

NORWEST

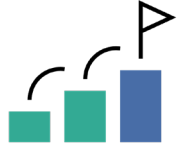
2023 Talent & People Benchmark Survey



Table of Contents

Background & Methodology.....	<u>Page 3</u>
Respondent Characteristics.....	<u>Page 4</u>
Key Takeaways.....	<u>Page 6</u>
Detailed Findings.....	<u>Page 15</u>
Total Rewards.....	<u>Page 16</u>
Workplace Trends.....	<u>Page 35</u>
Culture & Employee Development.....	<u>Page 50</u>
Talent & Retention.....	<u>Page 58</u>
Company Structure.....	<u>Page 71</u>
Systems & Tools.....	<u>Page 76</u>
Disclosures.....	<u>Page 83</u>

Background & Methodology



Audience

Our eighth annual Talent & People Benchmark Survey was sent to Norwest's active, North America-based portfolio companies in the summer of 2023.



Focus Areas

The survey measures benchmarks and best practices around people operations, talent acquisition, team structure, total rewards, systems and tools, and workplace trends (including return-to-office expectations).



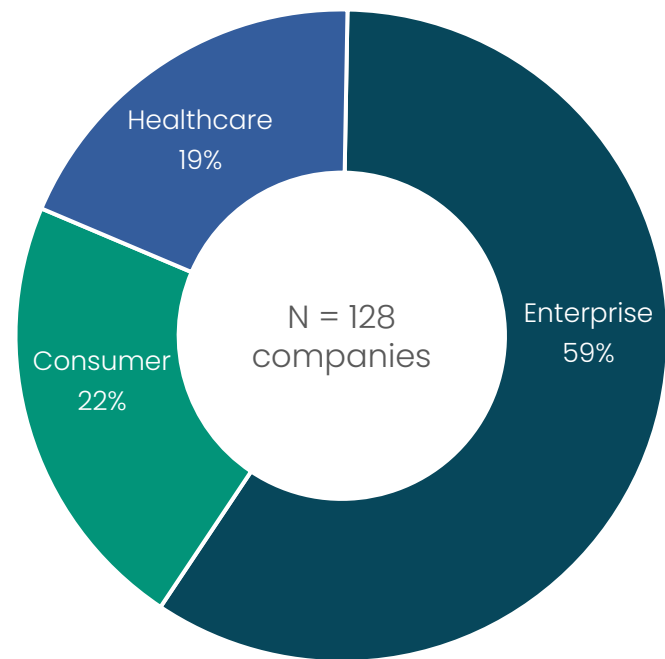
Respondents

128 portfolio companies participated in this year's survey, representing a cross-section of sector, stage, and geographic location.

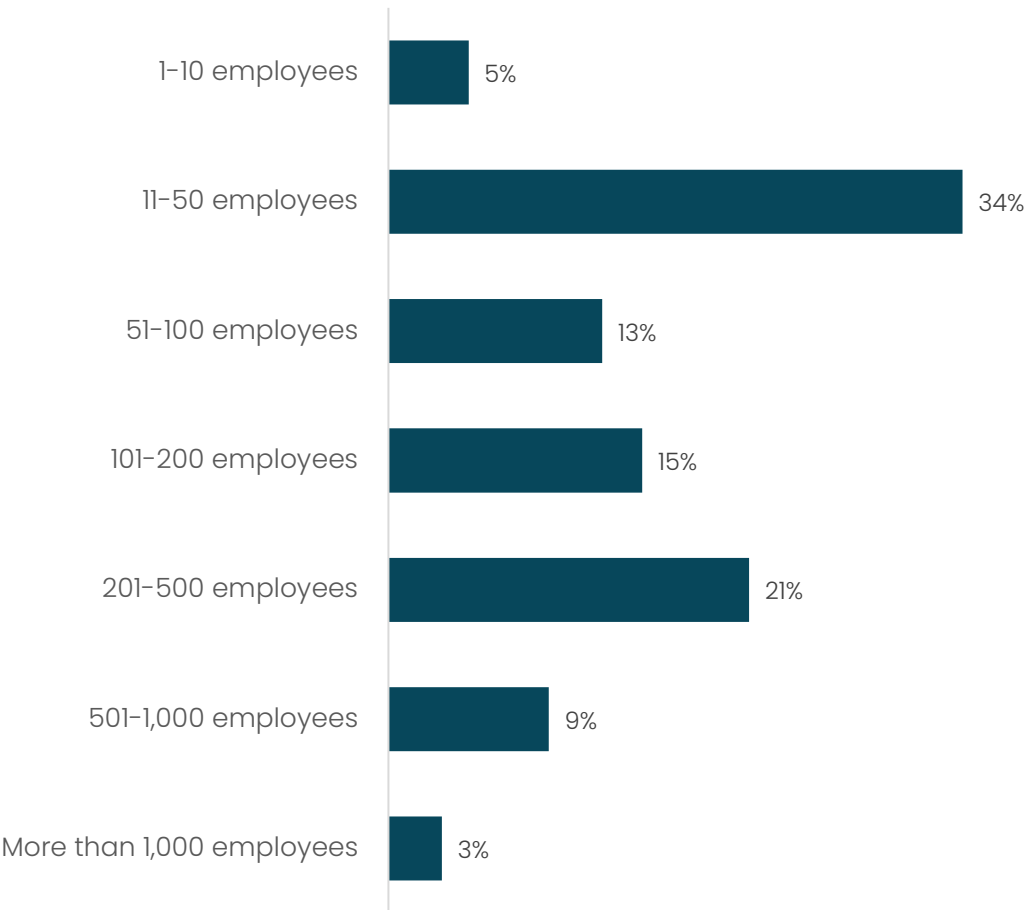
Questions about the survey or the results? Please email ltennant@nvp.com

Respondent Characteristics

Portfolio Company Sector

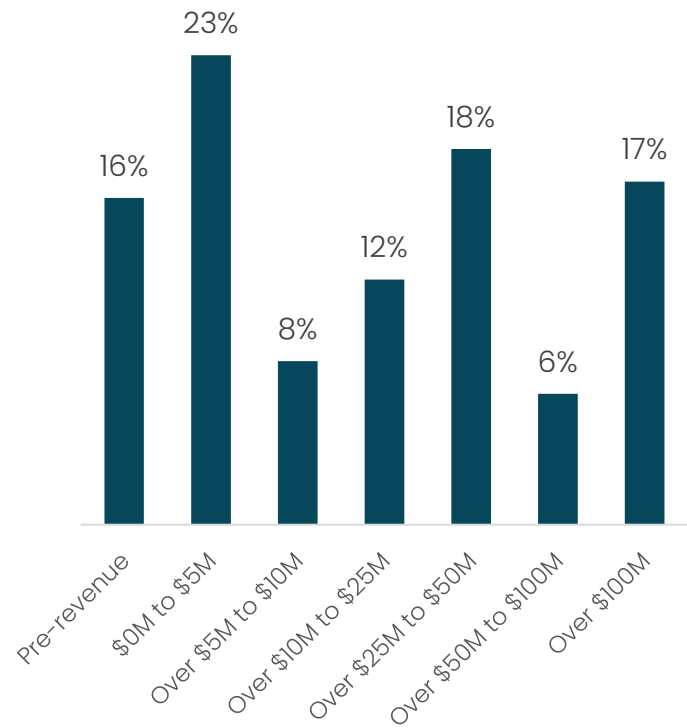


How many employees work at your company?

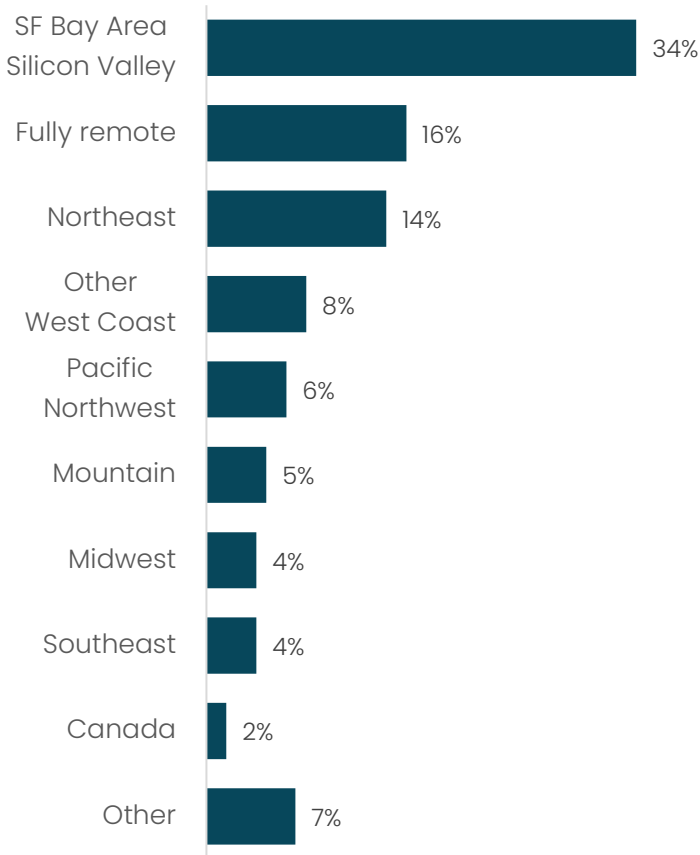


Respondent Characteristics

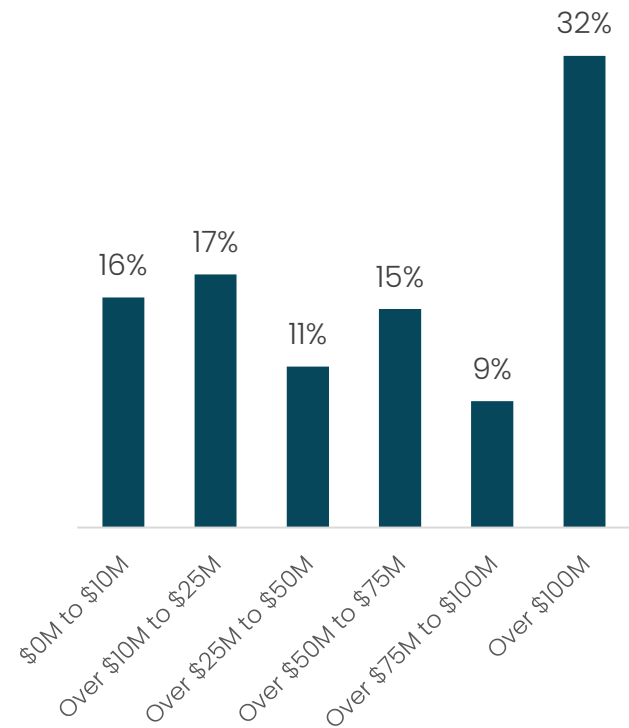
How much did your company earn in revenue in 2022?



In what region is your North America headquarters?



How much capital has your company raised?



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Key Takeaways



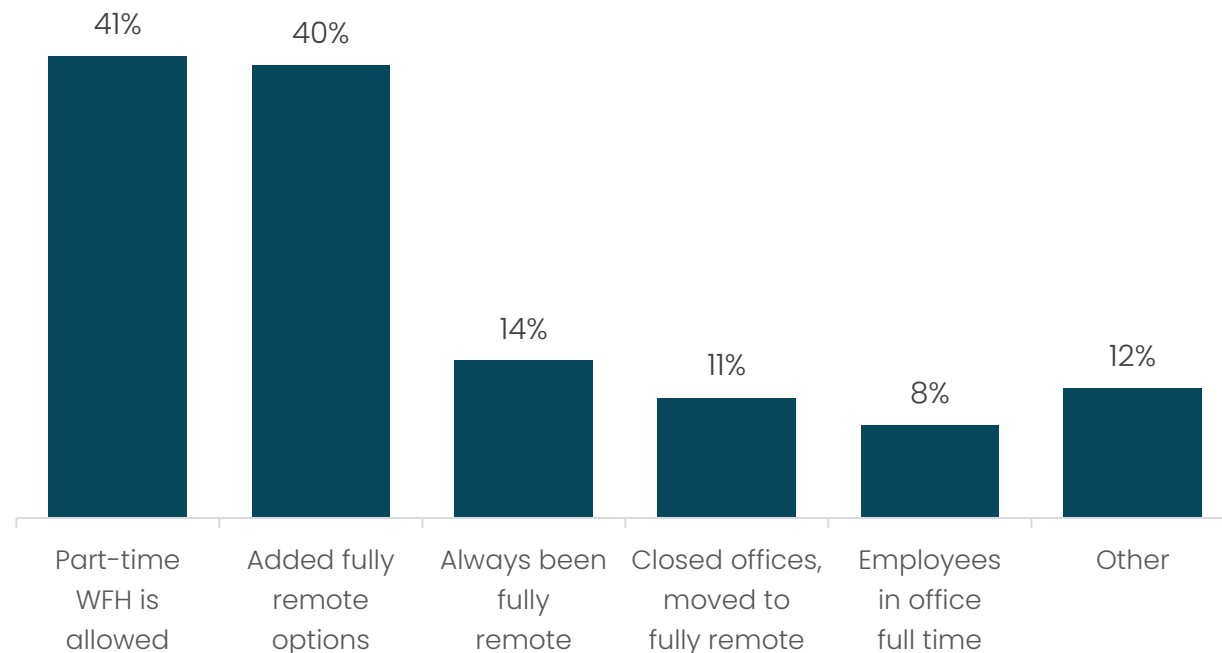
Working full time in the office is (almost) over



OUR TAKE:

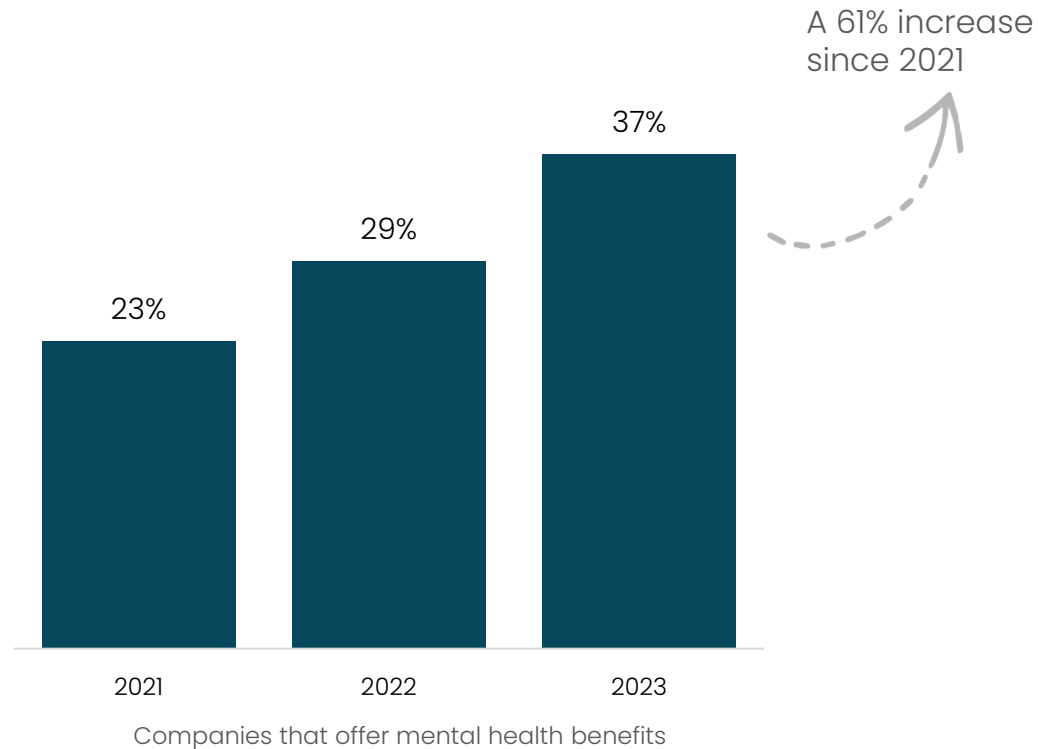
The pandemic gave people a taste for working from home – one that many don't want to give up. More companies are compelled to make greater allowances for this option to retain key employees.

What are your return-to-office requirements?*



*Survey respondents were allowed to select more than one option.

Only 8% of companies require employees to be in the office full time. Most companies either allow employees to WFH part of the time or have added fully remote employment options.



Mental health benefits surge to meet employee need

The number of companies that provide an employer-sponsored mental health benefit or therapy platform to employees has grown by 61% since 2021.

OUR TAKE:

Employee morale has taken a hit in recent years as RIFs, inflation, and pandemic-spawned anxiety have contributed to [record-level stress](#). The good news is, many Norwest companies have implemented additional mental health resources for employees.



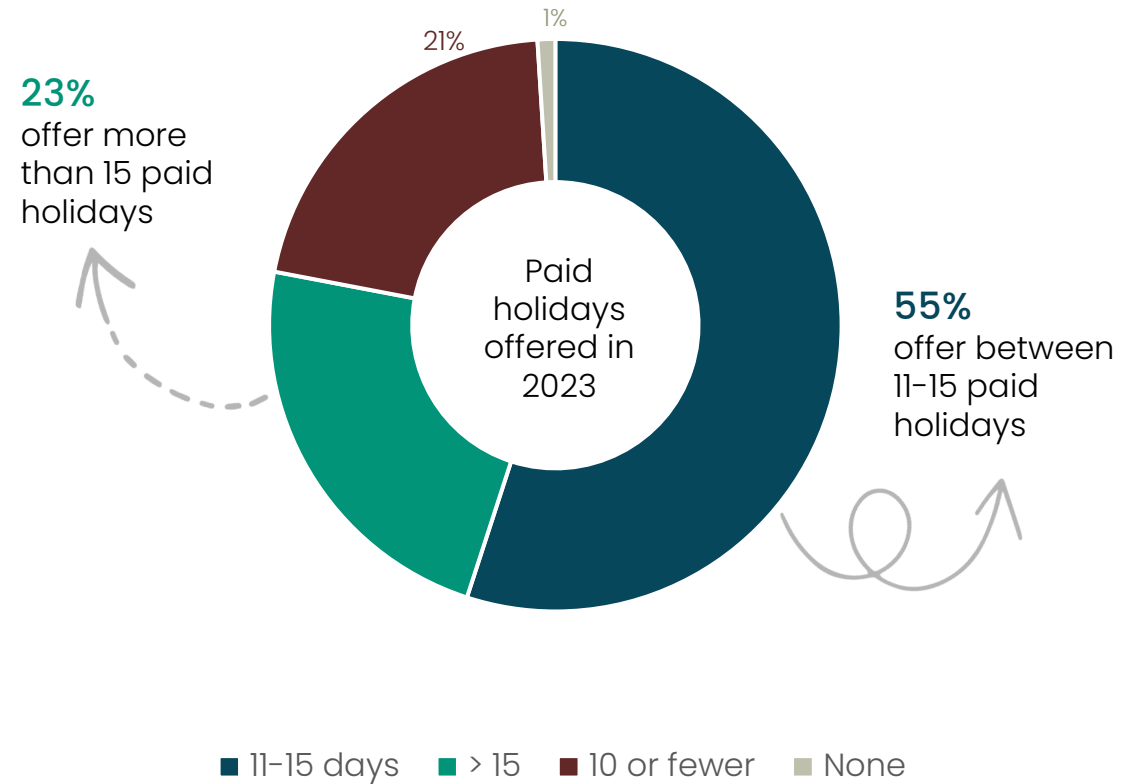


Companies honor more religious or cultural holidays

Time off to acknowledge national, religious or cultural holidays is increasing, with almost 80% of companies now offering 11+ paid holidays. This represents a 15% increase since 2022.

