

Hire Education: A Guide to Hiring Stock Plan Professionals

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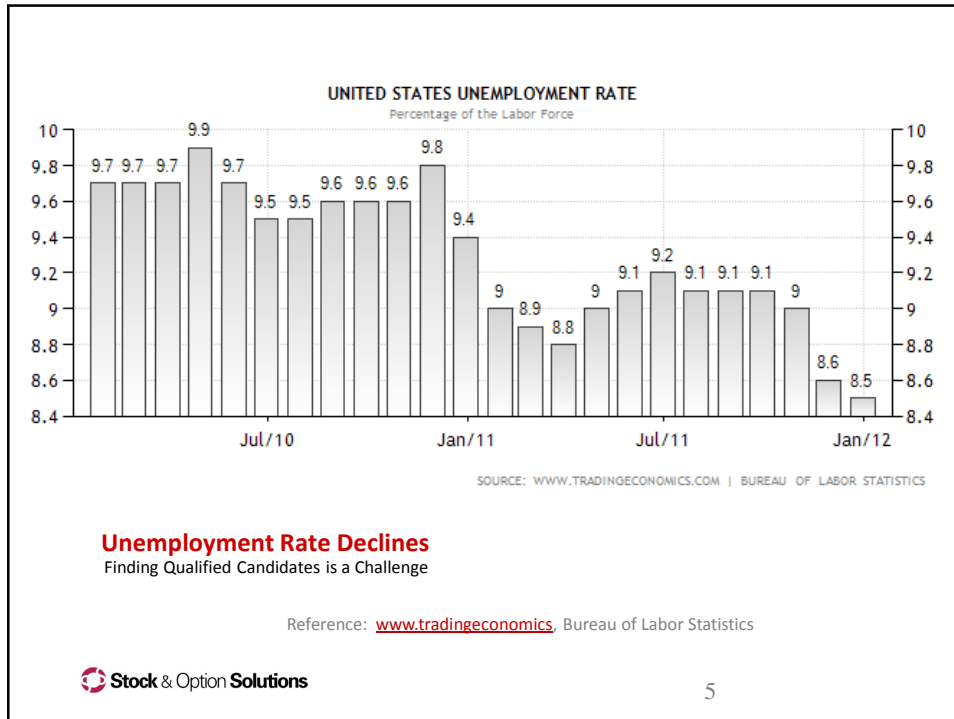
Agenda

1. Importance of Hire Education
2. Company Culture
3. Job Analysis & Competencies Modeling
4. Job Descriptions & Postings
5. Candidate Identification
6. Candidate Assessment
7. “Take Aways”
8. Questions

“People are not your greatest asset—the right people are. The wrong people are your greatest catastrophe. Mediocre people are your greatest drain on resources. We may all have equal value as human beings but we don’t all bring equal value to the workplace.”

—Dave Anderson, President, LearnToLead an international sales and leadership training and consulting company

IMPORTANCE OF HIRE EDUCATION



Importance of Hire Education

- Equity Compensation field continues to evolve towards complexity
- Employing techniques in Hire Education are an investment in your department's success
- The high cost of hiring the wrong person is 3.5 times his/her annual salary
- Nearly half of hires fail!

References:
TKO Hiring! Ten Knockout Strategies for Recruiting, Interviewing, and Hiring Great People, Dave Anderson
Hiring for Attitude, Mark Murphy

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6

Top 5 Reasons New Hires Fail

1. Coachability (26%)
2. Emotional Intelligence (23%)
3. Motivation (17%)
4. Temperament (15%)
5. Technical Competence (11%)



***89% of bad hires result from attitudinal issues**

Reference: *Hiring for Attitude*, Mark Murphy

Top Characteristics of Low Performers

- Negativity
- Blaming Others
- Feelings of Entitlement
- Lack of Initiative
- Procrastination
- Resisting Change
- Creating Drama for Attention



