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Executive Compensation - Strategy & Planning – Compensation Planning

- **Define Your Compensation Philosophy and Strategy** – Your compensation philosophy serves as a touchstone for all compensation and governance-related decisions. While some view compensation philosophies as a check-the-box exercise, in reality, they can serve as a critical differentiator in an ultra-competitive talent market by fostering strong internal alignment and keeping your business focused on its areas of strength.
- **Assess the Competitiveness of Your Compensation Program** – We work with our clients to assess the overall competitiveness of their executive rewards programs, at both a team and individual level. Leveraging a wealth of market insights only available through TISOMO, we'll examine the base salaries, bonus targets, bonus payouts, equity awards and equity holdings of your executives to ensure you're in-step with market trends.
- **Identify Peer Group Companies** – We'll help you establish a best-fit peer group reflecting your company's current financial and strategic profile, as well as corporate governance best practices. In particular, we have deep expertise building peer groups for technology and life sciences companies at various stages of development, where often over-looked financial metrics can be critically important.
- **Ensure Effective Links between Pay and Performance** – At the end of the day, establishing an appropriate link between pay and performance is what matters most to your people and shareholders. We'll assess the effectiveness of your short- and long-term incentive plans to make sure these programs focus, motivate and reward executives for the achievement of critical, strategic, operational and financial objectives, which ultimately result in strong stock price performance for shareholders.
- **Conduct Retention Analyses** – Measure the long-term holding power of equity awards to ensure your executive team will be in place for your next business milestone.

Equity Strategy - Strategy & Planning – Compensation Planning

- **Long-Term Incentive Plan Design** – Our consultants work with clients to identify the right vehicle mix, grant sizes and target ownership levels for your entire executive team, and where appropriate, we assist in the implementation of performance-based equity plans. This includes the selection of performance metrics, performance targets, pay-for-performance modeling and the certification of payouts.
- **Monitor Burn Rates and Shareholder Dilution** – Maximize your return on equity awards while optimizing burn rates, shareholder dilution and equity compensation expenses to ensure shareholders and proxy advisors don't view your equity programs as excessive.
- **Equity Compensation Reviews** – We'll evaluate your current equity compensation program relative to the market to ensure you're making the most of your equity resources when attracting and retaining key executive talent. This work includes examining award vehicle types, vesting schedules, new-hire practices and severance provisions.
- **Share Request Modeling** – All forms of stock-based compensation are under an increasingly powerful microscope, making it as challenging as ever to achieve share request success. Our experts partner with clients to help them navigate the maze of proxy advisor policies and investor guidelines that influence plan design.

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Organizational Structural Design - Strategy & Planning – Compensation Planning

- **Adopt Great Pay Practices** – How you deliver compensation is often just as important as how you pay people. From vesting schedules to award vehicles to committee retainers vs. committee meeting fees, we'll help you deliver director compensation in a manner consistent with your business needs and shareholder expectations.
- **Align with Market Pay Levels** – We'll analyze peer group practices to help you determine appropriate levels of pay for your Board of Directors, including total compensation, cash vs. equity pay mix, annual retainers, committee fees, meeting fees, annual and new-member equity awards, and additional fees for key leadership positions.

Growth Strategies - Strategy & Planning – Compensation Planning

- **Define Compensation Philosophies** – Take time to ensure your overall approach to building compensation programs and setting pay fits with the needs of your organization and aligns with your business strategy.
- **Re-balance Pay Mixes** – Leverage TISOMO's extensive data sets to anticipate how your incentive plans and equity programs should evolve as your company matures, and then implement changes accordingly.
- **Conduct a 360° Re-calibration** – Review all of your people and pay programs to see how well they match the current conditions your business faces, including labor market shortages, competitive challenges, and employee retention concerns.
- **Build Salary Structures** – Work with our team to consider the many pluses and minuses of market-based, level-based, and broad-banded salary structures, and then pick and implement the right long-term model for your business.

Job Architectures

- **Audit Your Job Levels** – When you're ready to implement a new HRIS system, we'll work with you to review all of your job levels and create a consistent, unified approach to defining those levels, job codes and titling conventions across the company.
- **Create a Database** – Make a master catalogue of job codes and job descriptions that is easily transferrable to the go-forward HRIS system.