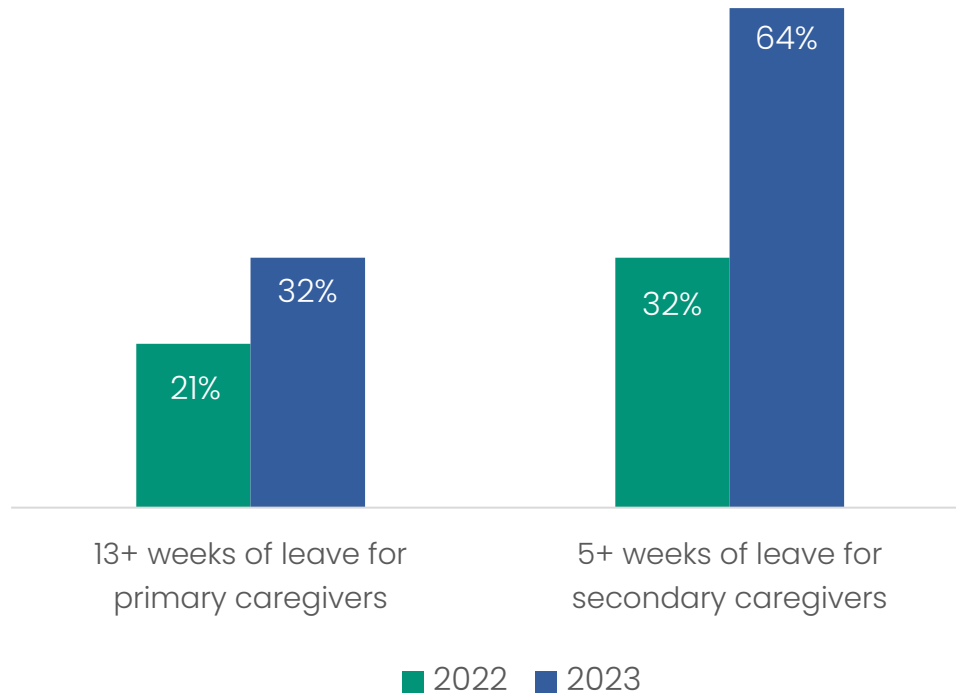
OUR TAKE:

An increased emphasis on DEI&B initiatives has resulted in time off for a broader range of religious or cultural holidays on which employees were historically required to work (Juneteenth, Diwali, etc.). A [recent study](#) shows that a company's commitment to "societal impact, diversity and inclusion, and sustainability has a direct impact on job loyalty."



Parental leave is more generous in 2023

Most companies offer primary caregivers 13+ weeks of leave, while secondary caregivers are most likely to receive 5+ weeks. For companies that don't differentiate between primary and secondary, 43% offer 11-13 weeks of leave.



OUR TAKE:

Meeting the needs of all new parents—not just primary caregivers—is increasingly important to attract top employees.





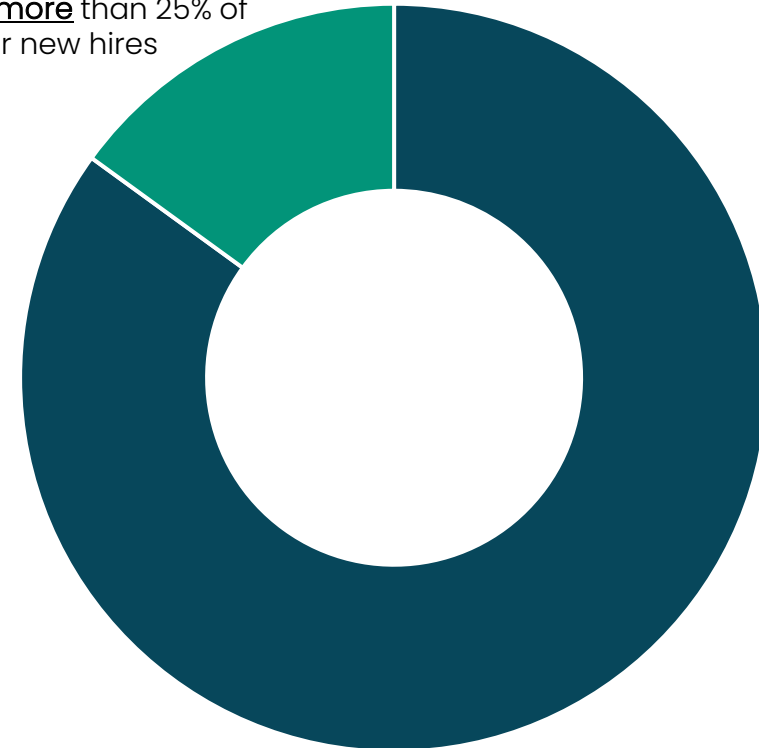
Fewer hires are coming from outside agencies

Internal talent acquisition teams were responsible for a higher proportion of hires in 2023. The percentage of companies who report doing less than one quarter of their hiring through outside agencies has increased by 21% since last year.

OUR TAKE:

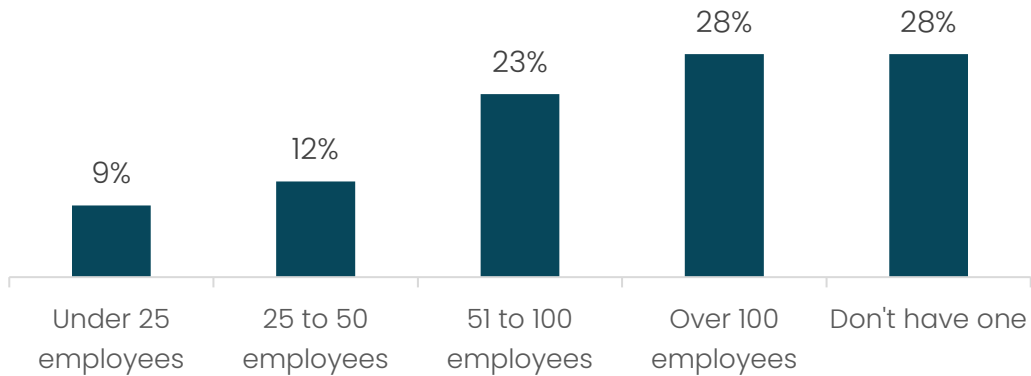
The cost of using outside agencies along with continued uncertainty about the market has led more companies to bring talent acquisition functions in-house.

15% of companies use outside agencies for more than 25% of their new hires



85% of companies use outside agencies for less than 25% of their new hires

At what number of employees did you hire a Head of People (HR)?



OUR TAKE:

A People/HR leader is a crucial hire, not only to focus on building the foundation of a company's culture, but also to create infrastructure, programs, and ensure legal compliance as a company scales.

Most companies have a head of People/HR by 100 employees

The most common benchmark to add a head of People/HR is well before 100 employees. Almost 70% of companies report making that hire by the 100-employee mark.





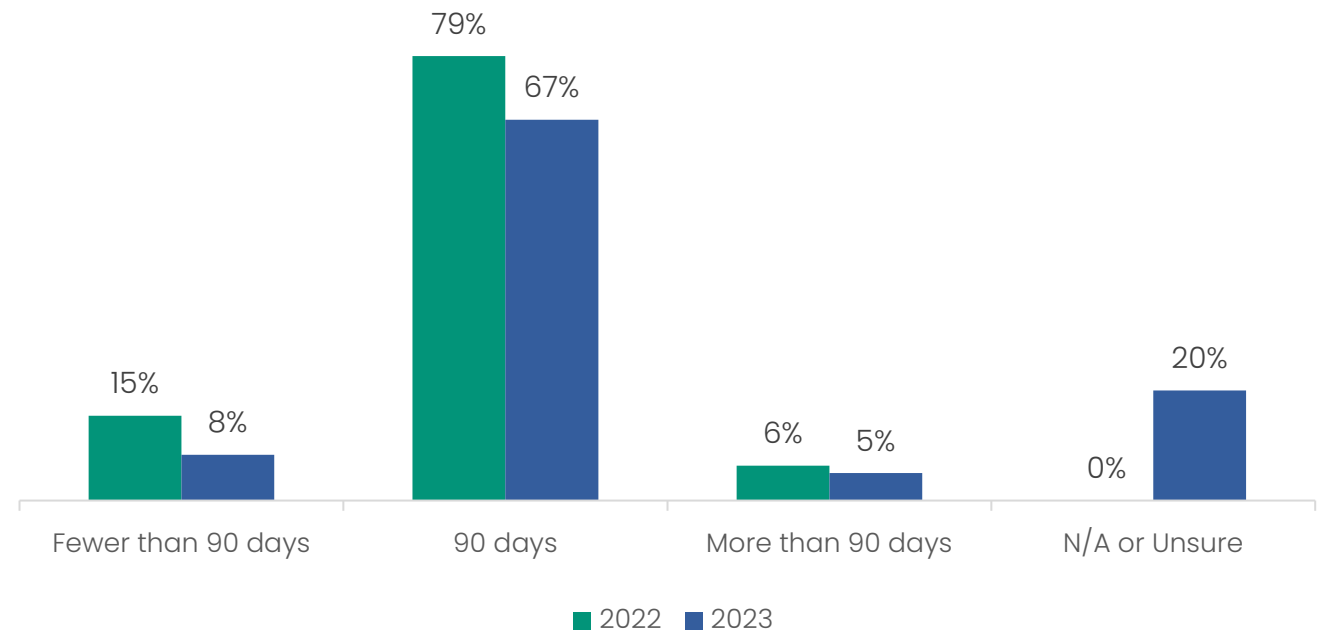
Exercise window extensions still uncommon

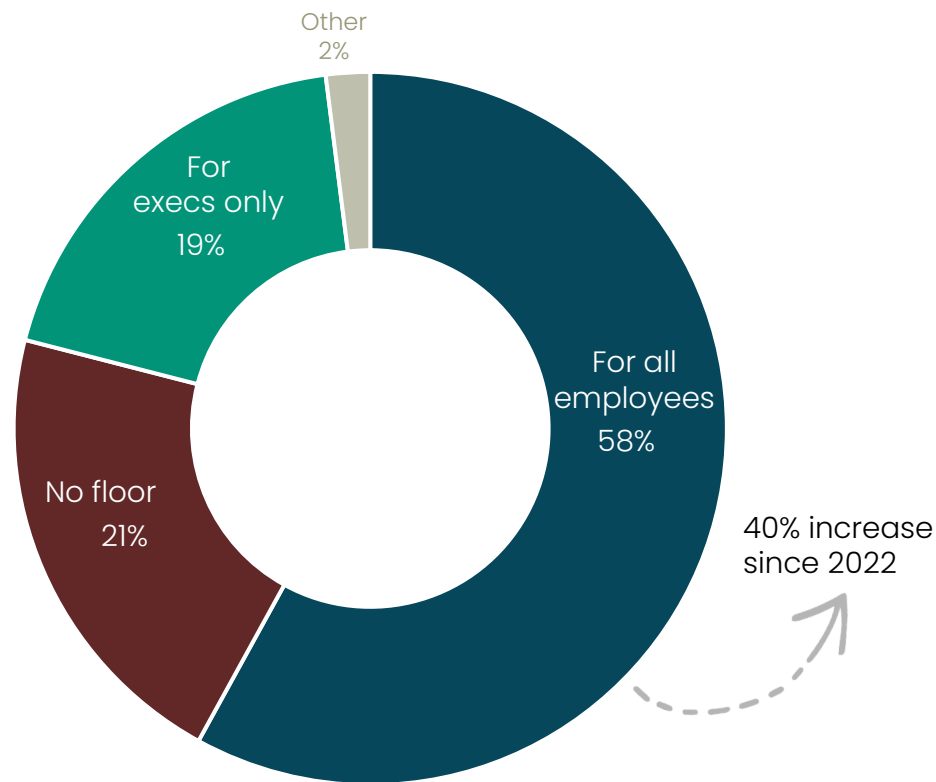
A stock option exercise window of 90 days remains standard for employees who terminate.

OUR TAKE:

Despite some [reports](#) to the contrary, nearly 70% of companies indicate that the stock option exercise window for employees who terminate is 90 days. As the economy stabilizes, we expect companies that extended their exercise window to revert to the 90-day window standard.

What is the exercise window for employees who terminate?





Of companies that offer bonuses

OUR TAKE:

Attaching a revenue floor clause to employee bonuses (**not just execs**) is the [most practical way](#) for companies to implement a sustainable bonus structure.

A greater number of companies tie bonuses to revenue floor

58% of companies report they have a revenue floor in place for all employee bonuses, which represents a 40% increase since our 2022 survey.



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Detailed Findings

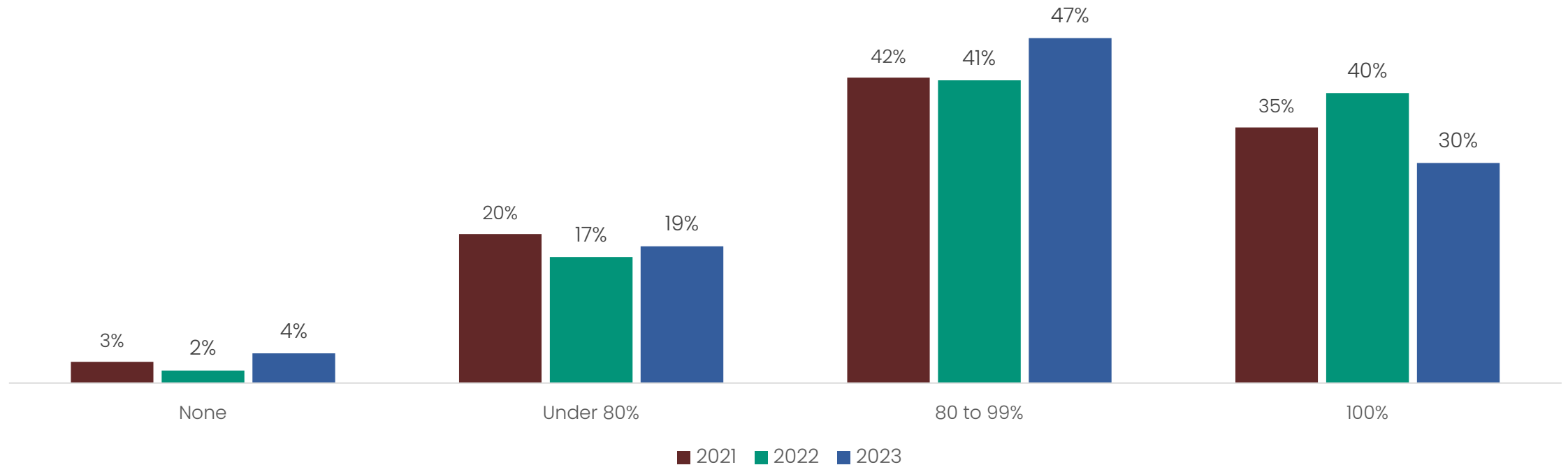


Total Rewards

Most companies cover employee health premiums

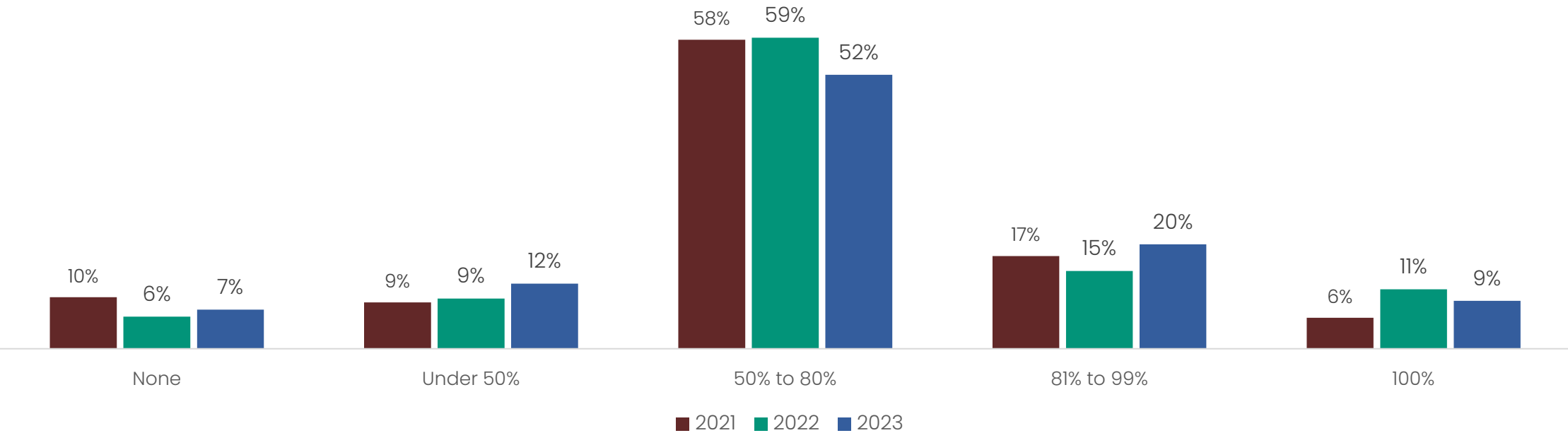
The majority of companies cover at least 80% of employee health premiums.

What percentage of the monthly health premium does your company pay for employee coverage?



Half of companies offer 50-80% dependent coverage

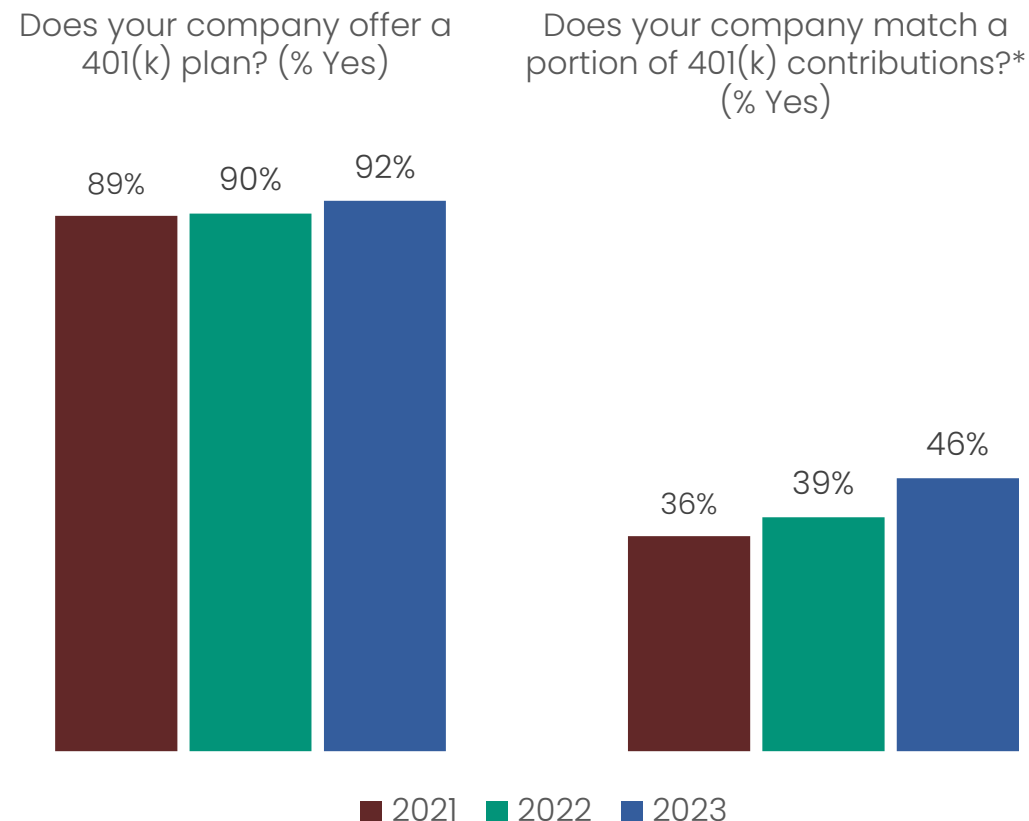
What percentage of the monthly health premium does your company pay for dependent coverage?



Almost all companies offer a 401(k) plan in 2023

92% of companies offer a 401(k) plan. This is on par with 2021 and 2022.

