Overcoming the communication gap

Five ways to communicate stock plan awards with participants more effectively.
How does vesting work?
What are the most common exercise methods?
How will my stock award be taxed?

As a stock plan professional, you likely get questions such as these from your stock plan participants on a regular basis. And you’re not alone. As equity compensation programs evolve from primarily an executive benefit to one that is now more broadly available, the challenge of efficiently and effectively communicating important information to participants continues to increase. Add on limited resources and budget constraints, and communication can become a daunting task.

But it doesn’t have to be.

The good news is, your message will be directed to people who want to hear it—they want to understand their award and how it benefits them. Read more on the following pages to see how you can communicate better with your participants—without incurring a lot of expense or hiring more staff.
1. Know Your Audience: From millennials to baby boomers, the workforce is incredibly diverse—and each segment prefers different methods of communication.

Before building out your plan, it is crucial to understand your audience so you can create materials that resonate with them.

To ensure you have a clear understanding, ask yourself—and your firm—a few questions. These may include:

- Is it broad (millennials to baby boomers) or more focused on one age group? Are you speaking exclusively to executives or to employees at multiple levels?
- Does your firm have international participants? If so, do they have any unique needs? Are there any cultural considerations? Specific rules, regulations, or laws to be followed?
- How familiar are your participants with equity compensation? How much education do they need to understand their award?
- How do they like to be communicated to?

With this information, you can then start to decide which pieces of information to focus on and which tactics to use.

It is important to not apply a one-size-fits-all approach when communicating to your employees—so being well-versed in your participants’ needs and challenges before implementing a plan or crafting communications is key. If you are not sure, speak with your colleagues and/or management before creating any materials.

2. Use a Mix of Integrated Tactics: No one tactic will appeal to all of your employees—baby boomers, for example, are generally more comfortable with a phone conversation than millennials—so be sure to include a mix of tactics into your plan.

These tactics can include, but are not limited to:

- Email
- Phone calls between awardees and plan specialists
- Corporate intranet site content
- WebEx sessions
- Video
- Thought leadership/articles from third parties

To help ensure that your participants have access to the information they need in a format that most appeals to them, consider using a mix of tactics working together. Having more than one tactic in play helps ensure they see your message and take action.
At this stage, it is also a good idea to establish your success metrics in order to gauge how each tactic performs—and, ultimately, if you are achieving your plan’s goals. Having this determined up front can make it easier to establish benchmarks, analyze performance, and make adjustments over time. Without metrics, it won’t be clear how your plan is performing, and that could result in wasted time and energy for you and those implementing your plan. To start, consider monitoring such metrics as email open rates and links clicked, number of phone calls completed, and site traffic and then expand over time.

Since there are many ways to communicate your message, it may take time to figure out the right method(s) for your firm so don’t be discouraged if a tactic doesn’t work right away. Take a step back, evaluate your results, test something new with the next distribution—subject lines or email format, for example—and try again. Eventually, you will find the right mix.

3. Simplify Your Message: They say you only get one chance to make a first impression, and that is true of your equity compensation plan.

You want your employees to be engaged with the program so they can enjoy the benefits it could provide—but if the benefits are not immediately clear, participants could tune out. To help engage and educate employees, be sure to use:

- Clear, simple, and engaging language that quickly lets your participants know this is a valuable benefit. Avoid jargon and be sure to define terms that are unfamiliar.
- Visuals rather than words, especially if the topic is complex, to convey ideas
- User-friendly designs that are easy to scan and digest. Don’t cram too much onto one page/screen—otherwise, your message could be muddled or ignored.

Once you have your messaging defined, communicate it often. It’s important to determine what timing works for you and your firm—weekly, monthly, quarterly—and to use different tactics (see #2 on the previous page) over the course of the year so you can help drive results. If your participants only hear from you once a year, and only via one method, they are less likely to understand their award, engage in the program, or see the value in it.

Also, as your communication plan matures, be sure to keep your communications fresh and engaging. Over time, if your participants see the exact same communication over and over again, they could start to ignore it.
4. Proactively Reach Out to First-Time Recipients: Encountering something new can be an unsettling experience—especially if it isn’t easily understood.

To help ensure that your participants have a clear understanding of their award and are taking the required next steps, consider implementing an outreach program so they can feel comfortable from the outset. Ways to do this include (but are not limited to):

- Tailored communications identifying them as a first-time recipient and acknowledging they may need extra assistance
- A dedicated email queue/mailbox to which participants can send questions
- An introductory call/QA session with HR explaining their benefit and ongoing informational sessions/lunch and learns
- Pair up each recipient with a knowledgeable member of your team—a buddy system, of sorts—to facilitate one-on-one interactions
- A “first-timer primer” that outlines key pieces of information such as phone numbers, where to access forms, and/or educational items

Don’t be afraid to overcommunicate to your first-time recipients, especially when they first receive their award—they may need more support than participants who are more familiar with the process. Clearly identify action items and deadlines to ensure next steps can be easily taken.

This is another great opportunity to get creative based on your firm’s size, culture, and outreach opportunities. As your employees go through the process and evolve into confident participants, they can also be helpful advocates when in conversations with colleagues.

5. Ask for Feedback: Your participants are your “clients” in this situation, so take the time to listen to them just as you would a client.

Getting input from your participants allows you to hear directly about what is working, and what isn’t, so you can enhance your tactics, materials, and overall plan over time. As a starting point, consider a participant survey—while the insights you get will be aggregate, the fact that it is anonymous may help respondents feel more comfortable to participate. Based on the results, you’ll be better able to prioritize tactics to try, retire, or modify.

Also, be proactive and solicit insights from impacted colleagues (HR, finance, legal, senior leaders/managers, etc.) to ensure you have a comprehensive view of your program from many different perspectives. Many people in your firm are impacted by your equity compensation plan, and they may have ideas for improvements.
In short, having an effective communication plan in place is essential to ensure your participants have access to the information they need, when they need it, so they can maximize this valuable part of their compensation. And establishing one—or enhancing an already existing program—doesn’t have to be an overly complicated task.

We’re here to help!

Put our experience with equity compensation communication to work for you.

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