



## COMPENSATION AND BENEFITS PRACTICE

# Going Public Positioned to Succeed

*“Going public brings new compensation and benefits challenges. A&M can help companies avoid common pitfalls and implement programs that drive corporate performance.”*

Whether through a traditional IPO, SPAC acquisition, or direct listing, the transition from private to public company comes with an entirely new set of challenges, including increased regulatory oversight, corporate governance issues and growing stakeholder demands for increased transparency and accountability. Establishing an executive compensation and benefits program specifically designed to address these challenges is critical for a successful transition from private to public ownership.

Alvarez & Marsal brings an experienced team of dedicated compensation and benefits specialists that can help your organization design and implement programs tailored for newly public companies, as well as guide the company's tax, accounting and human resources functions through the complex transition process.

### IPO Compensation & Benefits Considerations

Plan Design	Legal Disclosures	Financial Impact	Plan Rules and Limits	Special Arrangements
<ul style="list-style-type: none"><li>▪ Compensation philosophy, market positioning, data and peer groups</li><li>▪ Executive benchmarking and post-IPO target pay determination</li><li>▪ Salary structures</li><li>▪ Incentive compensation plan design, stock purchase plan</li><li>▪ New compensation governance policies (stock ownership, clawback, anti-hedging, etc.)</li><li>▪ Executive benefits and perquisites policies</li></ul>	<ul style="list-style-type: none"><li>▪ Form S-1 compensation disclosure</li><li>▪ New incentive compensation plans</li><li>▪ Forms 3, 4, and 5 for executive officers and non-employee director stock holdings</li><li>▪ Form 8-K for post-IPO compensation related topics</li></ul>	<ul style="list-style-type: none"><li>▪ Future compensation plans and financial modeling</li><li>▪ Tax and accounting impact of pre-IPO and post-IPO equity grants</li><li>▪ Cost of plan changes and any one-time IPO-related compensation</li><li>▪ Planning for compensation-related issues from investors</li></ul>	<ul style="list-style-type: none"><li>▪ Amendments to existing plans</li><li>▪ Post-IPO restrictions on stock sales / option exercises</li><li>▪ Post-IPO share overhang and expected annual dilution rates</li><li>▪ 162(m) considerations</li><li>▪ Expectations of new investors and shareholder advisory firms (ISS, Glass Lewis, etc.)</li></ul>	<ul style="list-style-type: none"><li>▪ Founders' stock awards</li><li>▪ Board of Director compensation</li><li>▪ Change in control and severance arrangements</li></ul>

Requires Coordination Among Legal, Finance and HR Functions

A&M's IPO-focused compensation and benefits services include:



### Executive Compensation Program Development

- Develop a peer group of public companies and a peer group of recent IPOs
- Conduct competitive market analysis of executive pay
- Review annual and long-term incentive programs, including individual grant levels, vehicle mix, vesting provisions and performance metrics
- Evaluate employment agreements including benchmarking of termination benefits such as severance and accelerated equity vesting
- Benchmark independent director compensation and pay structure



### Employee Share Pool Considerations

- Determine size of employee share pool, potential equity dilution, initial IPO awards (if necessary) and share pool "burn rate"
- Design and implement ESPP programs
- Assist in drafting regulatory filings (S-1, S-8) and plan documents



### Public Company Tax and Regulatory Review

- Assist with proxy disclosure requirements, including hypothetical Section 280G and termination scenario benefit calculations
- Review Section 162(m) deductibility of compensation paid to "covered employees"
- Calculate stock-based compensation expense under ASC 718
- Support payroll, HR and related functions

## For More Information:



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## ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) for leadership, action and results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services. When conventional approaches are not enough to create transformation and drive change, clients seek our deep expertise and ability to deliver practical solutions to their unique problems.

With over 5,000 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, leverage A&M's restructuring heritage to help companies act decisively, catapult growth and accelerate results. We are experienced operators, world-class consultants, former regulators and industry authorities with a shared commitment to telling clients what's really needed for turning change into a strategic business asset, managing risk and unlocking value at every stage of growth.

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