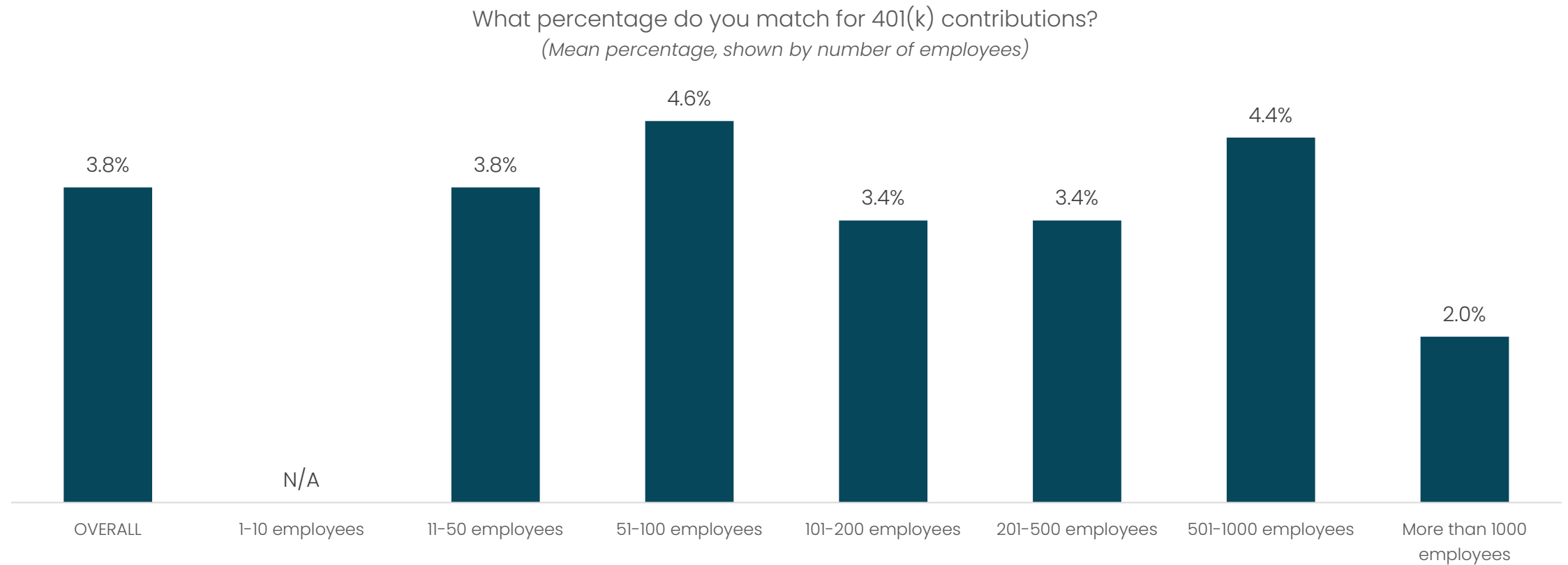
46% of companies that offer a 401(k) plan match contributions, up 28% since our 2021 survey.



**Only companies that offer a 401(k) plan were asked this question.
Base: 92 in 2021; 105 in 2022; and 112 in 2023*

401(k) matching percentage varies by company revenue

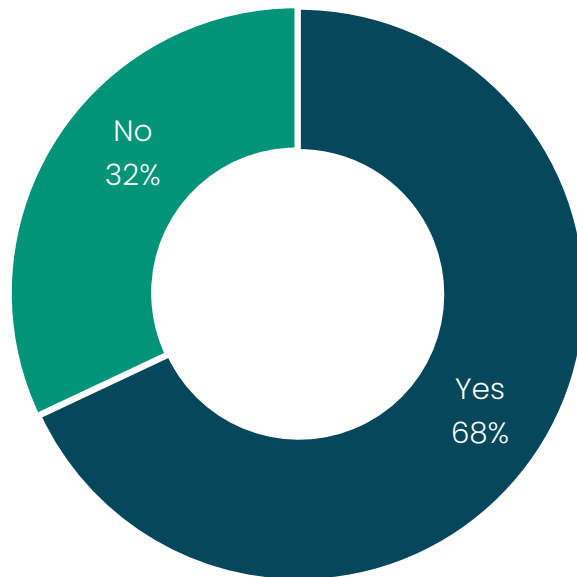
However, there is no clear linear relationship between revenue and percentage matched.



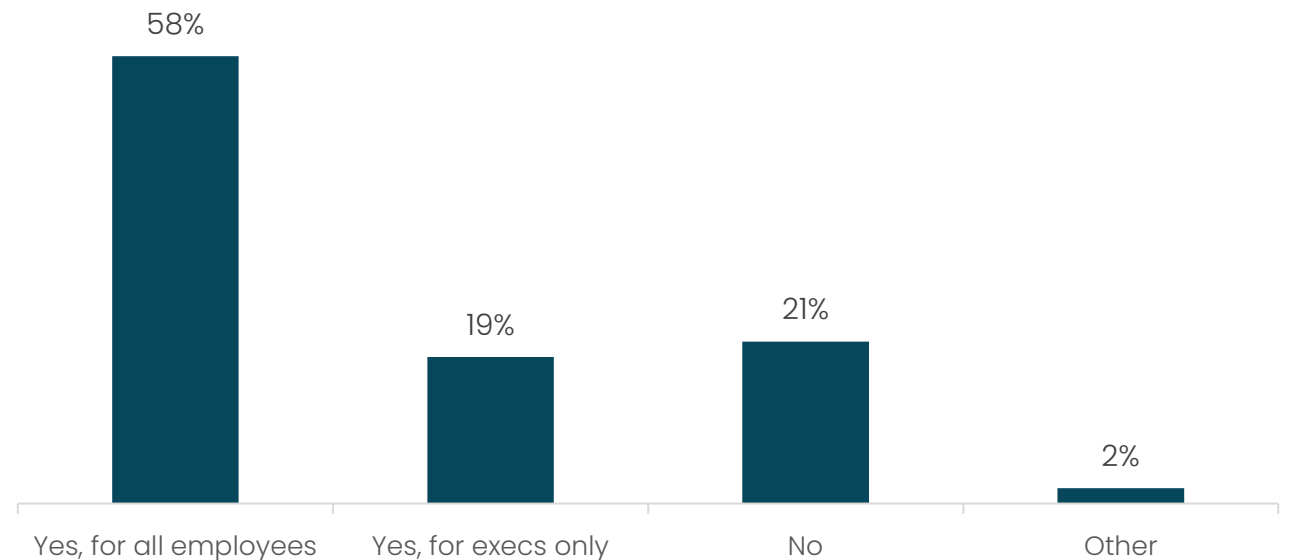
Most companies offer bonuses...but with a floor

Two-thirds of companies surveyed offer bonuses, 77% of which have a revenue or EBITDA floor.

Does your company offer bonuses, aside from sales commissions?



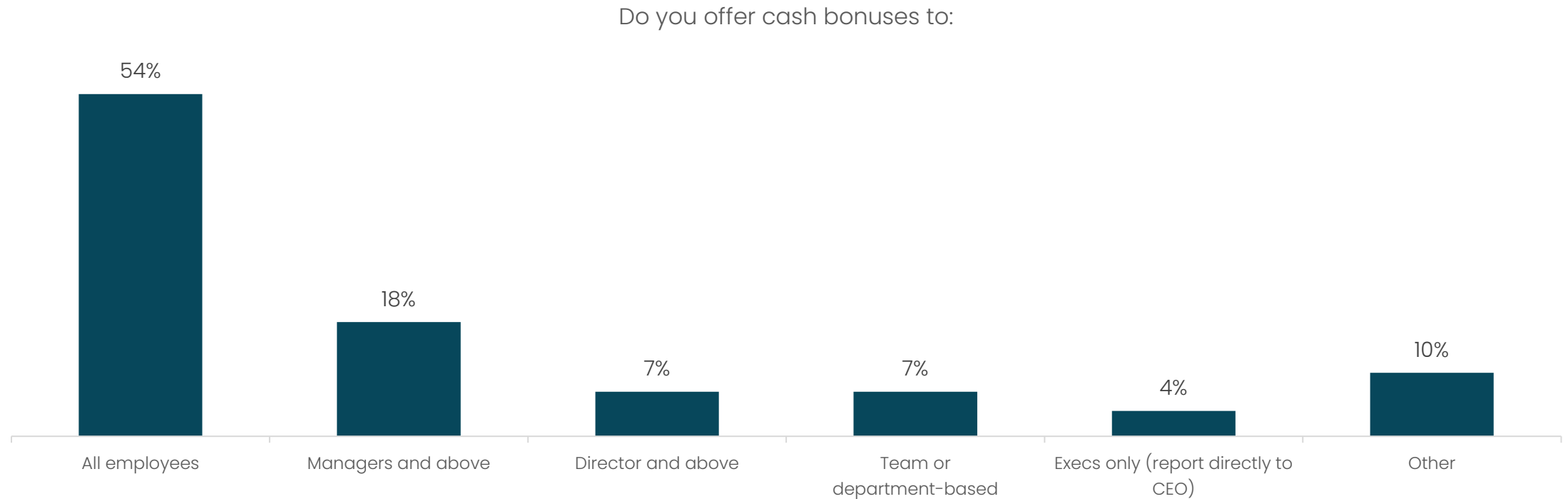
Is there a "floor" (e.g. company must hit certain percentage of revenue target) for employees to receive bonuses*?



**Only companies that offer bonuses were asked this question.*

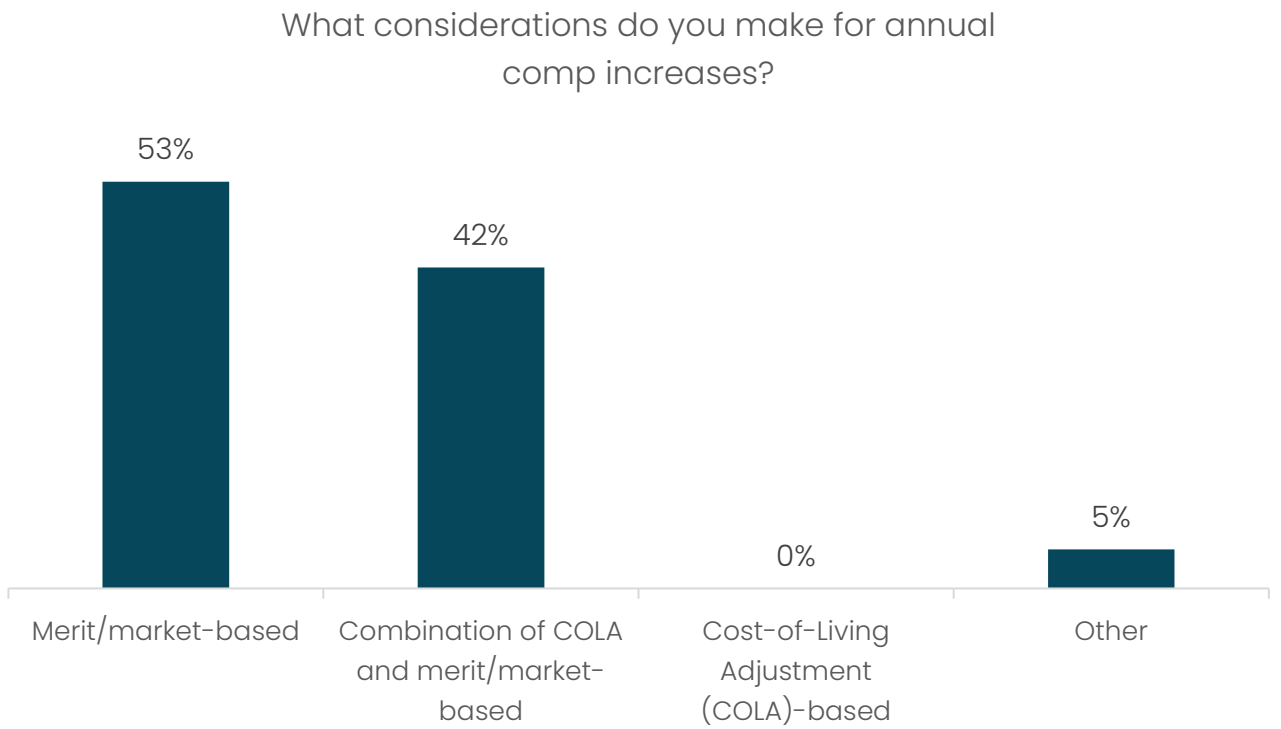
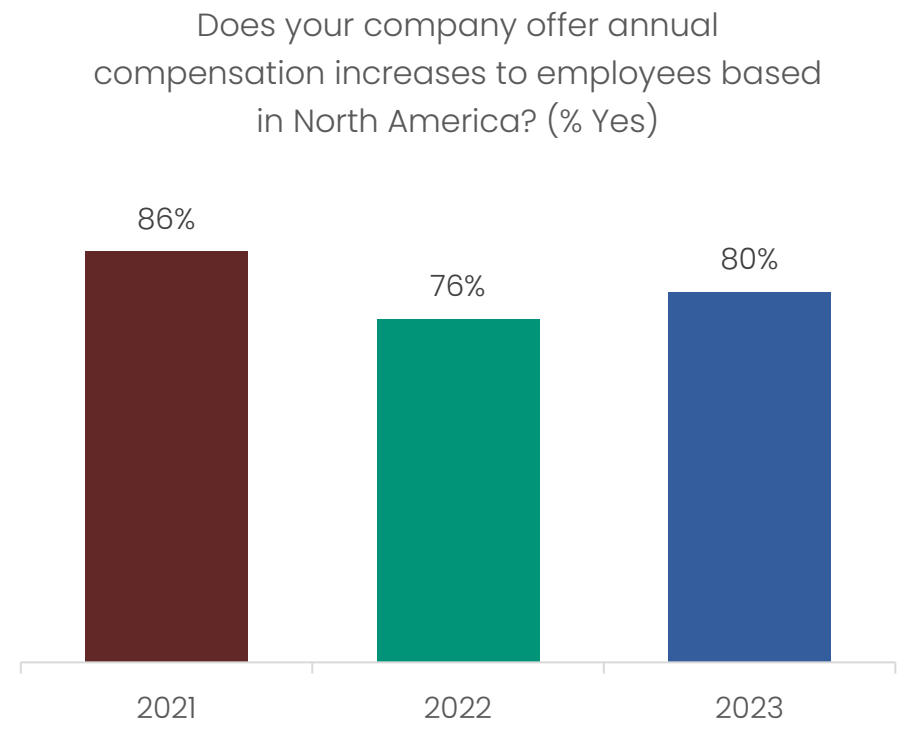
50% of companies offer bonuses to all employees

Nearly 30% of companies only offer bonuses to managers and above.



**Of companies that offer bonuses.*

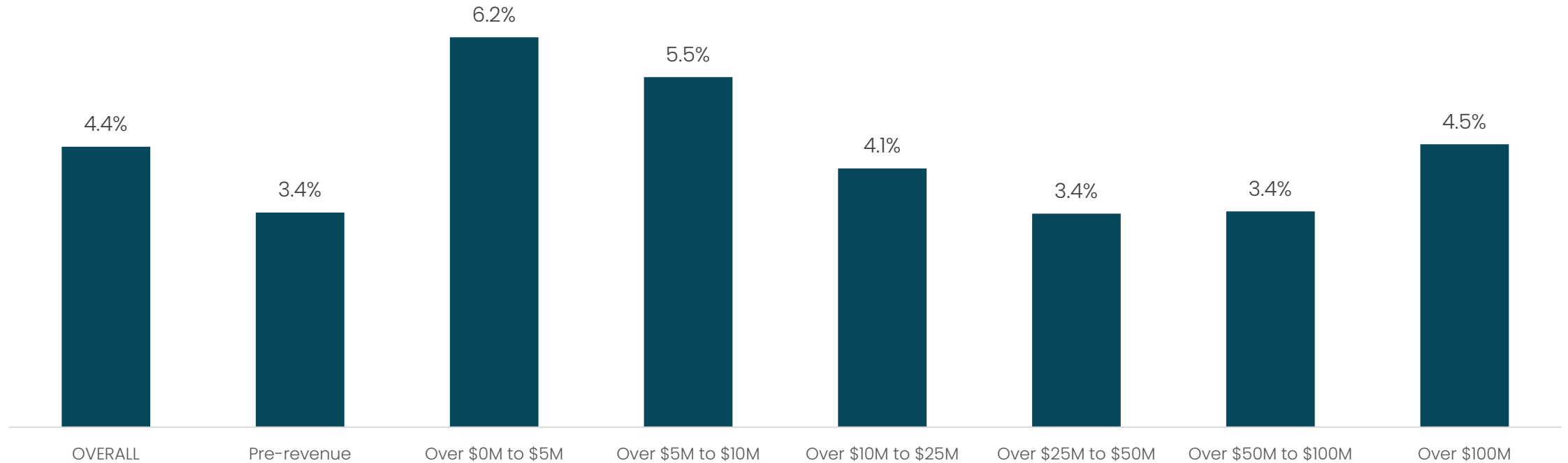
More companies offering annual raises than in 2022



Average 2023 comp increases were in the 4% range

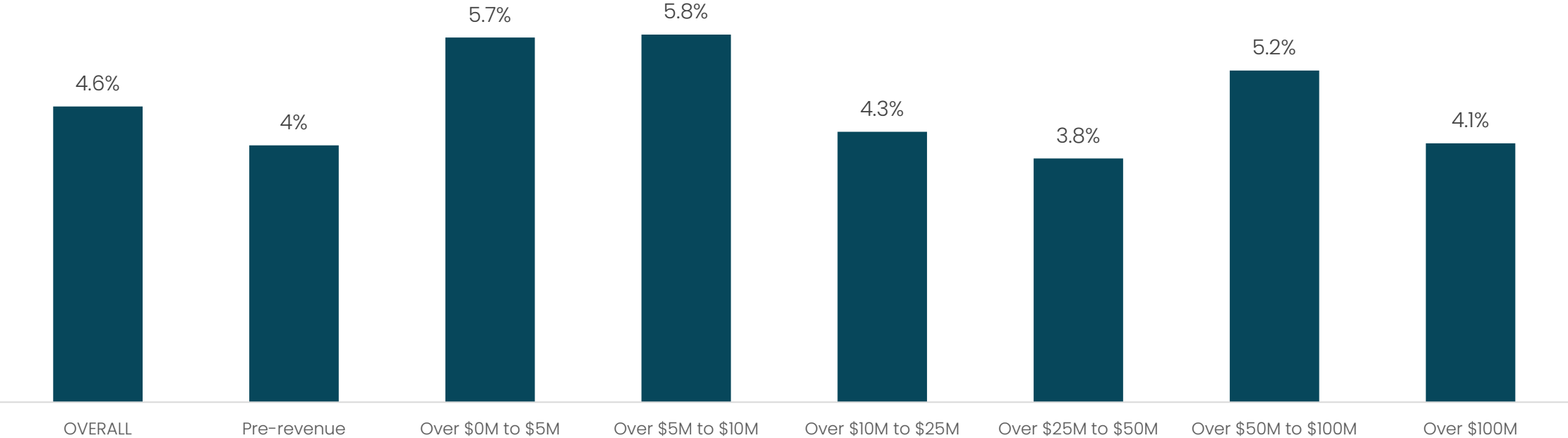
Increases were highest among lower revenue companies (\$1-\$10M in 2022 revenue).