Reference: *Hiring for Attitude*, Mark Murphy

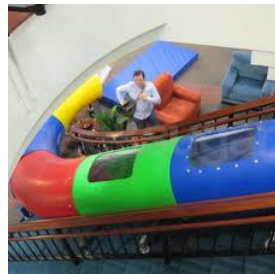
Hiring with Assessments

Traditional Hiring
with
No Assessments
14%
Success Rate

Traditional Hiring
with
Assessments
75%
Success Rate

Reference: Michigan State University Study

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COMPANY CULTURE

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Job Fit

- Power
- Personal Work Style
- Decision Making Latitude
- Management Style
- Work/Life Expectations

Reference: "The Importance of Cultural Fit", Bob Corlett

Management Work Style

- Hands-on management or encourage independence?
- Written status reports or conversations?
- How does your work style compare?
- Look at past successes and failures



“Hiring people is an art, not a science, and resumes can't tell you whether someone will fit into a company's culture. When you realize you've made a mistake, you need to cut your losses and move on.”

–Howard Schultz, Chairman and CEO of Starbucks

JOB ANALYSIS & COMPETENCIES MODELING

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Selecting a Soft Skills Assessment Tool

- 1. Begins with a Benchmark
- 2. Validated and Tested for Selection and Development?
- 3. Compliant with Legal Requirements and Professional Requirements
- 4. Measure Multiple Areas
- 5. Includes Interviewing Questions for Training Hiring Managers
- 6. Facilitates Candidate Comparison
- 7. Includes Data with a Retention/Development Focus

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Reference: XB Consulting
and The Outsourcing
Institute



Benchmarking the Job

*Defines the soft skills (competencies and attitudes) and problem solving skills required for superior performance in the job

- Identify the job to be benchmarked
- Identify Subject Matter Experts
- Identify Key Accountabilities, Competencies and Attributes
- Prioritize and weigh Key Accountabilities, Competencies, and Attributes
- Compare the personal talent to the job benchmark

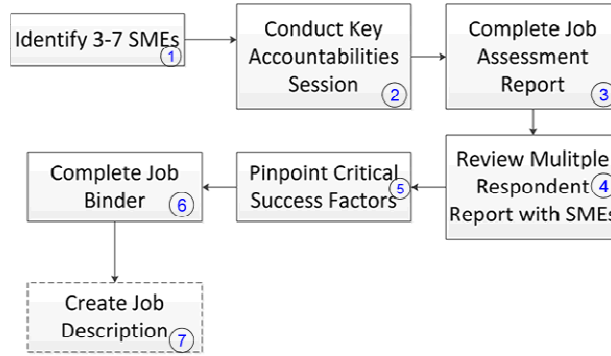


Reference: XB Consulting, Inc. and
The Outsourcing Institute
16



Job Benchmarking Flow

Job Benchmarking Process



Reference: XB Consulting, Inc. and The Outsourcing Institute


Overall Rank	Competency	Importance Mean	Frequency Mean
1	<i>Communicates Articulately</i>	4.4	4.4
2	<i>Embodies Organizational Image</i>	4.3	3.6
3	<i>Establishes Credibility</i>	4.3	3.6
4	<i>Builds Customer Loyalty</i>	4.3	3.5
5	<i>Maintains Order and Accuracy</i>	4.3	3.3
6	<i>Manages Work</i>	4.2	3.4
7	<i>Demonstrates Curiosity</i>	4.2	2.8
Overall Rank	Critical Thinking	Importance Mean	Frequency Mean
1	<i>Reasons Logically</i>	4.3	3.5
2	<i>Reasons Numerically</i>	4.2	3.4
3	<i>Reasons Verbally</i>	4.2	3.1
Overall Rank	Values	Mean Rating	
1	<i>Conceptual</i>	5.0	
2	<i>Achievement</i>	4.5	
3	<i>Social</i>	4.0	

