

## **Outsourcing – How It All Comes Together**

After visiting and speaking with hundreds of clients throughout the years, the SOS outsourcing team has developed a structure we follow each time we implement a new client. Our goal is to integrate our team and processes around the client while providing consultative expertise to effect positive change. These same methods can be applied when you change positions, either to a new company or to a new role in your organization.

First we meet the internal team; one of the most important factors for success is how well a team works together. By building relationships with your colleagues, you start to learn each personality and their associated expectations. Our goal is to ensure each department knows SOS's role(s) (which vary widely from client to client) and that both the SOS personnel and the company personnel know from whom to collect essential company information. The departments or personnel we try to meet are: current stock plan professional (if available), financial or SEC reporting, human resources, payroll, and legal counsel. As part of the implementation process, SOS meets with and explains our working relationship to the external partners as well. SOS needs access and authorization for multiple applications. We are set up with your software vendor, brokerage firm, transfer agent, payroll vendor, and/or outside legal counsel. This allows us to help manage and coordinate the stock plans and relevant processes on the company's behalf.

Once we have system access, a review of the current database and historical files is performed to familiarize our team with the company's equity plans. We review the plan documents, grant agreements, special termination agreements, relevant accounting memos, and the data in the equity system to ensure it is consistent with the system settings and parameters. Incorrect settings can cause major compliance and reporting issues down the road if not caught in time. Don't forget to assess how the previous administrator organized the data like employee ID's, department numbers (for expensing), special comment fields, and grant data. You are taking responsibility for the data and should feel confident when you provide reports and analysis from your system. We have seen too many instances where reports have been sent out to management before the necessary adjustments and reconciliations have been performed.

After assessment of the company's data, we review the company's current operations and process flow. Sometimes there is a complete and up-to-date procedures manual, which makes our job easier. In other cases the manual is outdated or non-existent. This is the bulk of the education and due diligence of a company's equity program. The goal here is to understand how stock plan services functions within the company. This will range from defining and documenting the grant, exercise, termination processes as well as understanding the financial reporting, payroll integration, and capitalization table (for private companies) updates. After reviewing the database and relevant documents, we meet again with each department head and ask more questions about their processes.

Equity administration varies drastically from company to company, so don't jump to conclusions just because your last company did things a certain way. Don't be too quick to offer best practices until you fully comprehend the current environment as well as the reasons for the current processes. [www.sos-team.com](http://www.sos-team.com) Page 2 8/13 Finally, develop and document a calendar of events as well as a summary of the above process descriptions and share it with all parties involved. This should include everything from ESPP purchases to RSU releases, to period close due dates and auditor onsite windows. This will help to delineate responsibilities, provide transparency to your team, and publicize when tasks need to get done. As a public company, this is required for Sarbanes Oxley purposes, but even private companies need to be concerned with SOX and will benefit from a detailed and documented process.

Each outsourcing client brings a new perspective and a new set of challenges and relationships from which the entire outsourcing team (and SOS team) learn and grow. Every client and new company can teach us, and you, something new, if you are open to the opportunity.

**About Stock & Option Solutions**

Stock & Option Solutions (SOS) has built a team of extremely qualified and dedicated professionals for the outsourced management or staffing of your stock plans and special projects. SOS's Stock Plan Outsourcing Solution is the most comprehensive outsourcing service in the marketplace, making the choice easy. Beyond our total outsourcing solutions, we are focused on helping companies like yours through challenging steps with temporary staffing, permanent placement, expert project resources, and high level project management. Call us today at 408.979.8700 to learn more or visit us online at [www.sos-team.com](http://www.sos-team.com).

*This article was originally published August 2013.*