What was your average percentage compensation increase for North America-based employees in 2023?
(Mean percentage, shown by revenue)



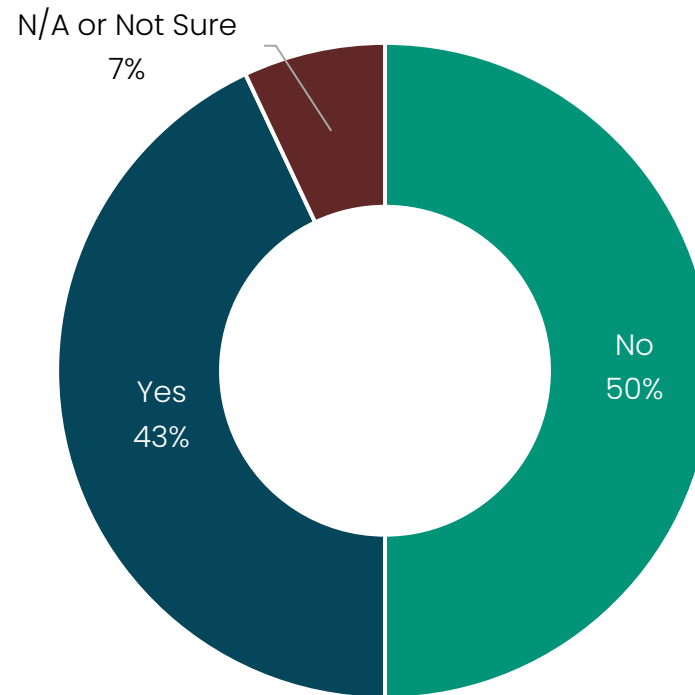
Increases are expected to be similar in 2024

What percentage compensation increase do you anticipate for North America-based employees in 2024?
(Mean percentage, shown by revenue)



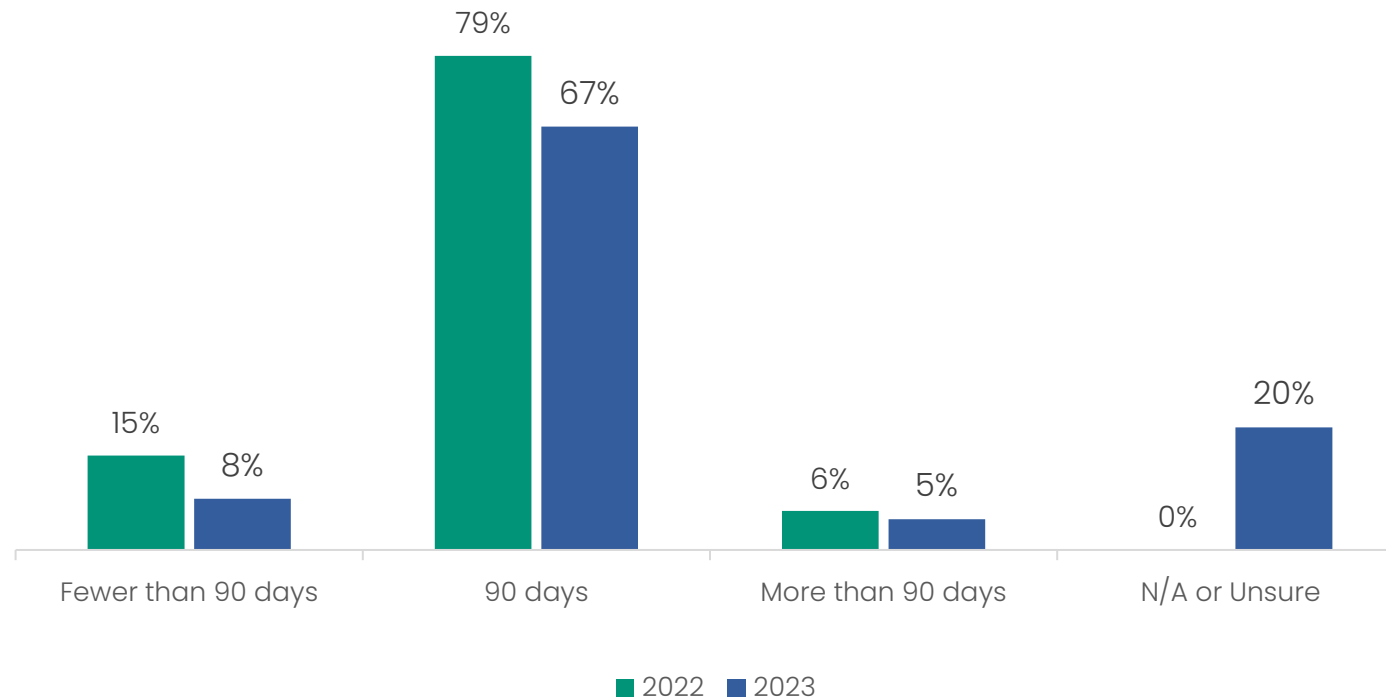
40% of companies have an equity retention plan

Do you have a formal employee stock option retention (refresh) plan?



A 90-day exercise window remains standard

What is the exercise window for employees who terminate?

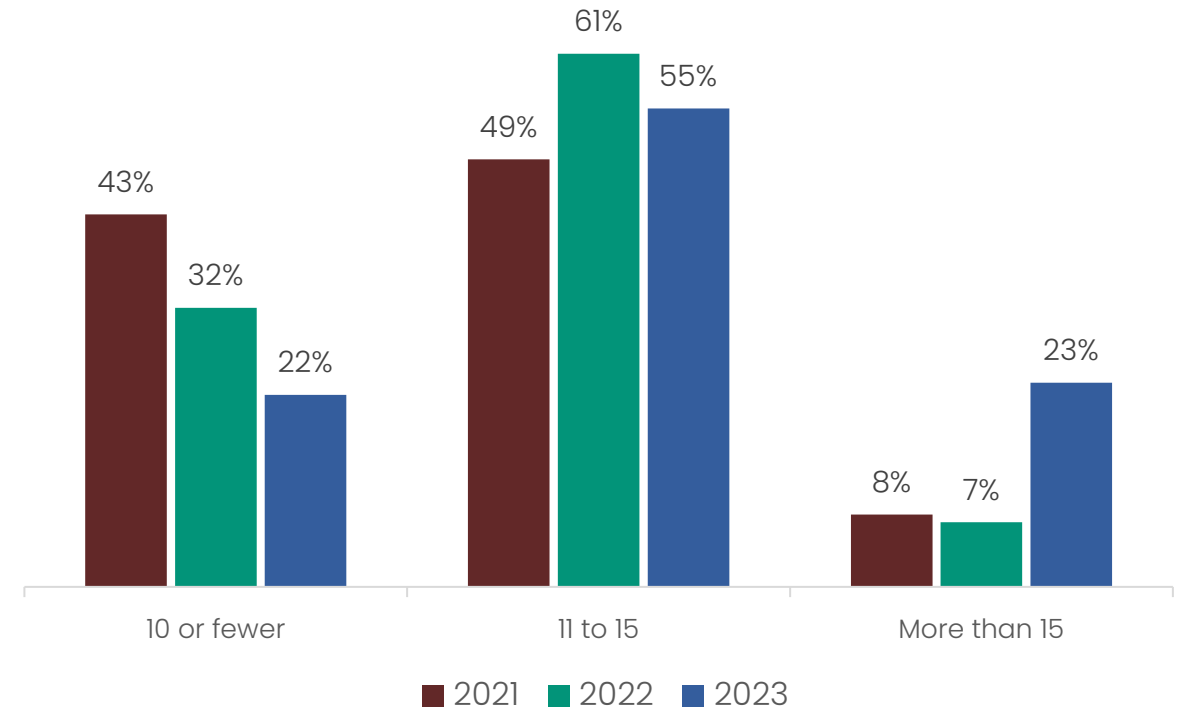


Most companies grant 11-15 paid holidays per year

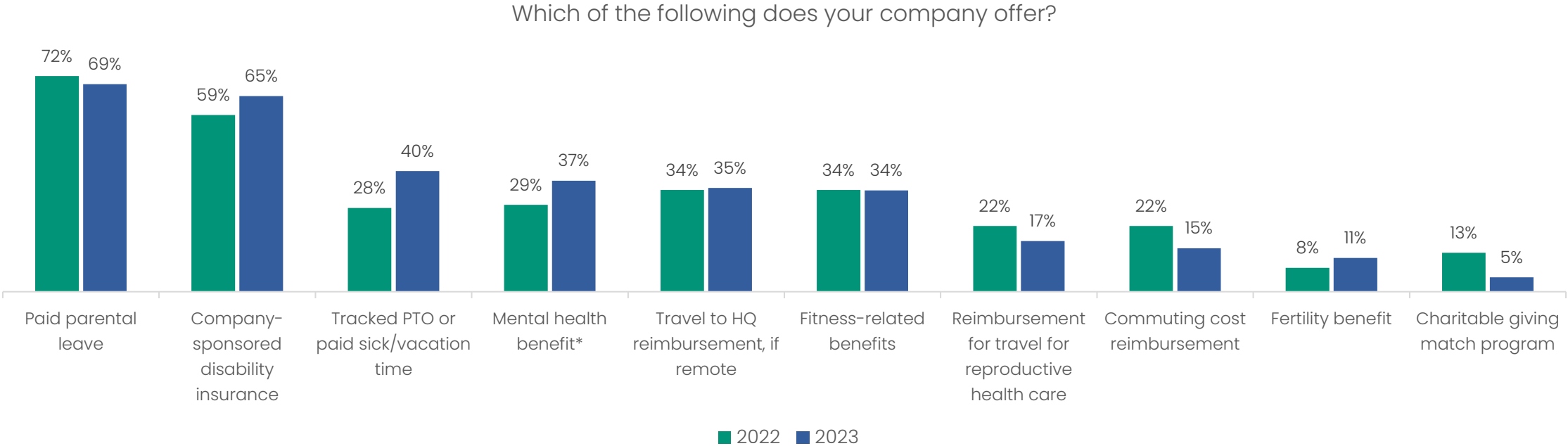
How many paid holidays do you offer in a given calendar year?

In 2023, close to 25% of companies offer 15+ paid holidays. This represents a sharp increase compared to data collected in 2021 and 2022.

The percentage of companies that offer 10 or fewer holidays has decreased two years in a row.



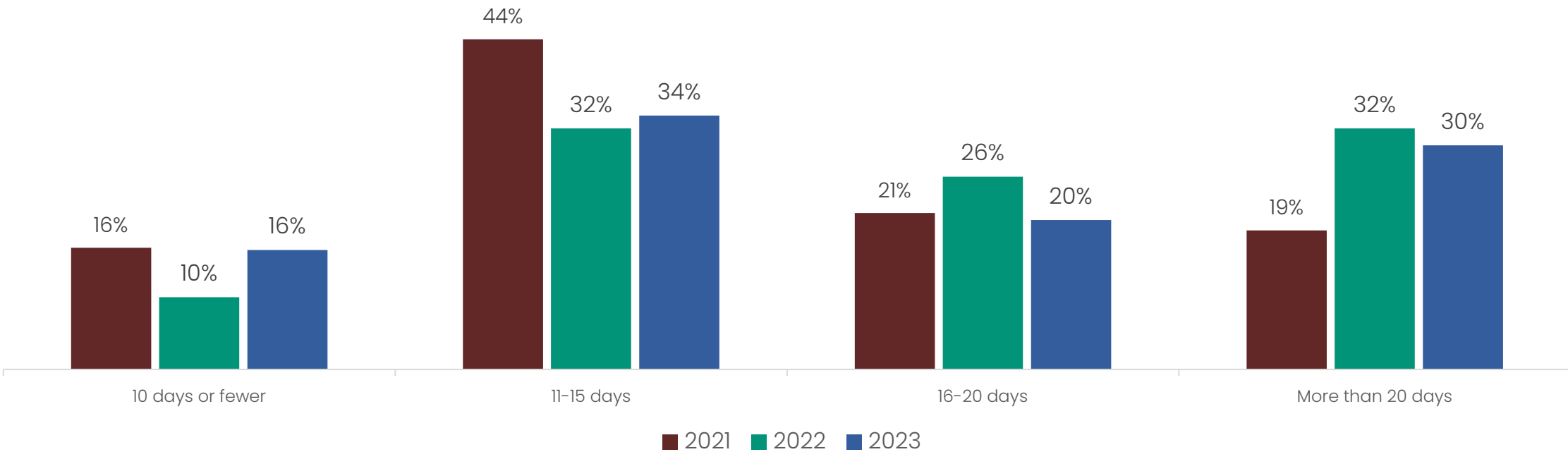
More companies are offering mental health benefits



**This option was labeled as "Therapy Platform" in 2022. Therefore, results may not be directly comparable.*

Most companies offer 11+ PTO days to new hires

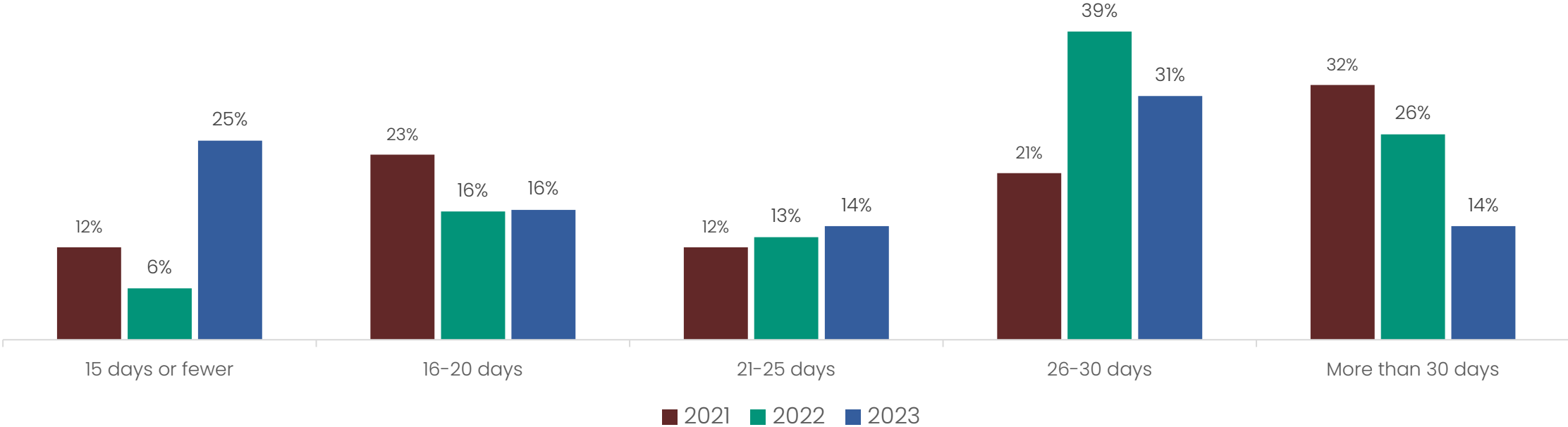
How many PTO/sick/vacation days are new employees allowed in their first year?



**Of companies that track PTO.*

Companies are reducing maximum accrual for PTO

What is the maximum number of PTO/sick/vacation days that can be accrued by any employee?*

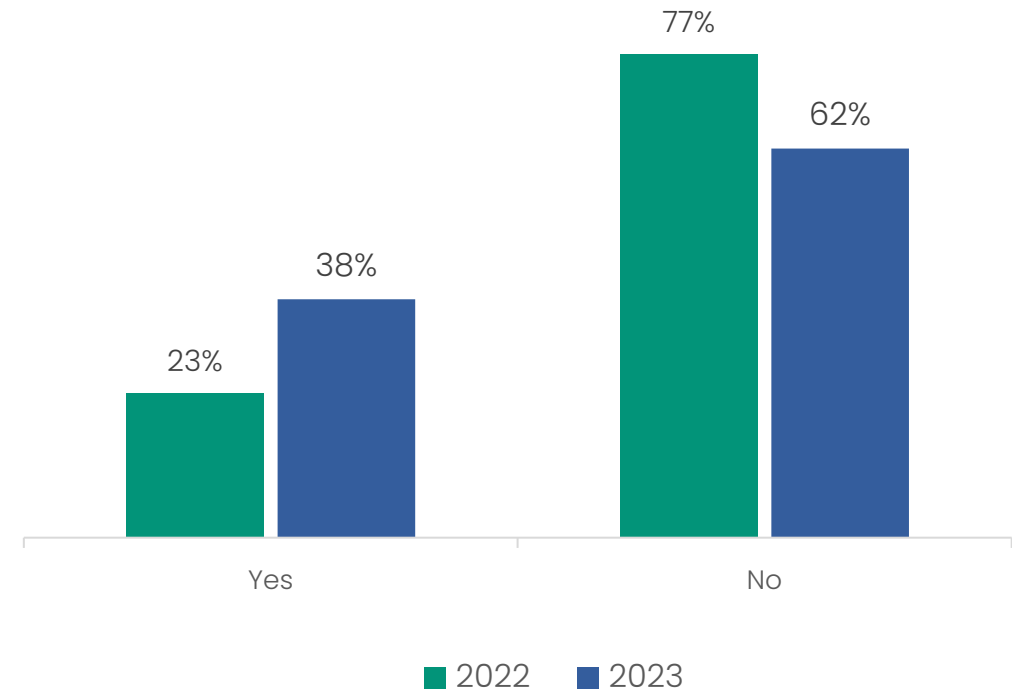


*Applies only to companies that offer tracked PTO.

Most companies offer equitable parental leave policies

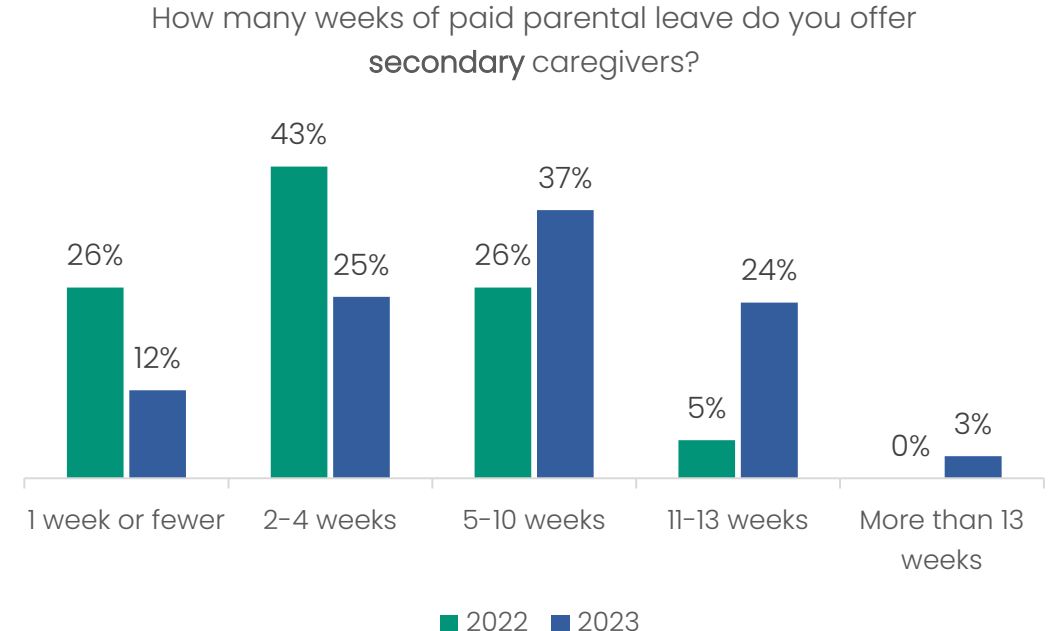
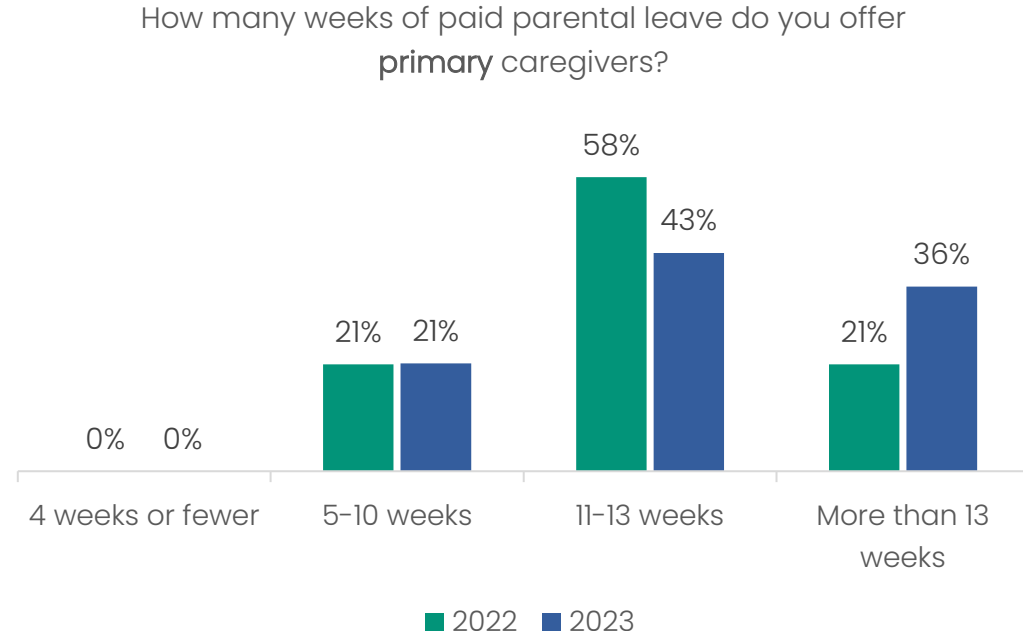
With regard to parental leave, do you differentiate between primary and secondary caregivers?