Sales Incentive Plan Design - Strategy & Planning – Compensation Planning

Every design engagement begins with understanding your company's process for managing sales incentive plans, and the key stakeholders involved along the way. This leads to the creation of a cross-functional design team comprised of the people in your company best positioned to evaluate and decide on plan changes. Through a series of strategic sessions with the design team, we develop design principles, which serve as the foundation for selecting plan design components. We also confirm the profile of each sales and support role, and each role's alignment with the company's strategic goals, which helps guide decisions on target pay, pay mix and performance measures.

Once your company's core design principles are in place, we test the potential impact of plan design changes

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by modeling aggregate and employee-level payouts under different performance scenarios. We then compare our experimental payouts with historical results and expected revenue associated with each performance scenario. With multiple pay-for-performance scenarios in hand, we then evaluate sales leadership perceptions of proposed changes and gauge sales manager readiness to support those changes.

As a final step, we also assist in securing executive approval of proposed plan changes by developing a business case and presenting market data on best practices and competitiveness. Our deliverables typically include:

- Detailed incentive plan specifications for each unique job role;
- Dynamic workbooks for employee- and enterprise cost modeling; and
- Templates to support the implementation process.

Advanced Analytics - Strategy & Planning – Compensation Planning

The **TISOMO Global Workforce Analytics** platform allows participating clients to benchmark workforce design and critical sales metrics like never before. Our analyses have helped clients identify where their sales organizations are over-leveled and inefficient, and where they lag behind peers in deploying sales talent around the globe. We can answer questions like:

- Do we have too many layers of management for a company of our size?
- Is our ratio of managers to individual contributors high relative to the market?
- Is the mix of our field to inside sales, or sales to pre-sale engineers appropriate given our company's industry and stage of growth?
- When we double in size and add two more products, how should we structure our sales organization?

From pinpointing cost control issues to planning for growth, our analytics help clients make the most of their investment in sales talent.

Scaling for Growth (for Mid- to Late-Stage Startups) - Strategy & Planning – Compensation Planning

- **Navigate New Rounds of Financing** – We'll work with you throughout the process of raising additional capital to ensure your approach to equity compensation remains consistent as your capitalization table evolves.
- **Upgrade Core Compensation Systems** – From salary structures to job leveling to job definitions, we'll work with your growing HR team to ensure your systems mature at the same pace as your organization.
- **Prepare for International Expansion** – TISOMO's technology and life sciences surveys house data from more than 80 countries, allowing us to help your organization make rewards decisions around the globe with confidence.
- **Prepare for Commercial Growth** – Formalize your sales compensation plans, including appropriate pay mix by role, performance metrics, payout curves and tools to monitor cost of sales relative to market.
- **Establish a Compensation Committee** – We'll walk you through the process of adapting your Board of Directors to take on formalized oversight of key executive compensation and equity decisions.

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Compensation Fundamentals (for Early-Stage Startups) – Strategy & Planning – Compensation Planning

- **Conduct internal and external compensation assessments** to check for potential internal pay equity issues and measure your overall market competitiveness across all elements of compensation
- **Creating basic job definitions and leveling criteria** to ensure people managers, human resources colleagues, and recruiters speak the same language when discussing talent issues
- **Build initial salary structures** to improve internal pay equity, manage job offers and promotions more efficiently, and make consistent, well-grounded compensation decisions across your entire organization
- **Develop equity grant guidelines** to ensure equity dilution remains in check, new-hire grants reflect an appropriate relationship between risk and reward, and awards are right-sized based on changing levels of investment
- **Establish performance management systems** to create a culture of pay-for-performance and identifying and developing high-potentials during the most formative years of your business

Refining Your Approach to Market Data - Strategy & Planning – Compensation Planning

- **Define Your Market** – Determine market comparator groups, considering location, industry and talent markets, then compare survey data to your existing compensation levels to create salary ranges.
- **Match Your Jobs, Your Way** – Our consultants will scope out your jobs and help your HR team choose their best fit matches in the TISOMO Survey.

Mergers & Acquisitions Integration - Strategy & Planning – Compensation Planning

- **Assess Your Competitive Market** – Take time to set a solid compensation foundation by gauging base salaries, target total cash and total direct compensation, and review both companies' annual incentive plans relative to market-leading practices and the newly merged company strategy.
- **Create Consistency** – Joining two different organizations requires a consistent approach to defining job levels, job codes and titling conventions across the company.
- **Implement Equity Guidelines** – Develop and implement equity grant guidelines that allow you to remain competitive in the years following the transaction.
- **Facilitate Change Management** – Change doesn't just happen; it needs to be managed closely and effectively for a smooth transition. We help with key stakeholder communications and training and implementation materials for new programs to ensure employees and managers understand and buy-in to a change in programs.