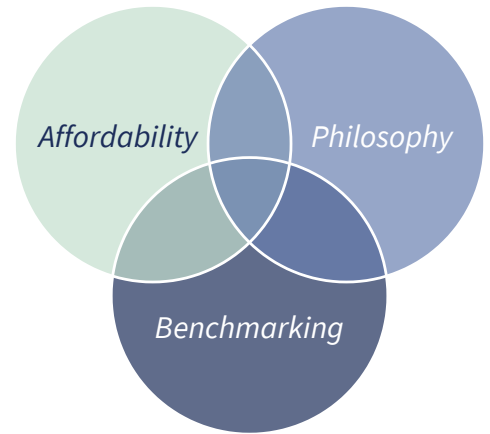


THE PROGRESSION OF AN EQUITY STRATEGY

Managing an effective equity strategy involves balancing your company’s equity philosophy, utilizing market benchmarks, and ensuring affordability. Internal and external forces, such as changes in leadership or market volatility, can tell us it's time to review this balancing act. Let’s take a look at the most important factors to consider when evolving your equity plan.



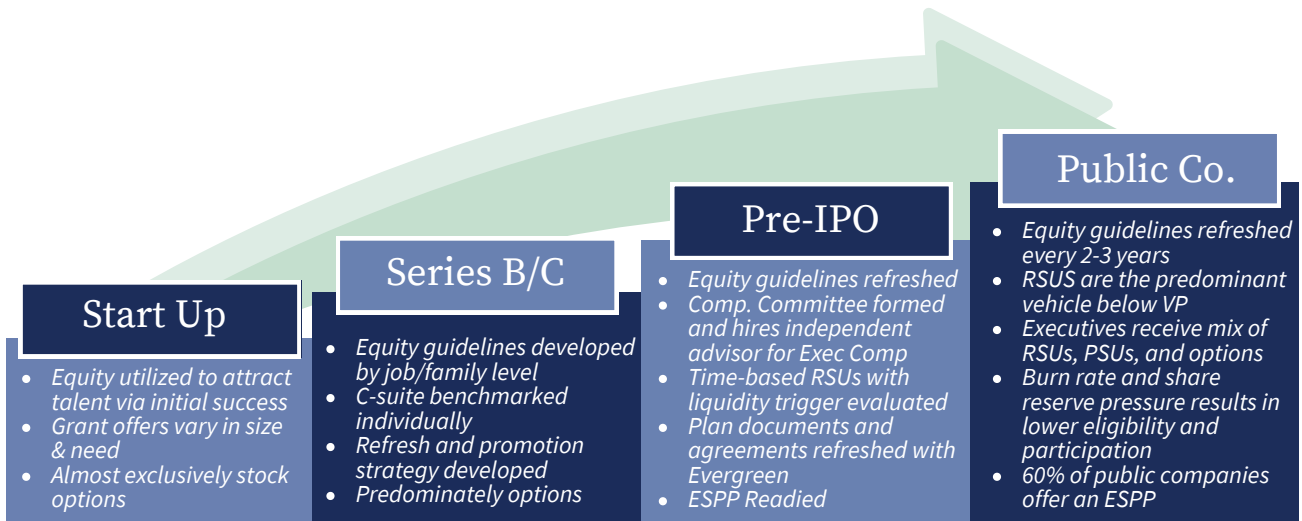
1 ENSURE THERE IS ALIGNMENT WITH COMPANY VALUES AND GOALS

As a company grows, it's essential to ensure that the equity compensation strategy remains aligned with its core values and long-term objectives. This alignment fosters employee engagement, retention, and motivation by reinforcing the connection between individual efforts and company success.

2 CONSIDER HOW ROUNDS OF FUNDING MAY IMPACT YOUR PROGRAM

Companies commonly review their equity strategy in alignment with rounds of funding or changes in capitalization. The chart below illustrates how as a company matures, so does its equity strategy.

2

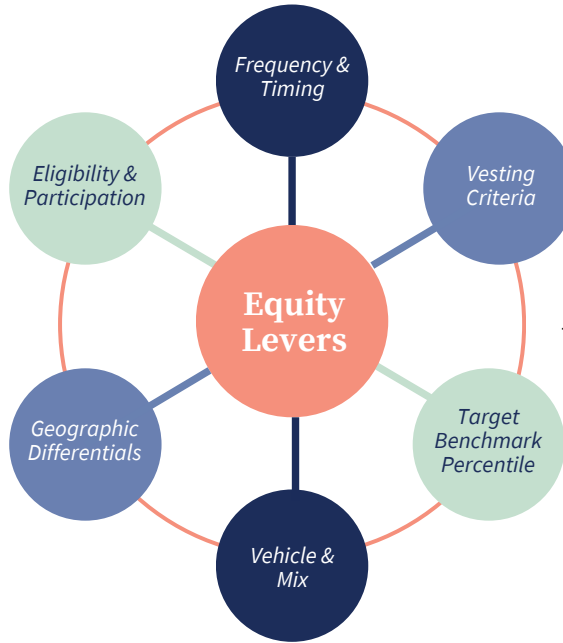


Early-stage companies can design creative programs that may change and convert over the years. It is less common to have reliable market benchmarks and your peers’ programs may not fit within your specific business needs. Generally, the equity strategy becomes more streamlined and limited in creativity as a company matures. The amount of equity that can be awarded is limited by share reserve availability and burn rate restrictions.

3

UNVEIL KEY LEVERS FOR OPTIMAL PERFORMANCE & INCLUSIVITY

Companies should determine key levers in their equity plan for optimal performance. Doing so allows for strategic alignment with organizational goals while managing market dynamics. By clearly defining the purpose of the plan and establishing criteria for participation and eligibility, companies can ensure that equity grants are targeted towards individuals who contribute significantly to the company's success. Benchmarking guidelines against industry standards helps companies remain competitive in attracting and retaining talent. Adjusting the cash and equity pay mix or targeting specific percentiles for critical roles ensures that compensation packages remain attractive and competitive within the market.



The choice of equity vehicle, frequency of awards, and vesting schedule are crucial aspects that can impact employee motivation and retention. By unveiling these key levers, companies can tailor their equity plans to meet the evolving needs of their workforce and maximize the effectiveness of their compensation strategy. Ultimately, this transparency promotes employee engagement, aligns incentives with company objectives, and drives overall performance.

CONCLUSION

An evolving equity compensation strategy should be flexible and scalable to accommodate changing business dynamics, such as rapid growth, market fluctuations, or shifts in organizational structure. Flexibility allows for adjustments in equity grants, vesting schedules, and eligibility criteria to adapt to evolving business needs while maintaining fairness and equity among employees. If you need help evolving your equity strategy contact us at info@infiniteequity.com

Let Infinite Equity Fuel Performance with Tailored Equity Solutions

Founded in 2019, Infinite Equity is a leader in its field, providing professional advice and technology-enabled solutions that allow businesses to create and support a prosperous ownership culture. Infinite Equity is known for its success in assisting companies to increase the effectiveness and return of their equity programs, believing that equity compensation drives performance and fuels success. To learn more about Infinite Equity’s employee ownership solutions visit <https://www.infiniteequity.com/>.

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