More than 60% of survey respondents report that their company does not differentiate between primary and secondary caregivers.



Both types of caregivers get more paid leave in 2023

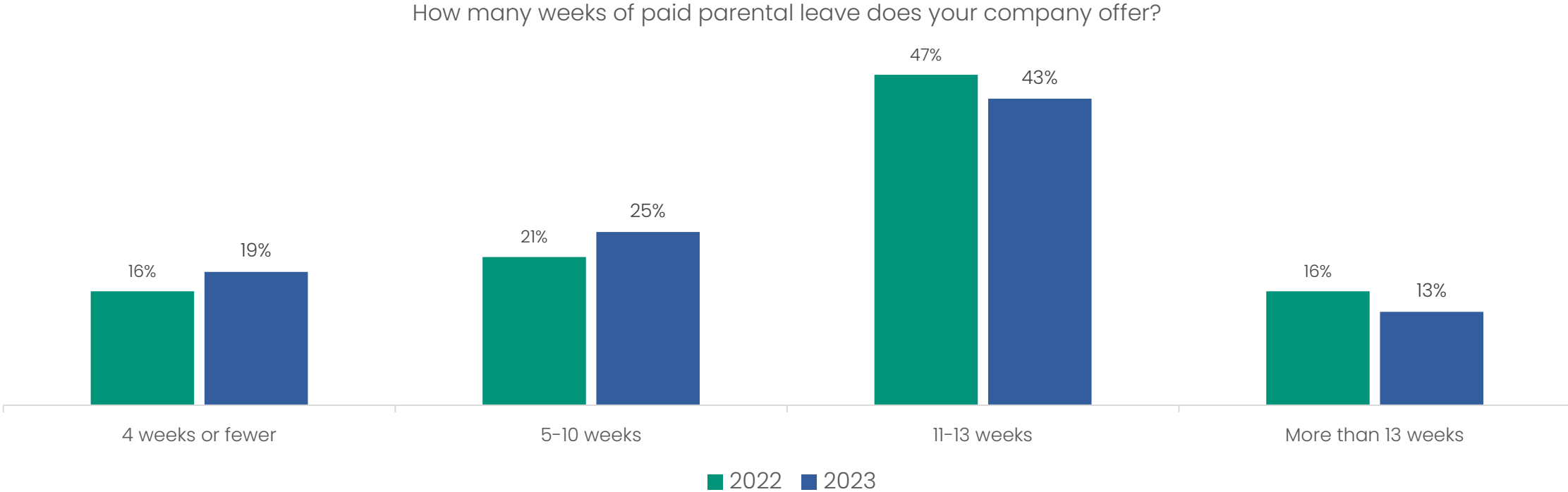
Almost two-thirds of secondary caregivers now get 5+ weeks off—this has doubled since 2022.



*Base: Respondents who offer parental leave **and differentiate** between primary and secondary caregivers (19 in 2022; 33 in 2023)*

43% of companies provide 11-13 weeks paid parental leave

Only about 13% of companies offer more than 13 weeks.



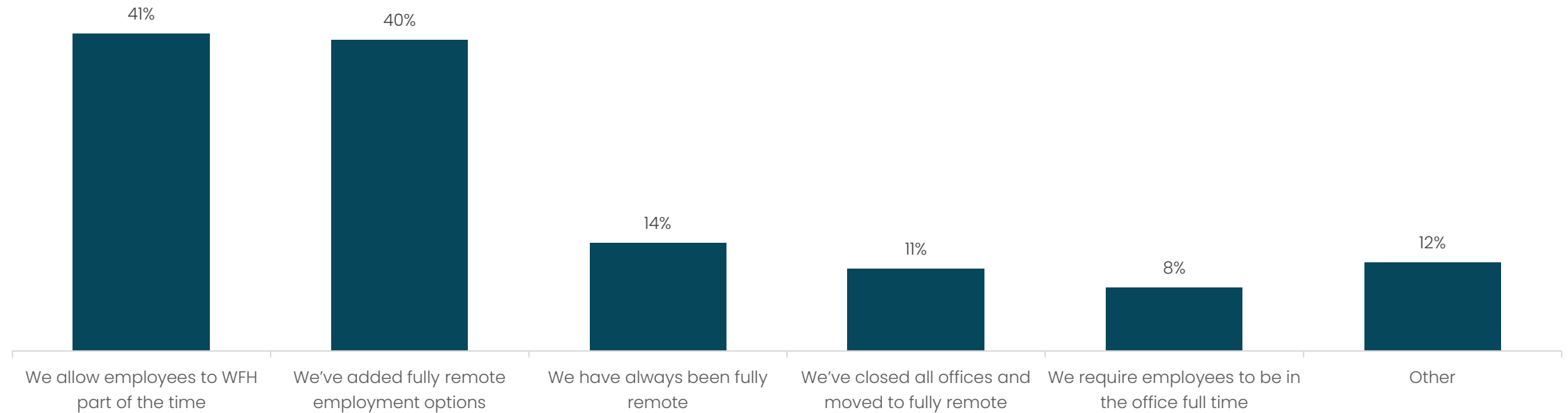
*Base: Respondents who offer parental leave but **do not differentiate** between primary and secondary caregivers (62 in 2022; 53 in 2023)*

Workplace Trends

Nearly all companies offer remote work options in 2023

Only 8% of companies require employees to be in the office full time.

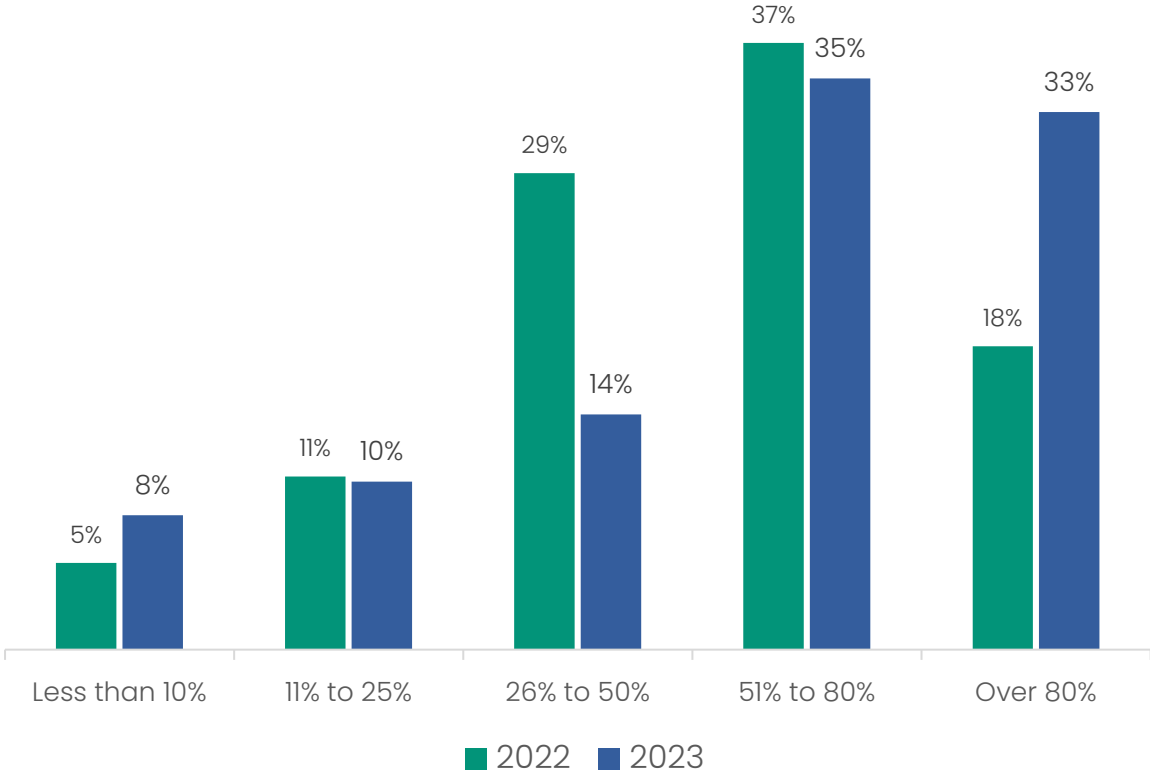
What are your return-to-office requirements?*



**Respondents were allowed to select more than one option.*

Fully remote employee population continues to grow

What percentage of your employee base is fully remote?



**Only companies that allow fully remote employment options were asked this question
(Base: 49 in 2023; 38 in 2022)*

Most common hybrid model: 2-3 days/week in-office

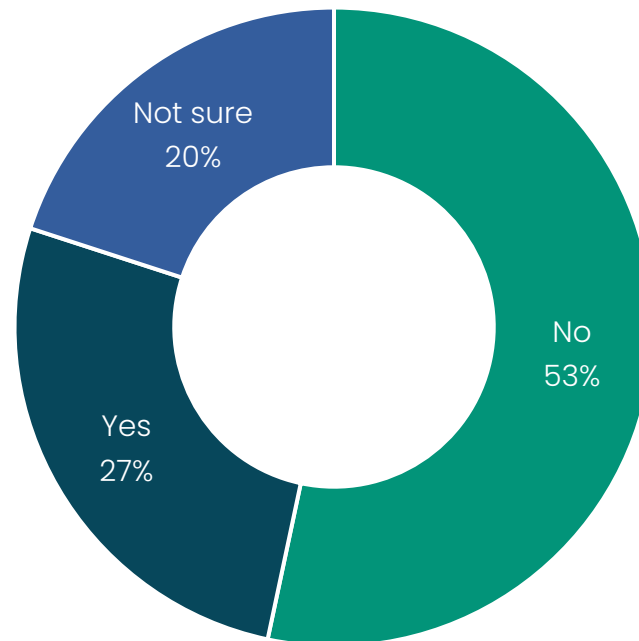
How many days per week do you require employees to be in the office?
(Open-text; shown by number of mentions)



**Of companies that offer hybrid work models.*

Returning to the office is not without its challenges

Have you experienced challenges when asking employees to return to the office?



Employees have grown accustomed to WFH

Among the greatest challenges is that employees don't see the value of being in the office as justified by the commute.

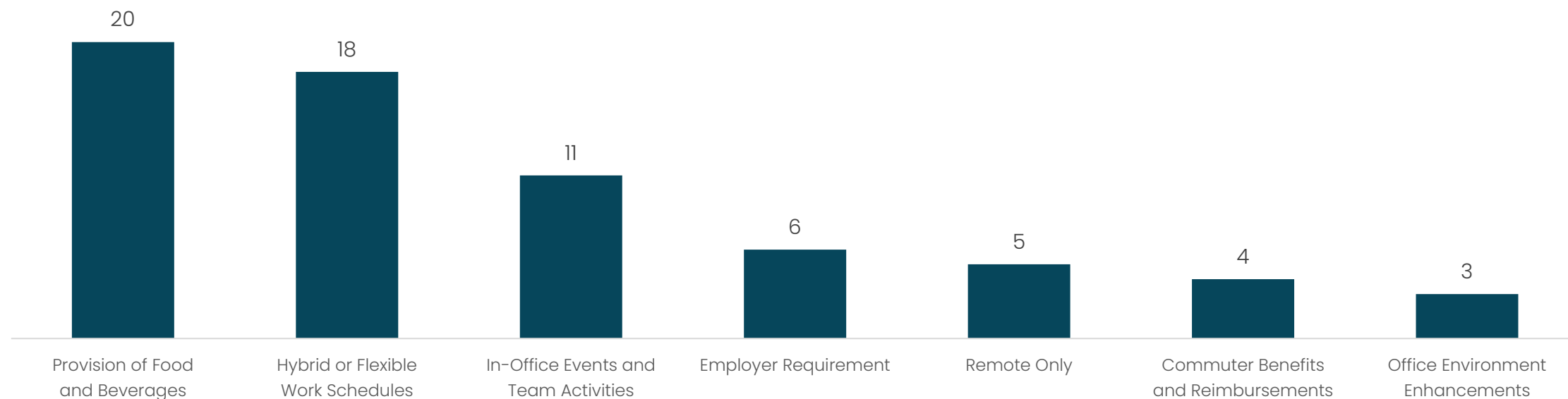
If you have experienced challenges when asking employees to return to the office, please explain.
(Open-text; Results shown represent the number of mentions)



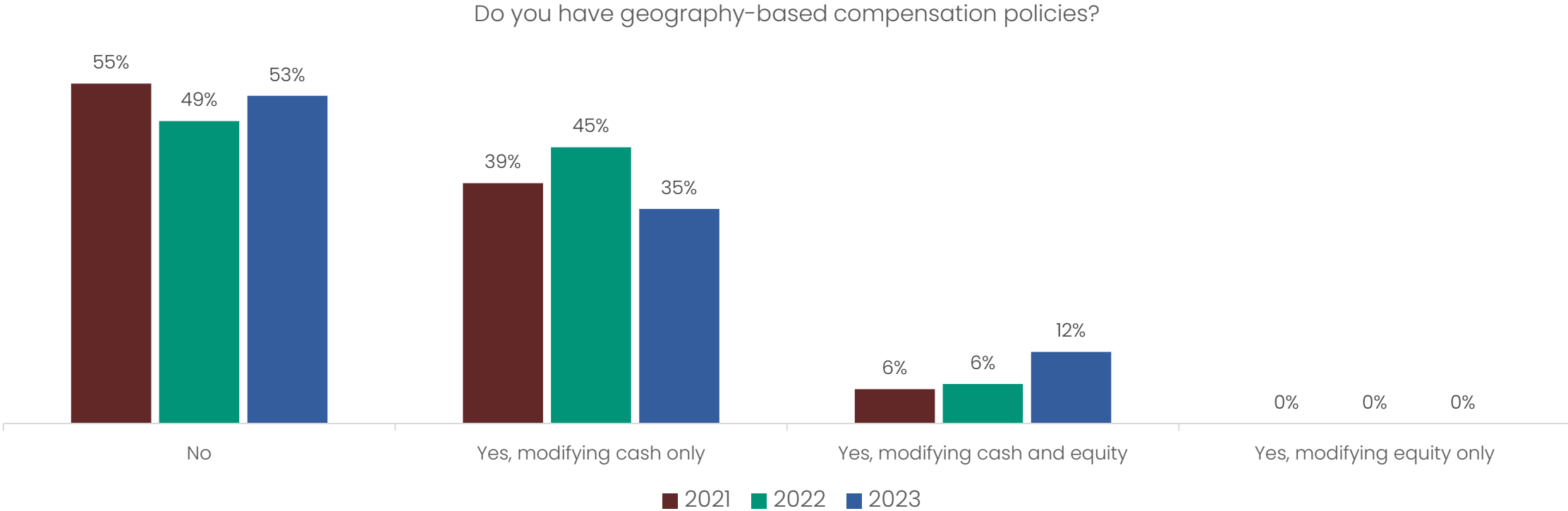
Food and flexibility boost office returns

Providing in-office refreshments and offering hybrid work schedules have been the most effective solutions in getting employees to return to the office.

If your company has experienced challenges motivating employees to return to the office, what solutions have you offered to mitigate these challenges?
(Open-text; Results shown represent the number of mentions)



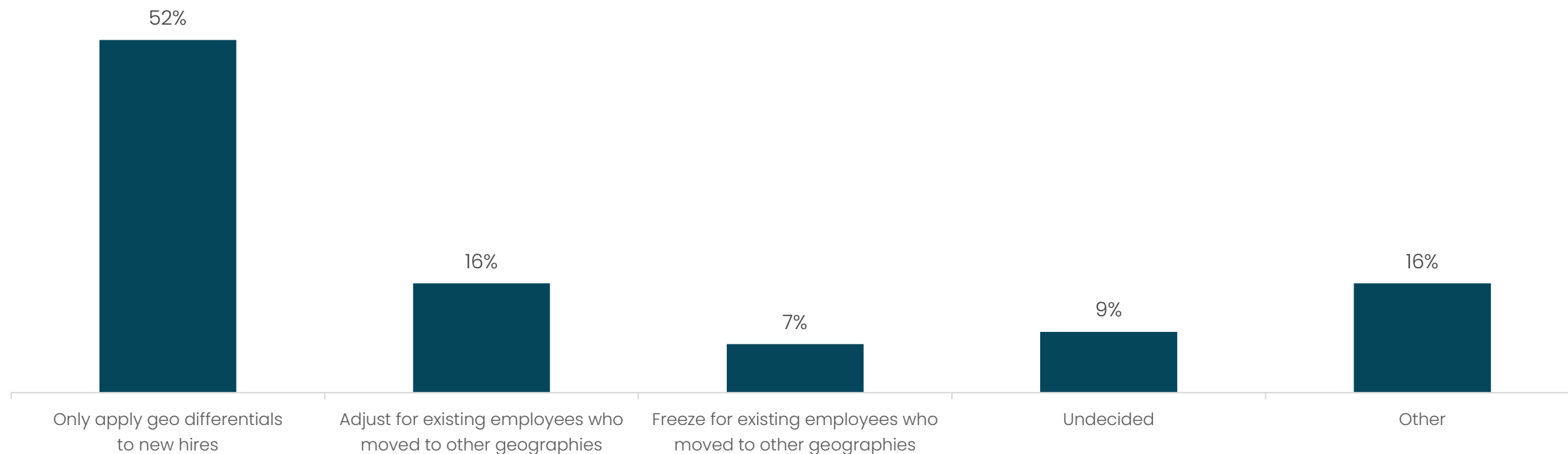
47% of companies have geography-based comp policies



52% apply geo differentials only to new employees

About 16% of companies* adjust comp for existing employees who move to other geographies, while 7% freeze compensation for employees who relocate.

If you have geography-based compensation policies, did you...



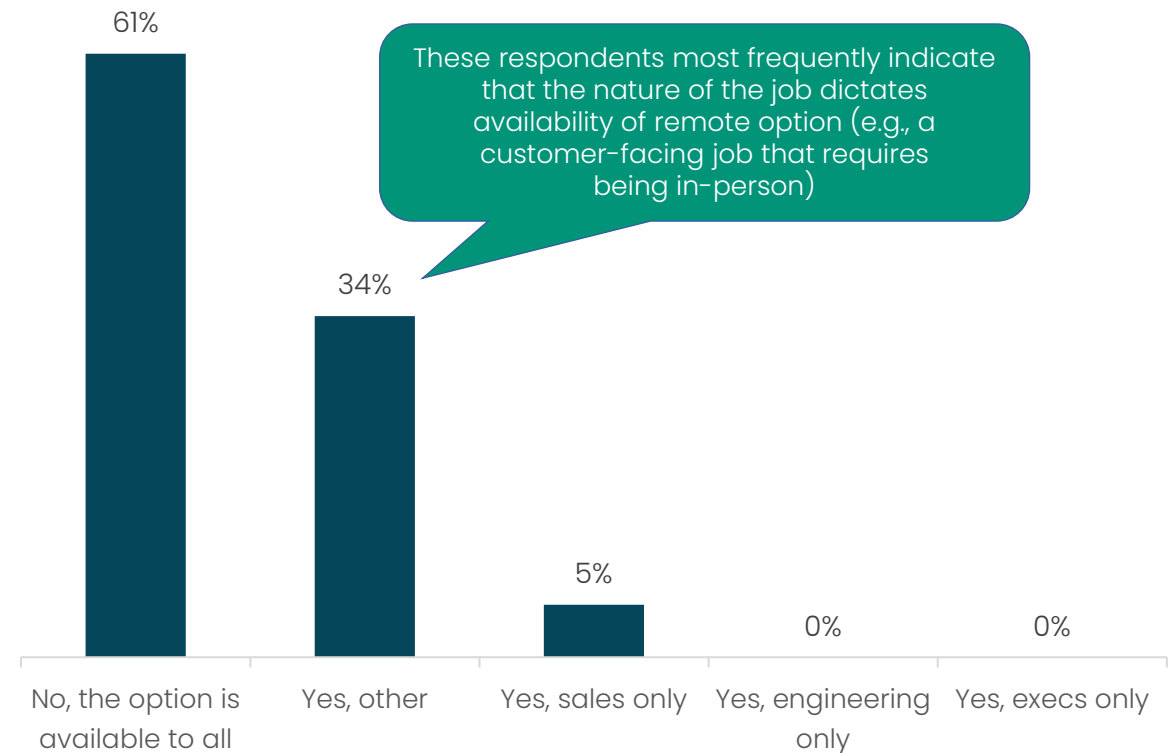
**Of companies that have geography-based comp policies*

If remote work is offered, it's generally available to all

60% of companies that offer fully remote options report that *all employees* have the choice to work from home.

