

# Employee Stock Option Plan

## The Assignment

The client a large investment bank in Saudi Arabia, wished to implement an Employee Stock Option Plan for its employees. For this purpose it retained our services for implementation of the plan from scratch.

## Our Solution

We designed an ESOP plan that met the specific needs of the client and its goals. The ESOP implementation consisted of the following phases.

### Investigative Phase

The purpose of this phase was to determine if an ESOP would work for the company.

### Educating the Stakeholders

Educating the stakeholders including the shareholders, the company and the employees, on corporate governance, structuring alternatives, financing and tax planning related to ESOPs.

### Preliminary Valuation/Preliminary Analysis

The first step is to provide general background knowledge to our clients about ESOPs, how they compare to other possible succession strategies, how they work and what are the likely benefits.

### Feasibility Study

This was a rigorous analysis of the issues surrounding and relating to the overall plan. The study included:

- Focus on the valuation issues to insure a maximum value for the owners.
- Costs to install and operate the ESOP.
- Examining the estate and possible implications of the ESOP

### Implementation Phase

- **Plan Design**- Practical implications of designing the plan one way or the other and how it will affect the ongoing operations of the client.
- **Valuation** - Engaging an independent qualified valuator to determine a fair price for the ESOP to pay
- **Employee Communications**- Communicating the ESOP to the employees included meetings with senior management and designing promotional material for the employees.

## ASSIGNMENT DETAILS

- ▲ **SECTOR**  
BANKING
- ▲ **DOMAIN**  
HR
- ▲ **GEOGRAPHY**  
MENA
- ▲ **PROJECT DURATION**  
6 MONTHS