

## **Equity Compensation Restructuring Reduces Program Effectiveness**

*Stock option planning specialist announces an innovative means of improving the ROI on equity compensation programs*

July 27, 2004 (Bend, OR) – As the issue of expensing employee stock options remains unresolved, the growing economy and a tightening labor market continue to put pressure on equity compensation programs. The ongoing need to motivate, retain and attract key employees combined with increased shareholder scrutiny has influenced a number of companies to restructure their equity compensation programs.

According to industry reports, some companies have decided to reduce option grants or offer additional forms of equity compensation such as restricted stock, performance shares, and stock appreciation rights. Employee ownership advocates contend that scaling back stock option grants and the complexity of multi-faceted equity compensation programs is having a de-motivating impact on employees.

“Companies are spending hundreds of millions of dollars in their equity compensation programs, but only a minuscule fraction of that on making sure the programs are truly effective,” says Corey Rosen, executive director of the National Center for Employee Ownership, a nonprofit research organization. “What’s the point? If employees don’t understand them, they’re certainly not going to be motivated by them.”

To enable companies to maximize the effectiveness of their existing equity compensation programs, Net Worth Strategies, Inc. (NWSI), the leading provider of professional stock option planning software, now offers a unique corporate equity compensation education and planning program through a nationwide network of Certified Advisory Firms. Unlike other equity compensation assistance programs, *StockOpter Corporate Services* provides personalized education and individual planning to ensure that key employees understand and are motivated by the wealth-building potential of their equity compensation.

“Most employees have no idea what they are forfeiting in potential value when they either leave a company or fail to help it achieve its financial objectives,” states Bill Dillhoefer, Director of Marketing for Net Worth Strategies. “In addition, most companies have no means of measuring effectiveness or quantifying the return on their equity compensation investment so the rationale for offering these programs lacks a strong foundation.”

The *StockOpter Corporate Services* program surveys participants to measure attitudes and specific knowledge related to equity compensation. Summary data is then provided to the management team to help them measure effectiveness and to quantify the value of their program. “As the economy continues to grow and competition for key employees and market share heightens, equity compensation programs will play a key role in the success of an organization,” says Dillhoefer. “However, the success of an equity compensation program is dependent on the quality of the education and assistance that is provided to employees.”

About Net Worth Strategies, Inc.

Net Worth Strategies, Inc. founded in Bend, Oregon, in 1998, specializes in equity compensation education and planning. Its software and support services enable the top advisory firms to serve individuals and corporations. For more information on *StockOpter Corporate Services* or to identify a certified provider firm, visit [www.networthstrategies.com](http://www.networthstrategies.com) or call 541-383-3899.