Sample Job Profile/Benchmark Report

Job Benchmarking

Competency & Brief Description	Importance	Frequency	Overall
Communicates Articulate Able to speak clearly and concisely.	4.4	4.4	1
Embodies Organizational Image Supports and actively promotes the organization.	4.3	3.6	2
Establishes Credibility Keeps to the facts. Lets others know feelings and admits to mistakes.	4.3	3.6	3
Builds Customer Loyalty Focuses efforts on discovering and meeting customer needs and expectations.	4.3	3.5	4
Maintains Order and Accuracy Reduces unnecessary variance in processes. Establishes and/or follows protocol.	4.3	3.3	5
Manages Work Translates goals into tactics and specific steps. Follows up.	4.2	3.4	6
Demonstrates Curiosity Has an underlying curiosity and desire to know more, taking the initiative to learn new information.	4.2	2.8	7
Persuades and Influences Effective at persuading others to change their mind or alter behavior.	4.1	3.4	8
Maintains Endurance Maintains persistence and refusal to give up when faced with obstacles.	4.0	3.3	9
Develops and Maintains Relationships Builds and maintains relationships with other individuals or organizations to help achieve business goals.	3.9	3.2	10
Demonstrates Flexibility/Resilience Adapts to and works effectively with a variety of situations/individuals/groups.	3.9	2.9	11
Builds Collaboration Builds collaboration by establishing, communicating, and reinforcing shared values and norms.	3.8	3.1	12


Benchmark Report
Sample Top Competencies


Reference: XB Consulting, Inc., and the Outsourcing Institute

Critical Thinking & Brief Description	Importance Mean	Frequency Mean	Overall Rank
Reasons Logically Ability to use reason to identify the strengths and weaknesses of alternative solutions, conclusions or approaches to problems. Ability to use information to develop and evaluate options, and implement solutions.	4.3	3.5	1
Reasons Numerically Ability to analyze data, draw conclusions based on the data, and reason with numbers.	4.2	3.4	2
Reasons Verbally Ability to think constructively, identify themes, and think on an abstract level.	4.2	3.1	3

Critical Thinking Attributes Sample

Job Benchmarking


Reference: XB Consulting, Inc. and The Outsourcing Institute


20

Value & Brief Description	Mean Rating
Conceptual Those who score high in Conceptual and Intellectual prefer work that is mentally stimulating and requires a high level of mental ability. They like to be seen as an expert, enjoy solving complex problems and seek out learning opportunities to keep an active mind.	5.0
Achievement Those who score high in Achievement are driven to accomplish challenging goals. They push for results, stretching themselves and others to achieve more.	4.5
Social Those who score high in Social value interactions and relationships with others. They enjoy helping and being of service to others. Relationships are a great source of satisfaction and fulfillment.	4.0
Independence Those who score high in Independence desire autonomy, and prefer having flexibility and freedom in their job. These individuals take the initiative and set their own course based on their own judgment. Following the rules has lower priority.	3.0
Creativity Those who score high in Creativity enjoy opportunities to be imaginative and inventive. They like to develop new ideas, methods and/or interpretations and are driven by the need to express themselves in an original way.	2.5
Altruism Those who score high in Altruism value work that involves service to others and contributes to the greater good of an organization/cause. Seeing others achieve and move forward is more rewarding to these individuals than personal gain.	2.0
Power and Overt Influence Those who score high in Power and Overt Influence seek recognition, prestige, authority, and/or control. They want to be respected by others and be seen as successful. Influencing others is a source of satisfaction and these individuals enjoy roles that require them to make decisions that are implemented by others.	1.5
Adventure Those who score high in Adventure are comfortable with unpredictability, thrive on taking calculated risks and work well under pressure. They enjoy novel situations,	1.5


Sample Values

Job Benchmarking

Reference: XB Consulting, Inc. and
The Outsourcing Institute

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JOB DESCRIPTIONS & POSTINGS

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Job Description Tips

- Focus on what the job needs to be today, not what the job was historically
- Define job tasks and qualifications before you start thinking about what special attributes will be needed
- A well-written job description is more than a list of the tasks and responsibilities, it reflects a sense of priorities and corporate culture
- Whatever credentials you require must have direct bearing on the candidate's ability to become a top performer
- The job you describe must be truly doable

Reference: "How to Write a Job Description", Judith Lindenberg

Job Posting Tips

- Include Salary Range
- Explain why your company is a great place to work
- Ensure the job title matches the job
- Provide details about the position
- Inform candidates about your willingness to sponsor visas or pay relocation costs

Reference: "The 5 Characteristics of Highly Successful Job Postings - Tips for Effective Online Recruiting",
Mesia Quartano for LatPro.com

JOB TITLE: Equity Compensation Consultant III

SHORT DESCRIPTION: As an SOS equity compensation consultant, you have the opportunity to work with a variety of companies in administering and managing their employee stock option, stock purchase, and restricted stock programs. Responsibilities range from day-to-day operational administration to complex analysis of client needs, project management, and guidance with high-level equity compensation issues.

