Computershare

FOUR POTENTIAL PITFALLS WHEN OUTSOURCING YOUR STOCK PLAN ADMINISTRATION (AND HOW TO AVOID THEM)

How risky is an outsourced stock plan?

It's an honest question. One that, as an in-house provider, you are likely asking yourself daily. You know outsourcing is a smart decision that can save you time and money, and mitigate certain risks, while ensuring accuracy and creating efficiencies. Choosing the right partners adds value to your company. But choosing the wrong partner can lead to significant costs and reputational risk that you simply can't afford.

So just how risky can outsourcing be if you don't due chose the right partner? Consider the following pitfalls you can encounter if you don't pick the right partner.

1. Planning for today.

Today you know what you need. You know the plans you offer and what is needed to execute them successfully. But if you limit your vendor choice to a partner that only serves your needs today, you may find yourself in serious trouble down the road. It's not easy, but you must consider the future of your company. Will you be expanding into other countries? Is an acquisition or merger in your future? What will be the hot equity awards of tomorrow? You need a partner that aligns with your business strategy and shares the same vision for your company as you do. Your partner should be flexible and have the capacity to seamlessly execute your stock plan administration no matter how much you grow. They must also have the expertise and experience to be at your side for anything that may come your way, helping you plan for all possibilities.

2. Lack of communication.

You know that vendor you never hear from...at all? There may be some tasks you can outsource to a "silent" vendor like that but managing your employee equity plans is not one of them. This is equity, this is compensation, this is stock ownership. You have to get it right every time, so you need a dedicated, experienced team at your fingertips to support you, a virtual extension of your company's HR team. And your vendor cannot just be reactive. It's great they pick up the phone when you call, but they should be calling you, too, providing you the latest research on trends in plan design, updates on tax laws and regulations, and advisory services on how best to enhance your plans to ensure they stay competitive in the marketplace.

3. One track partner.

You're always thinking about your future, and your partner should be too. Choosing a partner that can provide multiple products to meet your needs as you grow and expand means you can reduce your vendor list, cut less checks and reduce costs associated with sourcing additional partners. You need a partner that can do more for you and offer you valuable products and services now and into the future.

4. Choosing cost over expertise.

It is so tempting to go with the lowest-cost provider. Budgets are tight and we all have to do more with less. But remember this. The vendor you choose is managing the equity awards for your senior-most executives, including the CEO, the CFO, and others who often are of the high maintenance type. They're expecting those awards to be managed right. They don't want any delays or errors happening along the way. Spending a bit more for the right experience and expertise will pay off in the end. Focus first on the quality of what a vendor offers, then the price. You (and your company's top executives) will be glad you did.

Choosing wisely means you look beyond the immediate need and focus on the big picture. And that's where Computershare comes in! Work with a partner that's got you covered; an industry leader that is in it for the long haul. A partner that can provide multiple services as needs arise.

Learn more at www.computershare.com/EmployeePlans