When remote work options are limited, companies frequently indicate they only require those who do hands-on work come into the office.

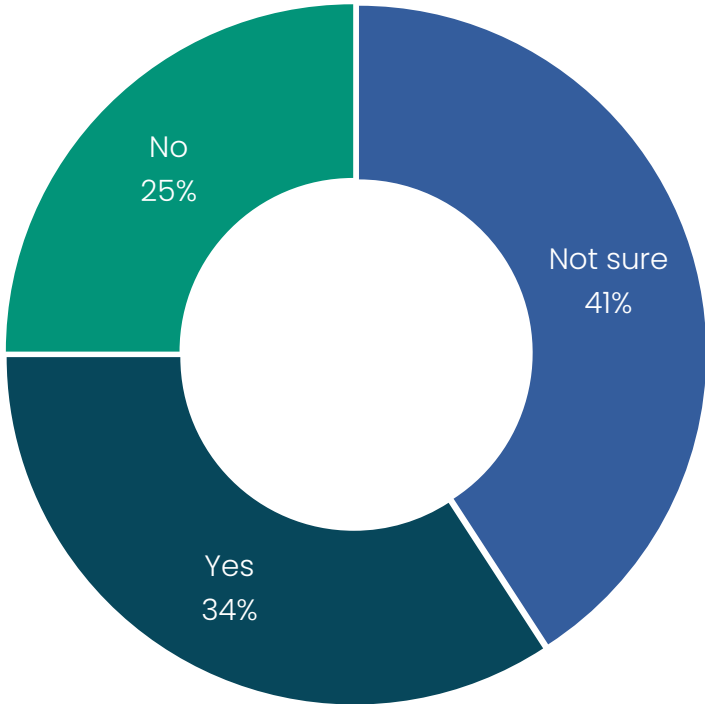
Does the remote work option vary by function or level?



*Only companies that allow fully remote employment options saw this question (Base: 76 in 2023)

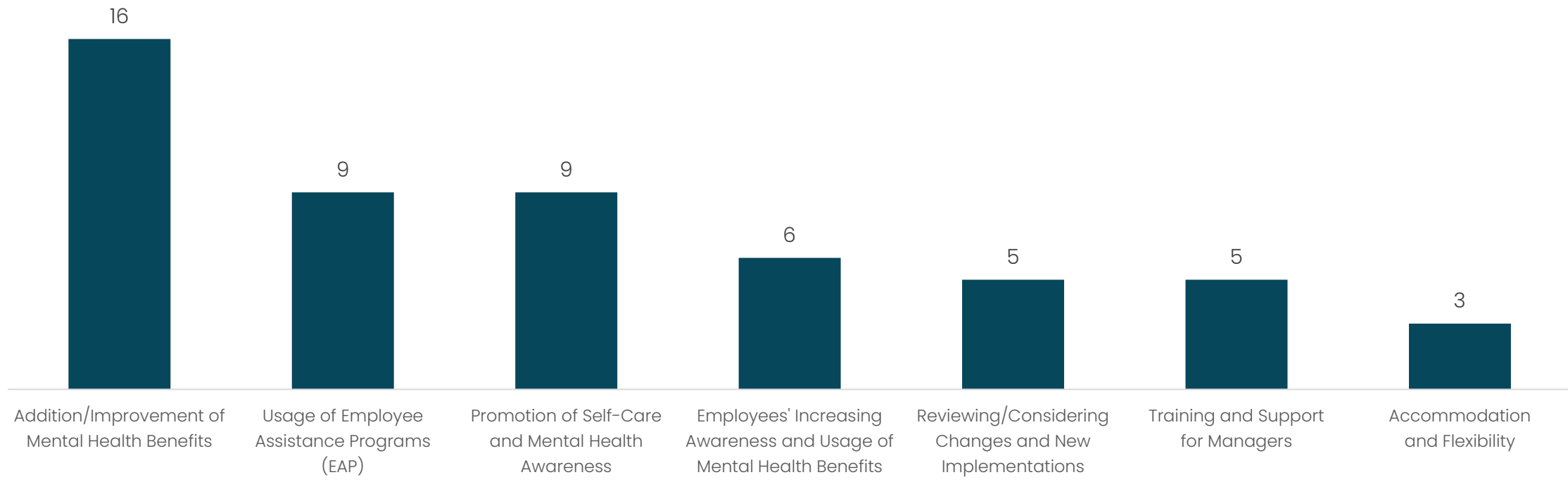
34% of companies saw an uptick in mental health needs

Since the pandemic, have you noticed an uptick in the mental health needs of your employees?



More companies are offering mental health benefits

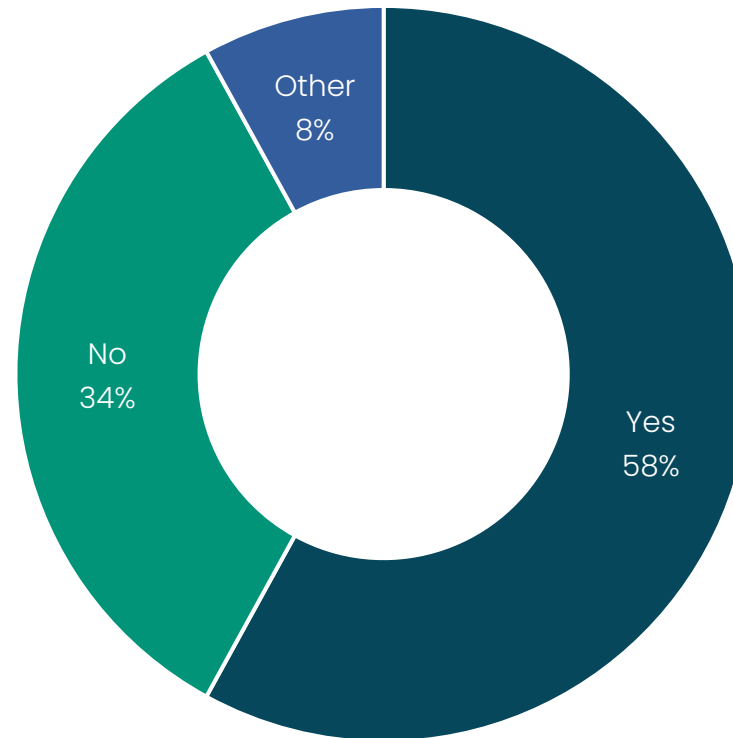
How have you addressed the increased mental health needs of your employees?
(Open-text; Results shown represent the number of mentions)



**Of companies that reported noticing an uptick in employee mental health needs.*

The downturn impacted most companies' hiring plans

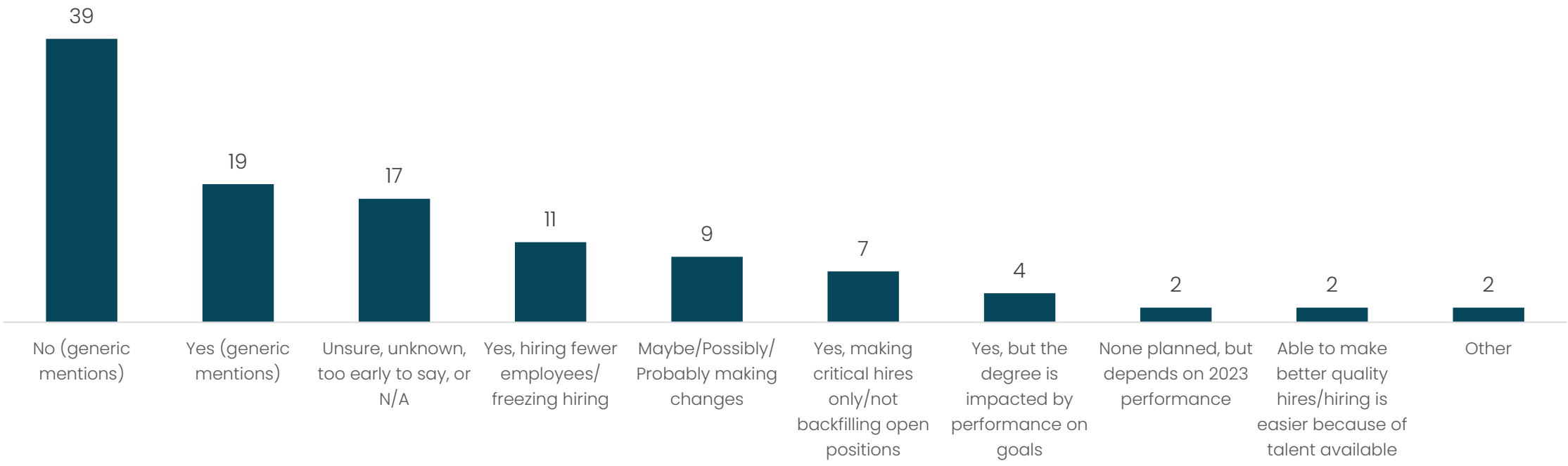
Did the downturn affect your 2023 HR strategy or hiring plans?



However, not all plans were impacted in the same way

About 50 respondents report they were negatively impacted in some way by hiring plans, though about 40 report their plans were not changed. Two respondents indicated hiring was easier in 2023 because more quality talent was available.

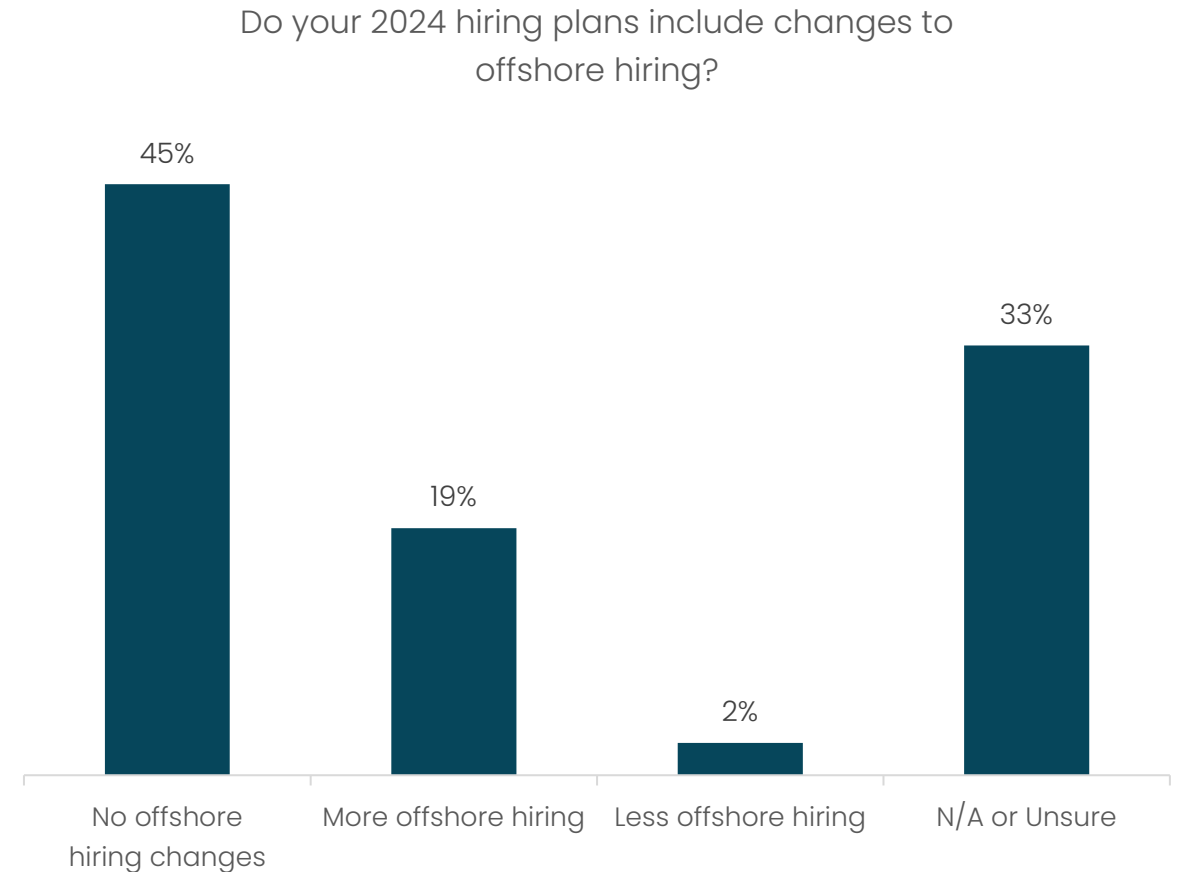
Did the downturn affect your 2023 HR strategy or hiring plans?
(Open-text; Results shown represent the number of mentions)



Changes to 2024 offshore hiring plans appear unlikely

Almost half of companies report there will be no offshore hiring changes in 2024. An additional one third of companies are unsure if their plans will change.

Only 20% of companies definitively say they will change offshore plans in 2024; almost all of these are likely to do more offshore hiring.

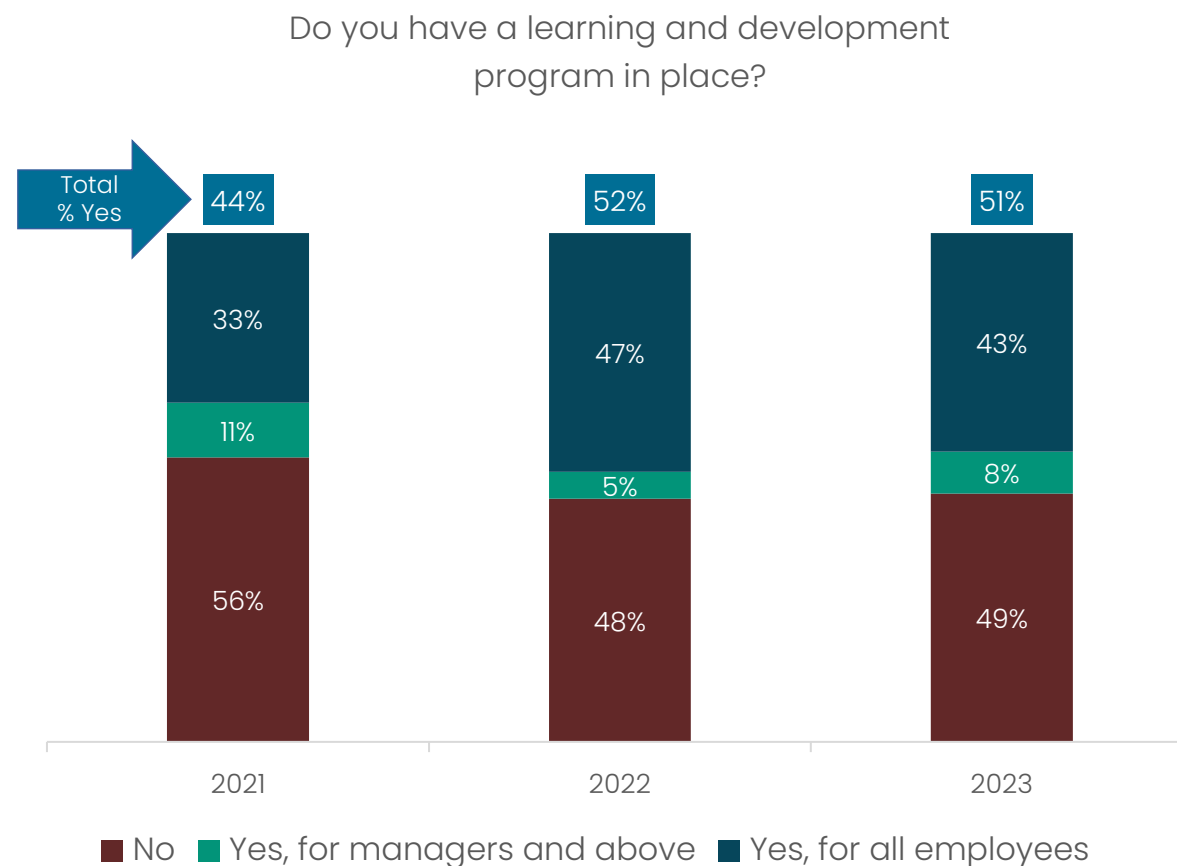


Culture & Employee Development

About half of companies have L&D programs in place

This includes more than 40% who have these programs in place for all employees, while only 8% limit these programs to leaders only.

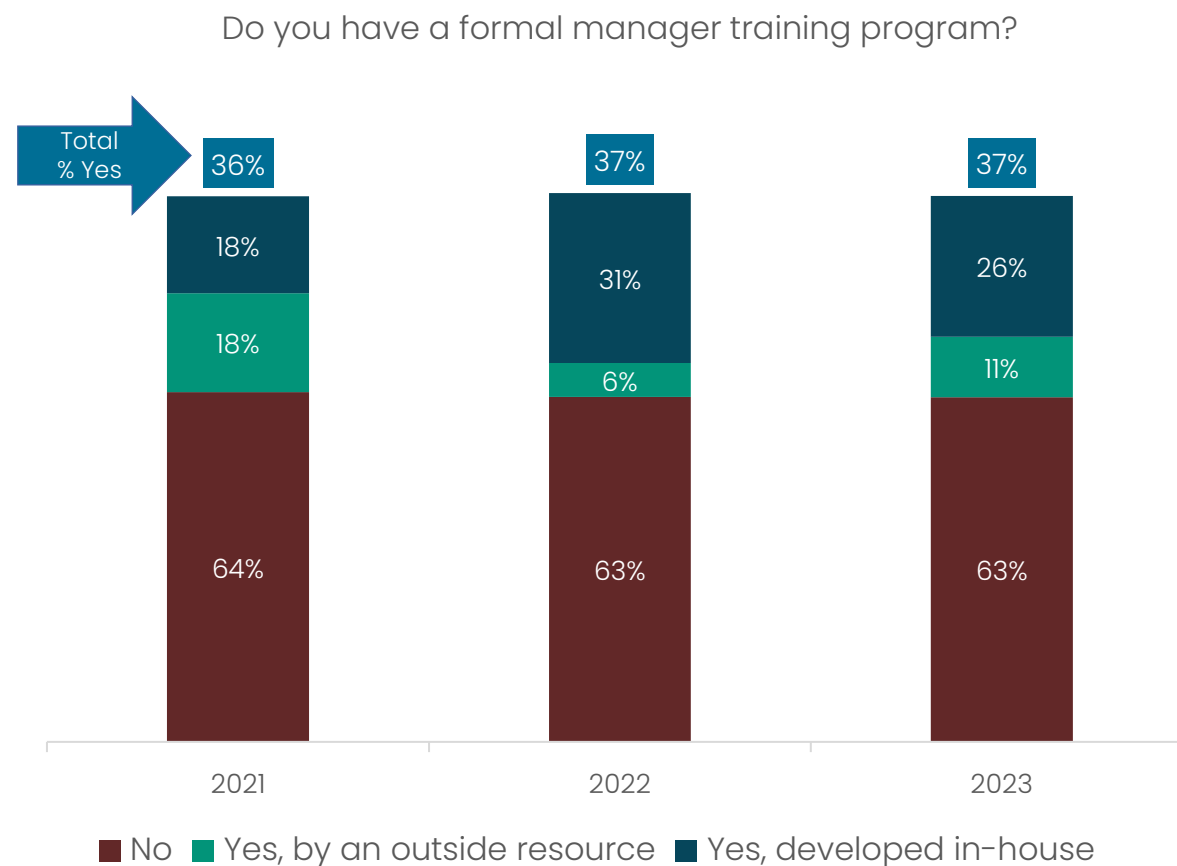
The percentage who offer these programs to all employees increased significantly in 2022, and these gains have been maintained in 2023.