DIVISION/TEAM AND REPORTING MANAGER: People Solutions, reports to Director, People Solutions

TARGET SALARY RANGE:

EMPLOYMENT STATUS (F/T or P/T, Exempt or Non-exempt): Full time, Hourly or Salary

BENEFITS ELIGIBILITY: Full benefits, paid time off, and holiday pay

BASE LOCATION: SOS Headquarters, San Jose, CA or remote work location as assigned by SOS

REMOTE WORK SCHEDULE: Up to 60%

TRAVEL REQUIRED: Up to 60%

ESSENTIAL DUTIES AND RESPONSIBILITIES:

- High-level day-to-day stock administration operations and management activities
- Policies and procedures: evaluation, recommendation, implementation, documentation
- High-end problem research and resolution
- Active coordination of process and decision with other internal departments (HR, Payroll, Tax, Legal), vendors, and other external relationships
- Financial report generation and customization
- Section 16 tracking, reporting, compliance
- Basic international plan management
- Development and deployment of employee communications
- Securities laws issues: Rule 701, Rule 144 (in relation to acquisitions, private companies, executives)

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"Have you got a resumé?"

CANDIDATE IDENTIFICATION

Where to Look

- Referrals
- Job Posting Sites
- Social Media
- Use Your Network
- Passive Candidates

Social Media

- Research Social Network Tools
- Leverage LinkedIn
- Employ Facebook
- Tweet new Job Opportunities

Do you have my stapler?



CANDIDATE ASSESSMENT

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Experience Assessment

- It is important to prescreen as you can filter out unqualified candidates while gaining information about a candidate's skills.
- There are several prescreening methods that you can use to identify the candidates whom you would like to spend your recruiting and hiring efforts.
 - Resume Review
 - Testing
 - Telephone Screening

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30

Technical Skills Assessment

- Self- assessments
- Skills Testing
- Process Narratives



Equity Compensation Skills Assessment Areas

- Candidate information
- CEP Status
- Salary Requirements
- Participant Populations
- Stock Plan Software
- Brokerage Providers/Systems
- Outsourcing Providers/Systems
- MS Office Skills
- Advanced Technical Skills
- Admin- Options
- Admin- ESPP
- Admin- Restricted Stock Units & Awards
- Admin- Taxation
- Admin- Legal Issues
- Admin- Special Projects
- Public Speaking
- Writing and Documentation

2. Details about your experience as a Stock Plan Administrator - Options

	No Exp.	Beginner	Intermediate	Advanced
New grants (Board approval, data entry)				X
Grant agreements - paper (generation, distribution, tracking)				X
Grant agreements - electronic (generation, distribution, tracking)				X
Exercise processing (exercise notices, broker feeds, tax withholding, payroll reporting, share delivery)				X
Basic exercise types (same day sale, cash, sell to cover)				X
Complex exercise types (stock swaps, loans, pyramids)		X		
Early exercise (options exercised before vest)		X		
Focal grants (refresh or annual grants)				X
Terminations/cancellations				X
Audits/reconciliations - HRIS				X
Audits/reconciliations - Payroll				X
Audits/reconciliations - Broker				X
Audits/reconciliations - Transfer Agent				X
ISO \$100K calculations				X
ISO/NQ split calculations				X
ISO DD tracking				X
ISO QD tracking				X
ISO Section 6399 Reporting				X
Non-US option administration		X		
Performance-based options				X

SOS Skills Rating Form
Sample Self-Assessment Tool



5. Over which period should the expense for a time-based option be accrued, if the option is not forfeited?

From grant to vest

6. Which of the following is NOT an input to the Black-Scholes model?

Expected Forfeiture Rate

7. Under straight-line accrual, approximately how much expense should be accrued each year for a time-based option with 100 shares, a fair value of \$1 per share, a four-year vest schedule, and a 10-year term?

