior executives
- Only one in-house person supporting the stock plan
- Administration services outsourced using in-house software with a brokerage partner connection
- High touch culture with lot's of communication



### Case 3

#### The Problem:

- New grants are issued twice each year. Participants get multi-page personalized letters from their supervisors with details about their new grants
- Participants get a combination of PSU and RSU awards
- Stock plan is responsible for creating the letters, grouping by supervisor, creating a master reconciliation list and distributing
- The letters can not be wrong as they are going to the senior executives



## Case 3

### The Problem:

- Letters can not be created through the current platform
- Manual process to create and reconcile the letters
- Temp staffing brought in to do the work unfamiliar with the data and stock plan



## Case 3

### The Solution:

- Technology used to automate the participant communication using data from the administration platform
- Customized templates sorted by supervisor
- Ability to email communications available

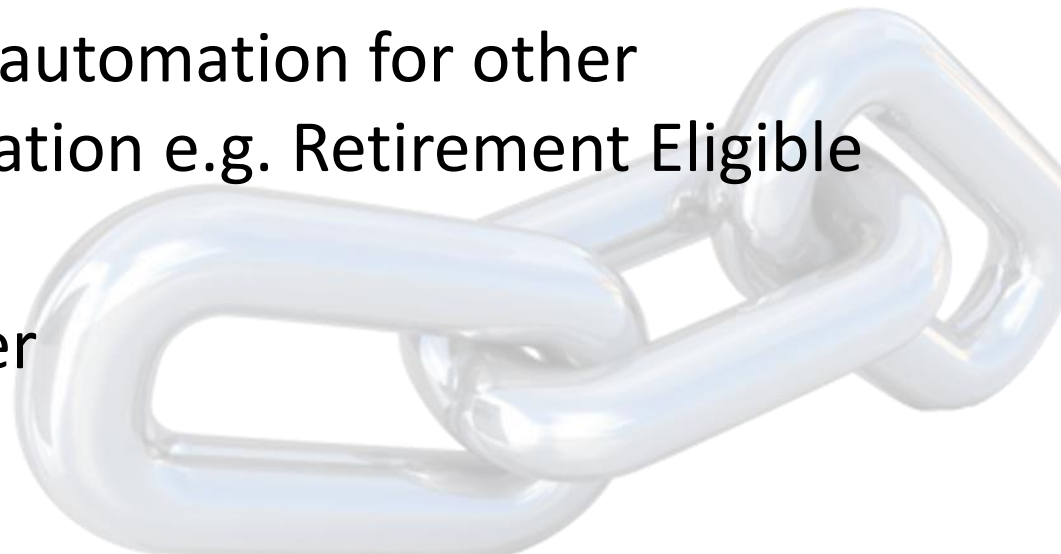




## Case 3

### The Result:

- A 4 week process can now be completed in less than one day
- Error-free communications
- Temp staff no longer necessary
- Considering using the automation for other participant communication e.g. Retirement Eligible memos
- Very happy stakeholder



# QUESTIONS?



## Contact Information

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