37% of companies have a manager training program

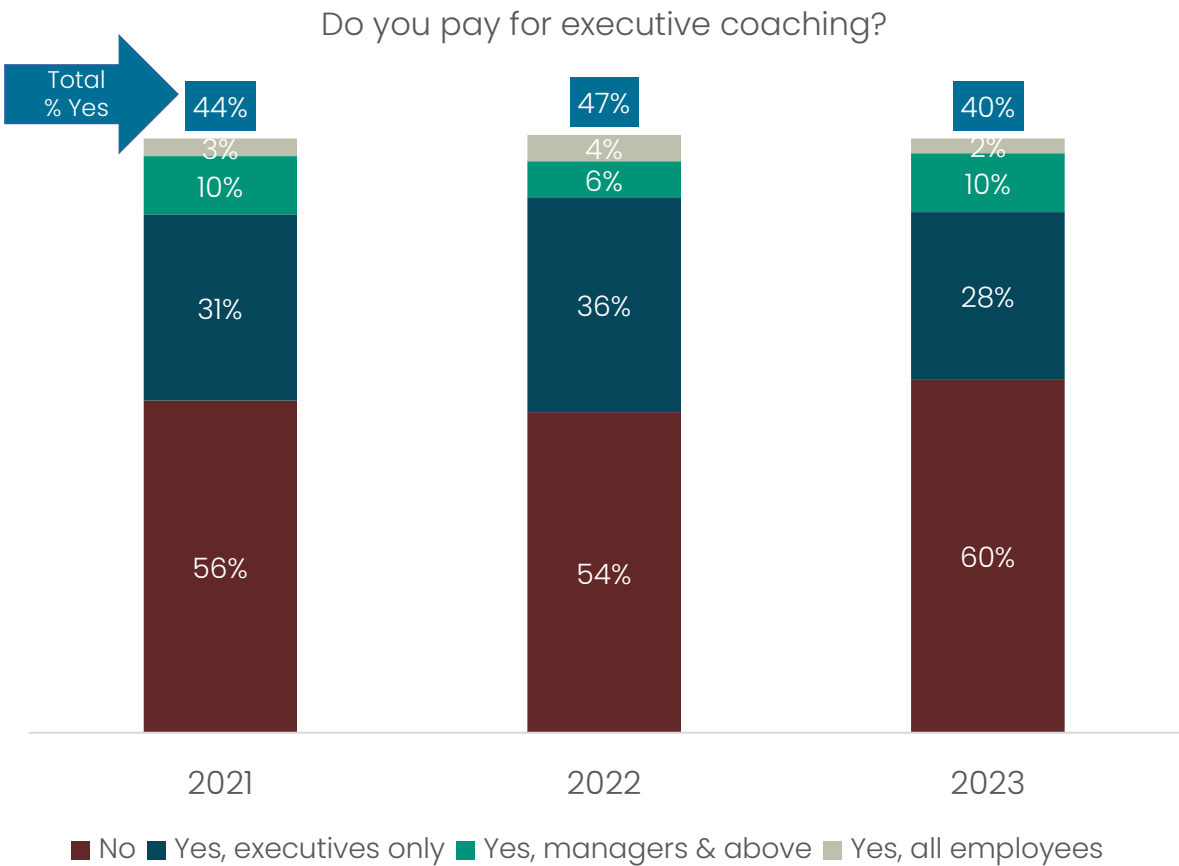
The percentage of companies who offer manager training programs has remained stable over the past three years.

These programs have been developed in-house more often in 2022-23 than in 2021.



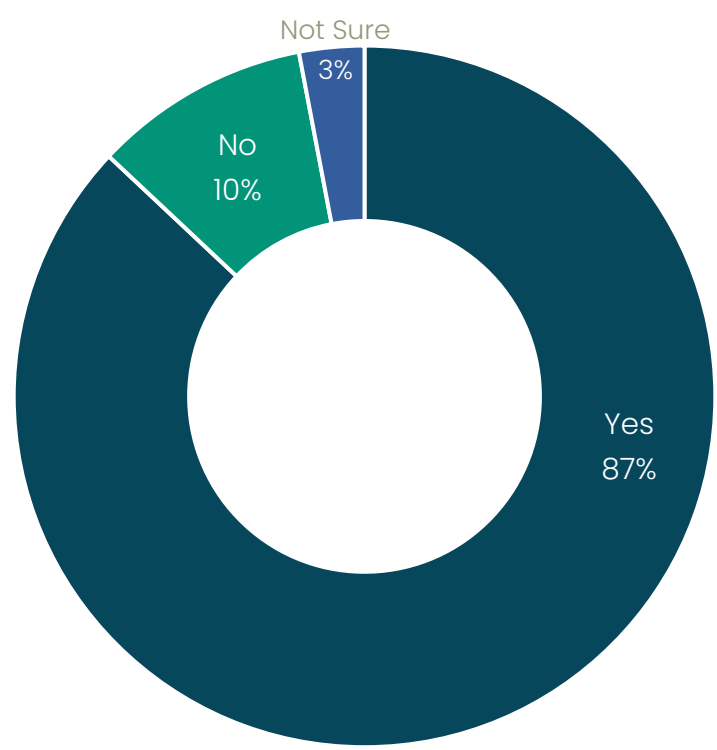
40% of companies offer executive coaching

However, this is rarely available to all employees—only 2% of companies provide executive coaching to all employees.

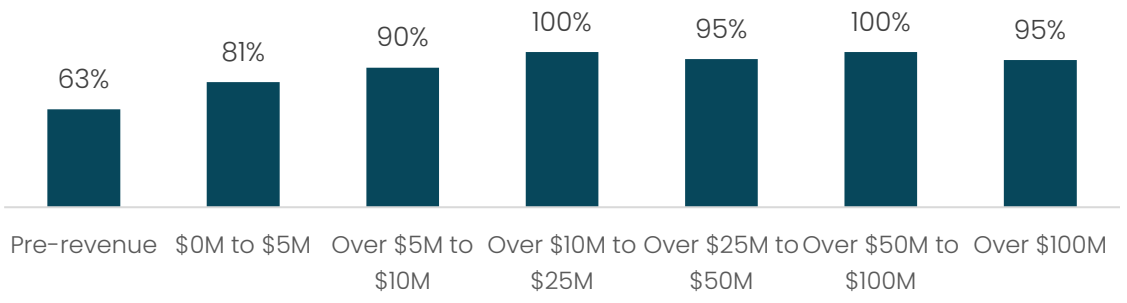


Recurring performance reviews remain the standard

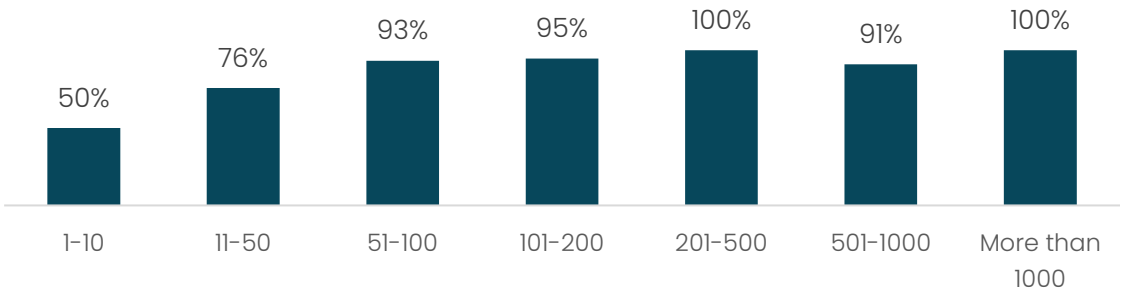
Do managers at your company conduct recurring performance reviews?



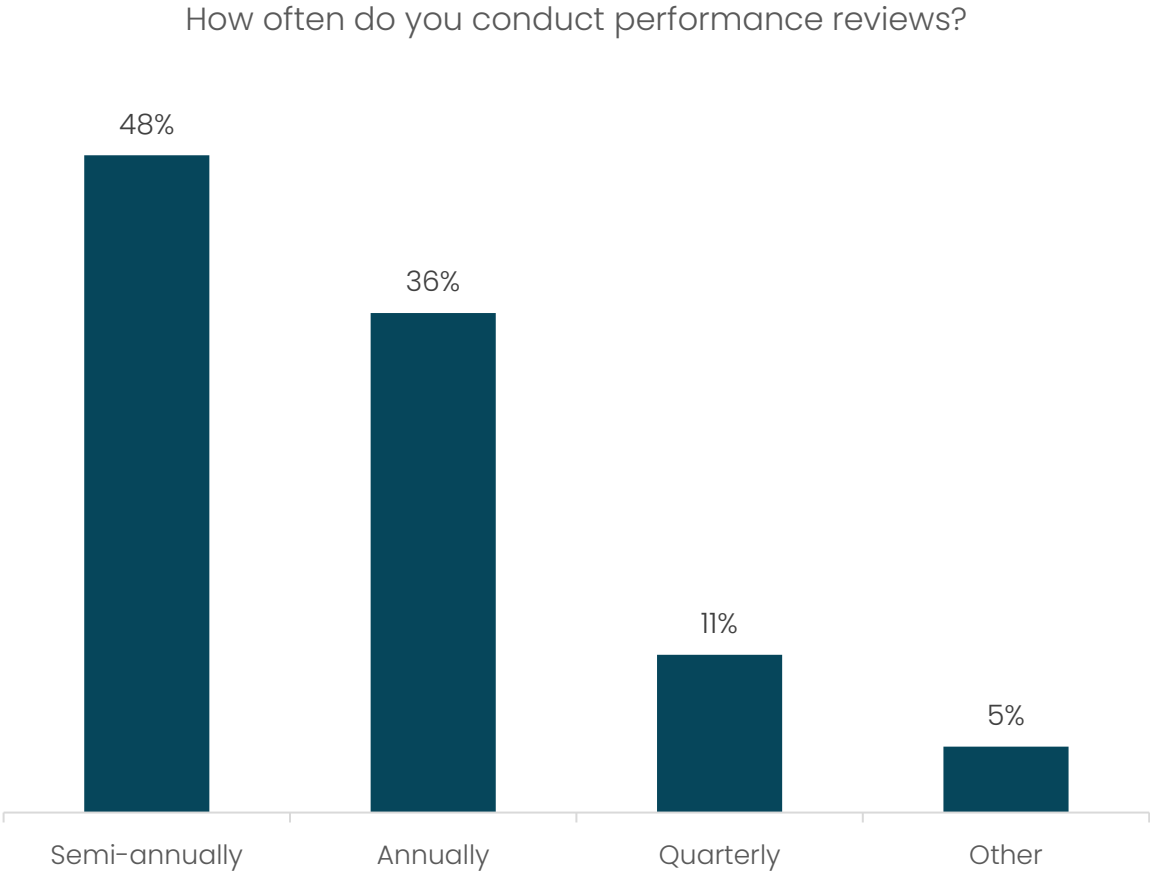
% Yes by Revenue



% Yes by Number of Employees



Semi-annual performance reviews are most common

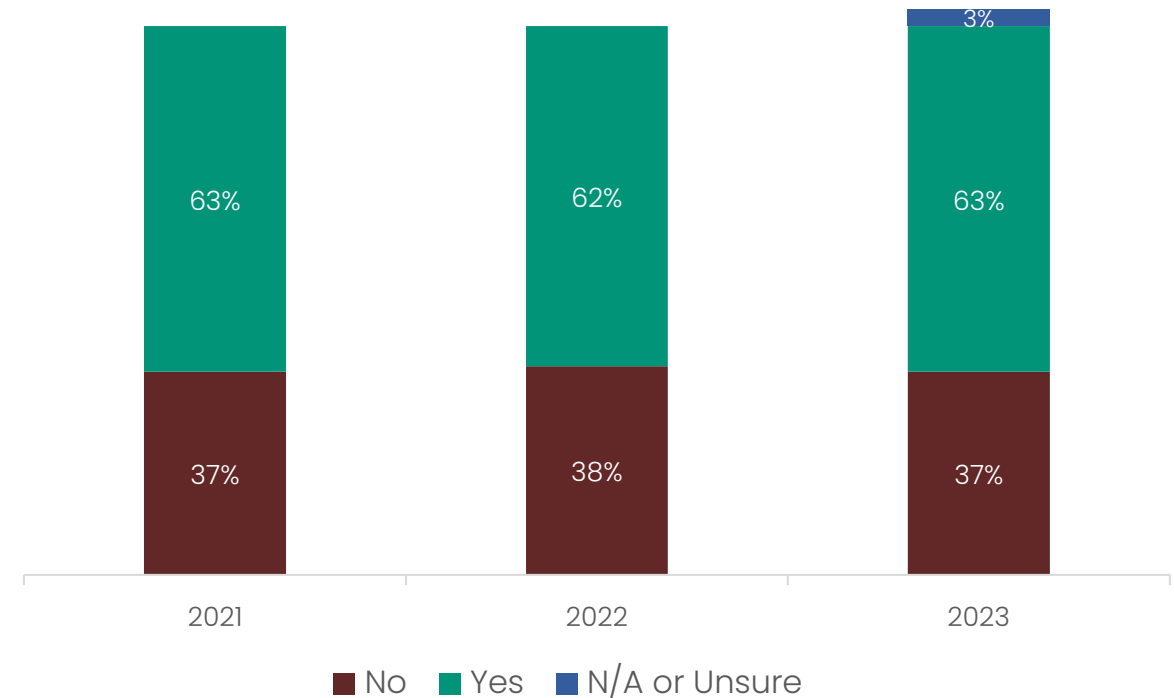


Most companies utilize employee engagement surveys

Almost two-thirds of companies report they utilize employee engagement surveys with their employee population.

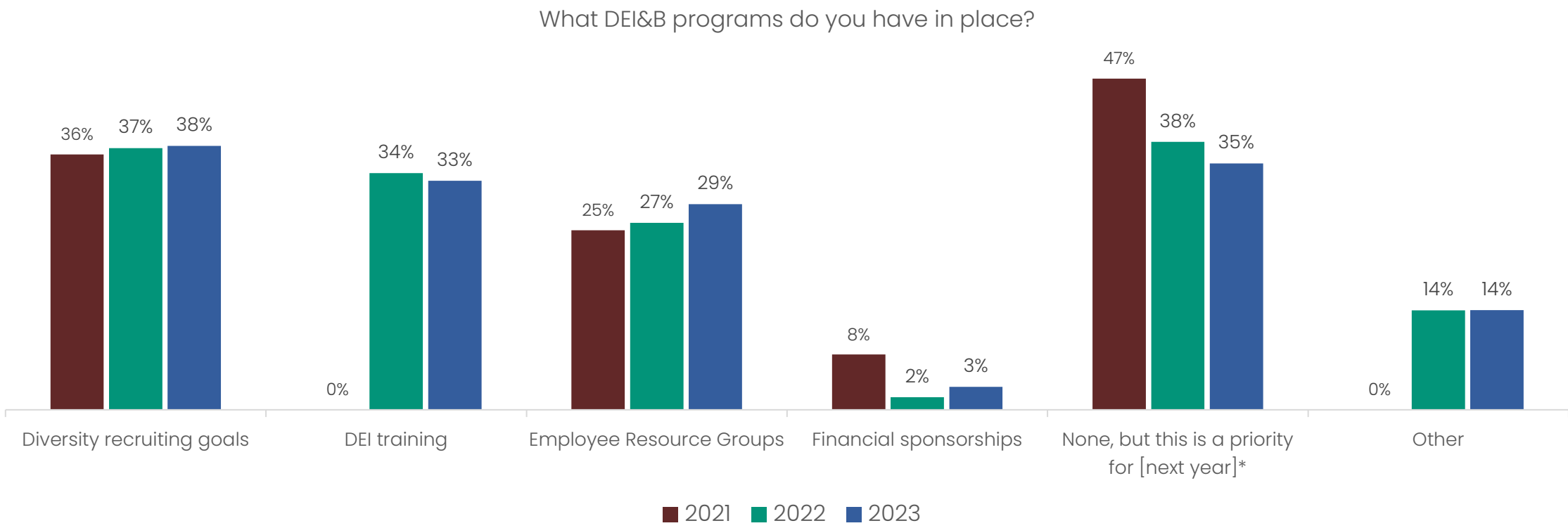
This number has remained virtually unchanged over the last three years.

Do you use an employee engagement survey tool?



Diversity recruiting goals in place at 38% of companies

Companies are similarly likely to have DEI training and Employee Resource Groups in place. The percentage of companies that have implemented DEI&B programs has increased since 2021.

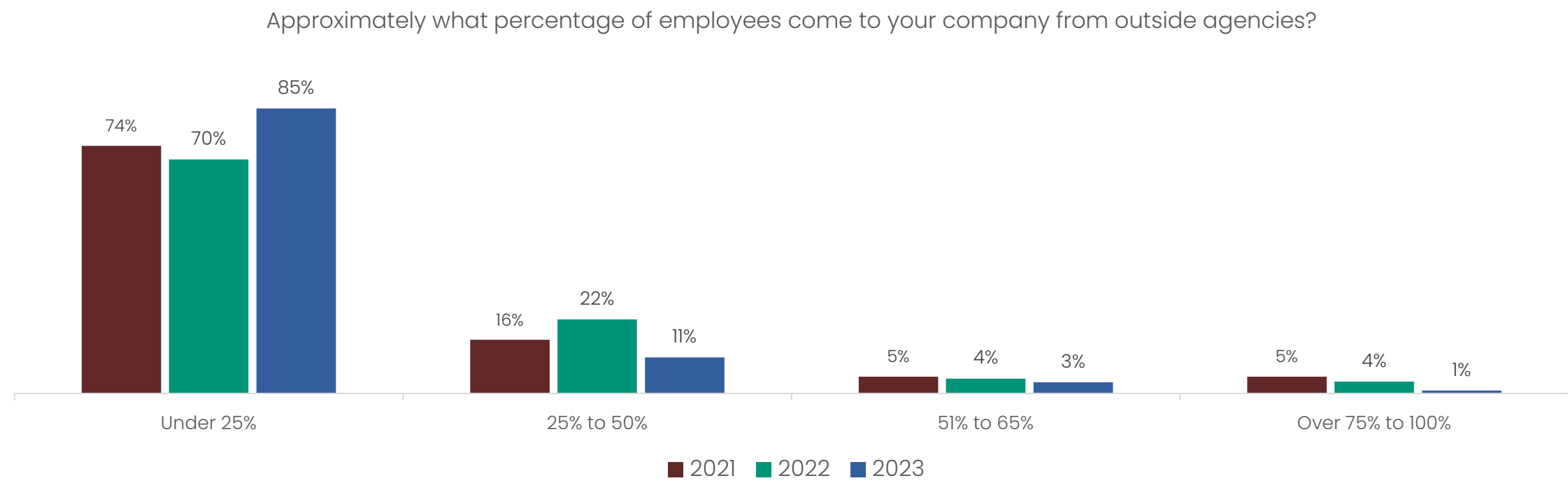


**This answer choice changes the year designation every year (“[next year]” was replaced by 2024 on the 2023 survey, and showed as 2023 on the 2022 survey, etc.)
Respondents were allowed to select more than one option*

Talent & Retention

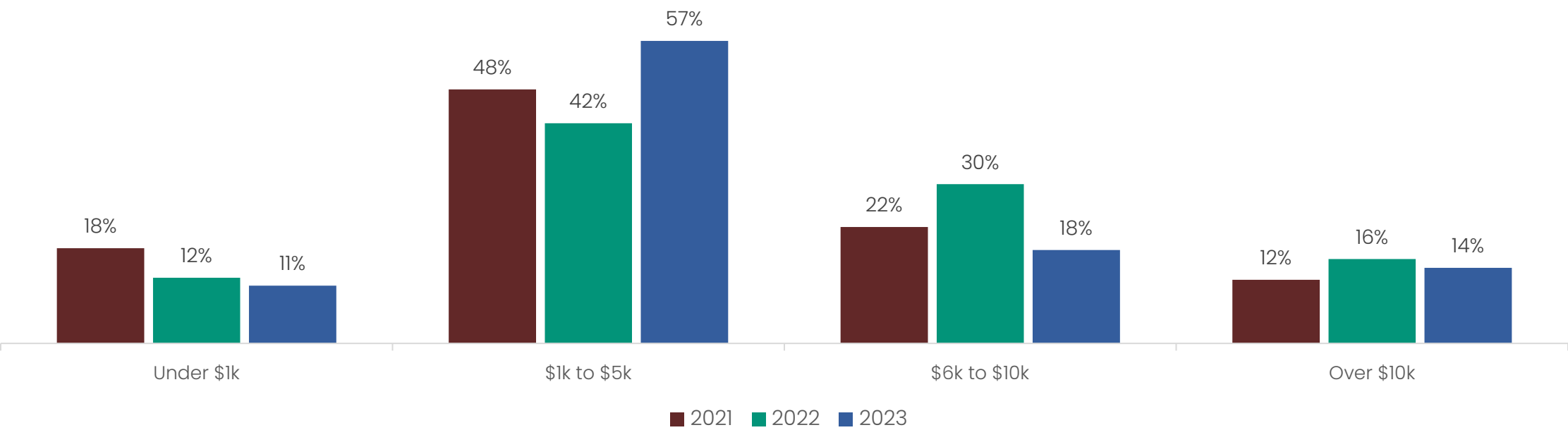
Fewer companies are hiring through outside agencies

This represents a 21% jump since 2022.