\$25

8. Which instrument type will trigger liability treatment under FAS 123(R)?

A cash-settled RSU

9. Option 1001 is granted to Jane Smith out of a plan that allows vesting to continue at retirement. The option has 100 shares with 4-year annual vesting, and the fair value is \$3 per share. Jane is retirement eligible at the time of grant. How much expense should be accrued in the first year?

\$300

10. Which of the following does not increase the fair value of an option?

Higher Dividend Yield

SOS Equity Accounting Quiz
Sample Skills Testing Tool



Interviewing for Soft Skills & Problem Solving Skills with the Job Benchmark

- Situational Interview Questions
- Behavioral Interview Questions
- Emotional Intelligence (EQ)
- Retention/Development Focus

References:
 "Hiring for Emotional Intelligence", Christina Bielaszka-DuVernay
 "Situation Based Interviews and Situational Interview Questions", Alison Doyle
 "What is a Behavioral Interview and Behavioral Interview Questions and Answers", Alison Doyle
 XB Consulting and The Outsourcing Institute



The Job Profile/Benchmark

Overall Rank	Competency	Importance Mean	Frequency Mean
1	Communicates Articately	4.4	4.4
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4	Builds Customer Loyalty	4.3	3.5
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Overall Rank	Critical Thinking	Importance Mean	Frequency Mean
1	Reasons Logically	4.3	3.5
2	Reasons Numerically	4.2	3.4
3	Reasons Verbally	4.2	3.1
Overall Rank	Values	Mean Rating	
1	Conceptual	5.0	
2	Achievement	4.5	
3	Social	4.0	

Candidate Assessment

Overall Rank	Competency	Score
1	Communicates Articately	80
2	Embodies Organizational Image	82
3	Establishes Credibility	89
4	Builds Customer Loyalty	83
5	Maintains Order and Accuracy	47
6	Manages Work	60
7	Demonstrates Curiosity	77
Overall Rank	Critical Thinking	Score
1	Reasons Logically	58
2	Reasons Numerically	57
3	Reasons Verbally	81
Overall Rank	Values	Score
1	Conceptual	43
2	Achievement	89
3	Social	47

High Fit	Scores are greater than 79
Moderate Fit	Scores are between 40 and 79
Low Fit	Scores are lower than 40

Candidate Assessment Leveraging Benchmark Sample

Job Benchmarking



Reference: XB Consulting, Inc. and The Outsourcing Institute

Top Ten Interview Questions You Should Not Ask

1. Where were you born?
2. What is your native language?
3. Are you married?
4. Do you have children?
5. Do you plan to get pregnant?
6. How old are you?
7. What is your religion?
8. Do you have a disability?
9. Are you in the Military?
10. Do you smoke or use alcohol?



“Selling” the Job Realistically

Every step in the recruiting process is an opportunity to “sell” the job and your company:

- Well organized and planned selection process (from job description, to candidate selection, to hiring process)
- Set clear expectations for the candidates
- Be honest (and realistic) about the position
- Know your company and be able to sell it!

Interview Prep for Interviewers

- Important to leverage any internal resources in the interview process (HR, Legal and similar)
- Decide how you want to structure the process.
- Consider providing an interview packet to all interviewers , which contains:
 - the dates/times/locations of the interview
 - The candidate's resume
 - A list of questions to ask or areas to focus on
 - A copy of the job description

References: How to Get Valuable Insight on Candidates

- Ask probing and thoughtful questions of the reference
- Start with a brief overview of the position and organization
- Ask the reference to explain the position and responsibilities that the candidate had at the company
- Ask why the candidate left and if they rehire the individual, if given the opportunity
- Treat the process as you would an interview and avoid illegal or inappropriate questions

Reputation Assessment

- Leverage your network
- Check References
- Use LinkedIn
- Attend Conferences
- Check Message Boards
- CEP Status



- **Determine Company Culture**
- **Consider Management Style**
- **Develop Benchmarking Tools**
- **Employee Attitude Matters**
- **Interview for Soft Skills**
- **Develop Self-Assessment & Skills Tests**
- **Create Interview Package**
- **Use Social Media**

TAKEAWAYS



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Questions?