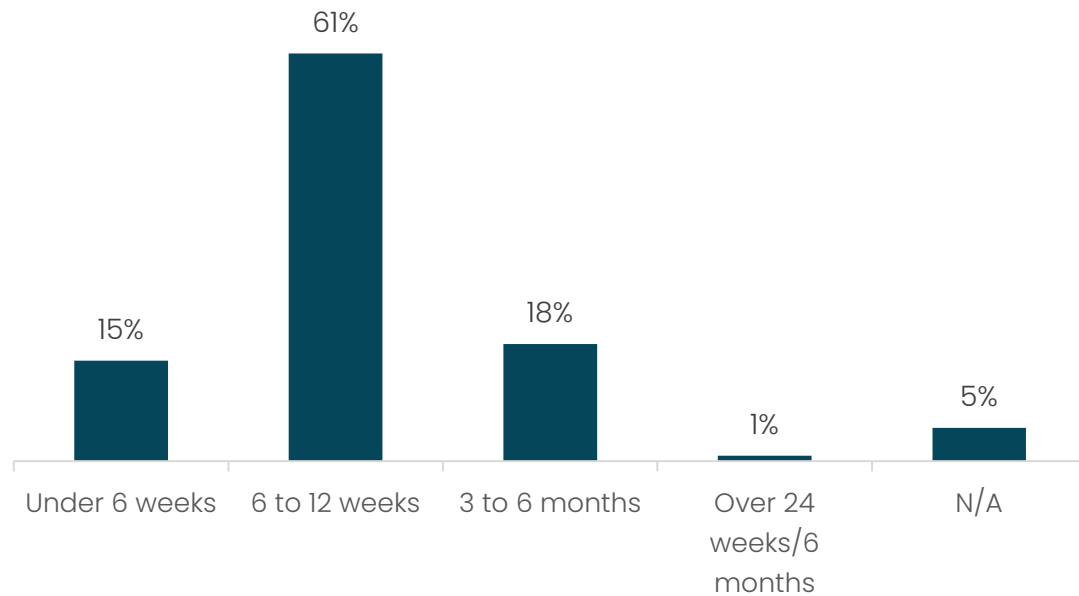
Most companies spend between \$1K-\$5K on new hires

What is the average cost per hire at your company? (both internal and external costs of labor and recruiting)

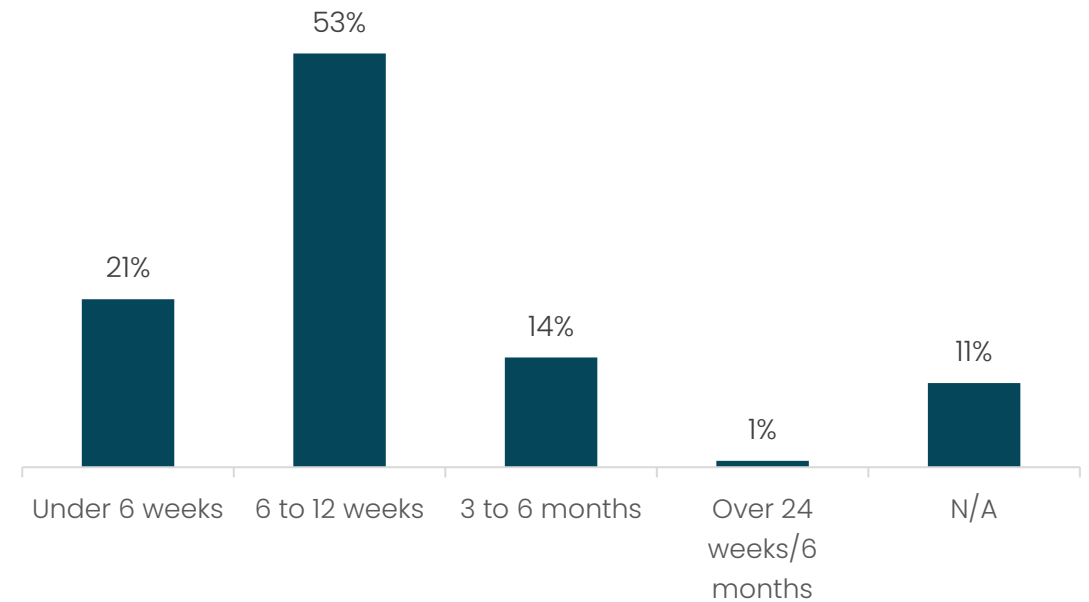


Technical and GTM roles usually take 6-12 weeks to fill

What is the average time to fill a technical position at your company?

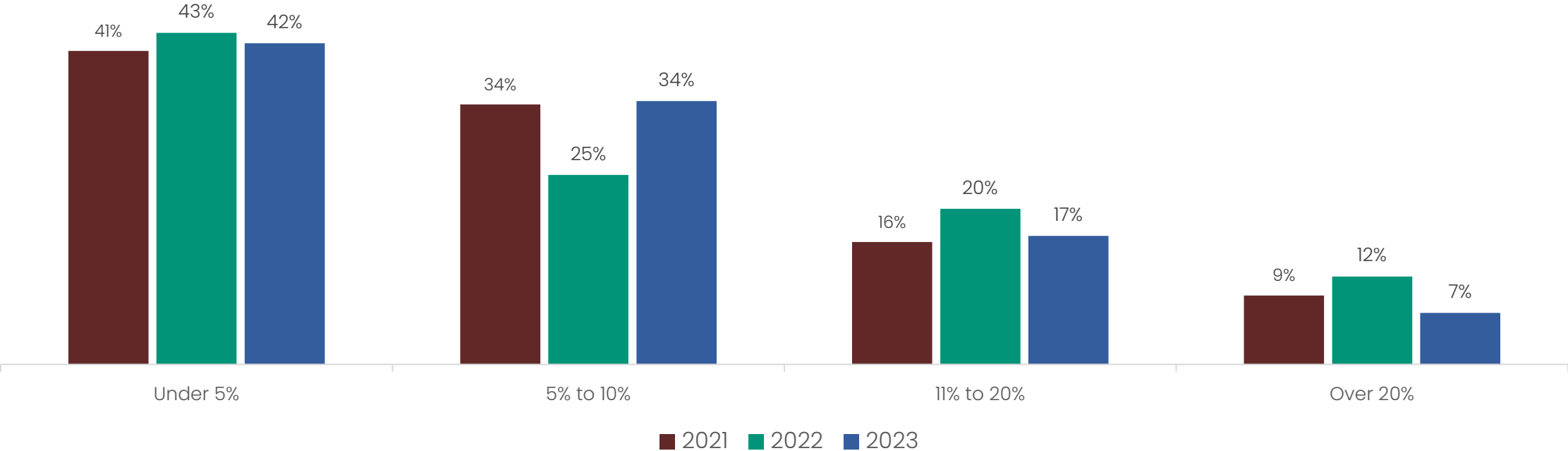


What is the average time to fill go-to-market position (i.e., sales and marketing) at your company?



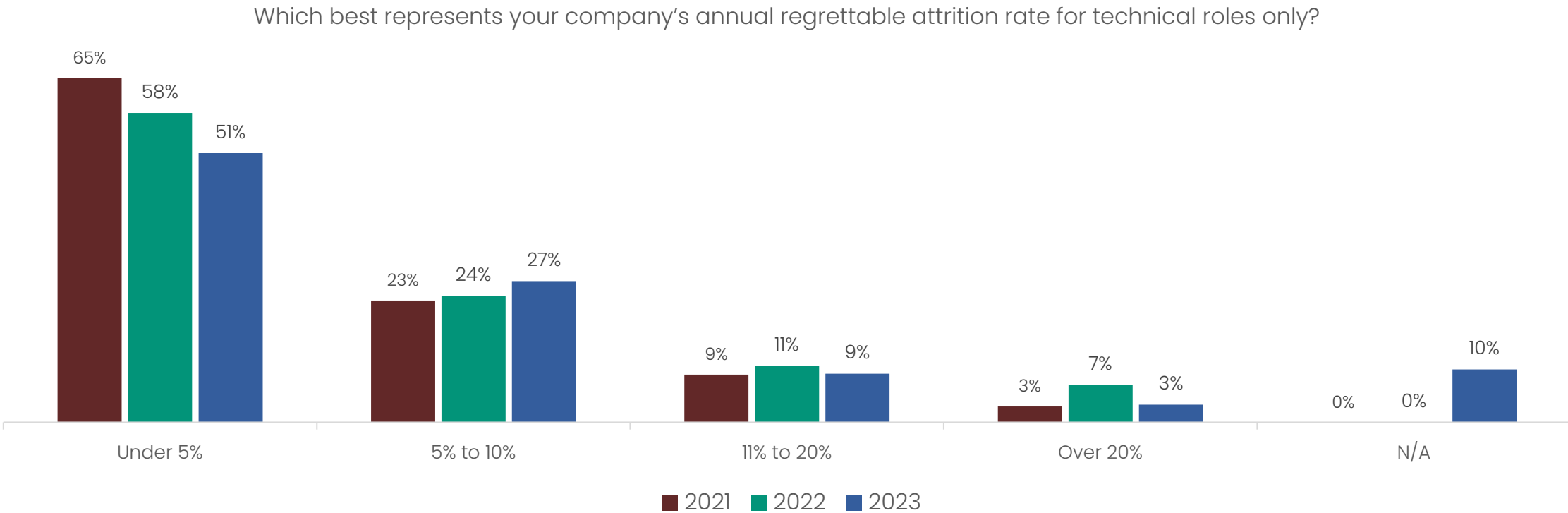
Regrettable attrition has continued to be low

Which best represents your company's annual regrettable attrition rate (employee turnover)?



Regrettable attrition for technical roles remains low

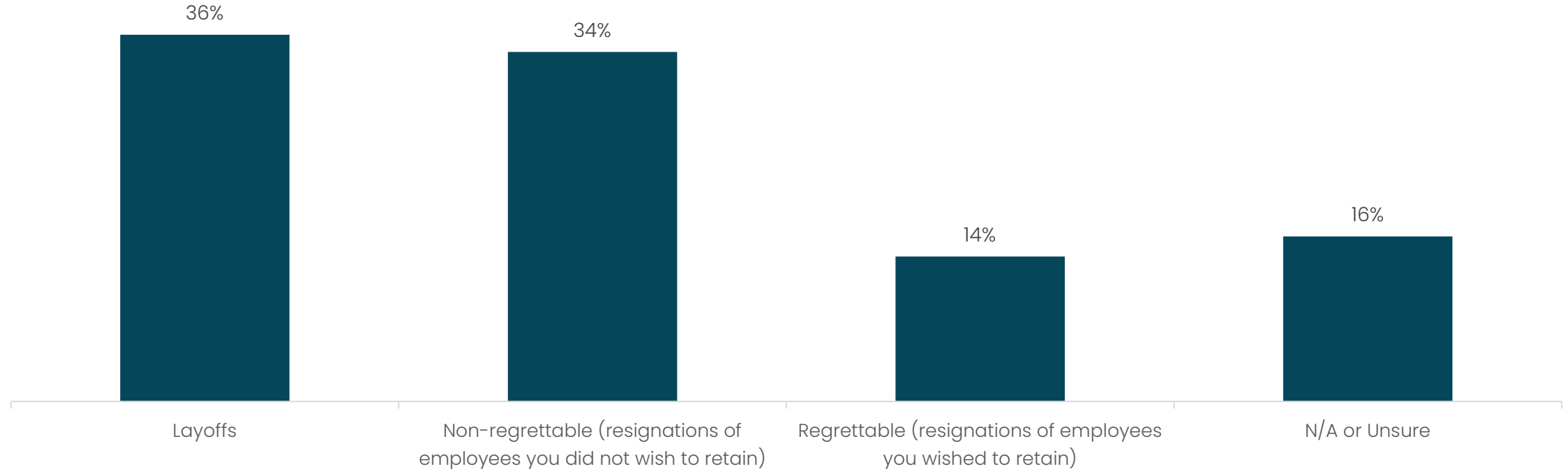
The percentage of “Under 5%” responses is slightly higher for technical roles.



RIFs and resignations the key drivers of attrition

Layoffs and non-regrettable attrition accounted for 70% of employee departures over the last 12 months.

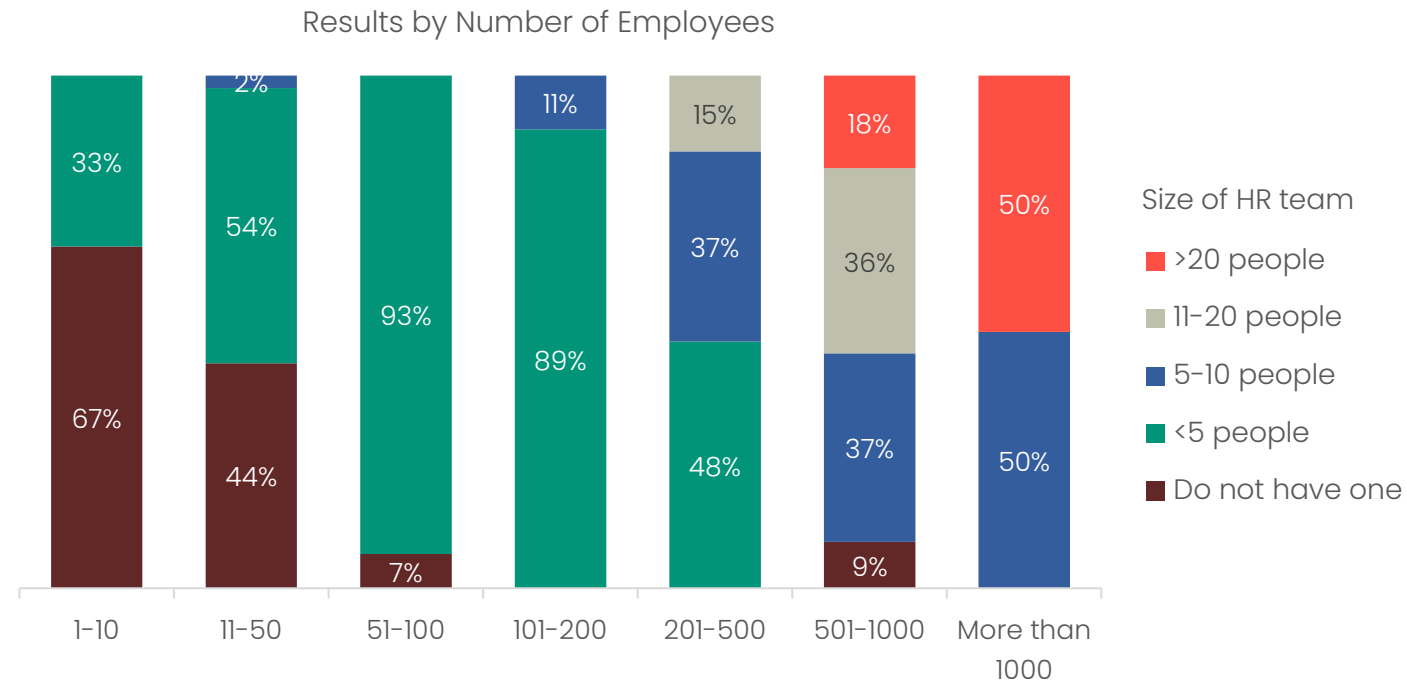
Over the last 12 months, what were the main drivers of attrition at your company?



Company size often dictates size of People/HR teams

People/HR teams are made up of five or fewer employees at just over half of companies. These teams are larger at companies with more employees.

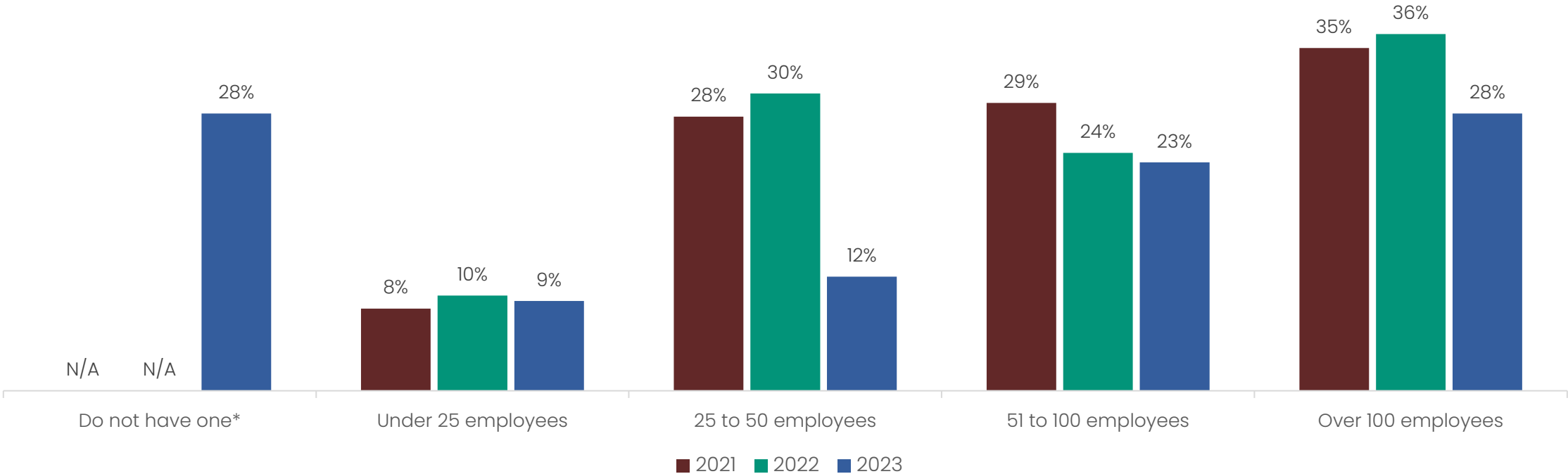
How many employees make up the People/HR team (excluding recruiting) in your company?



51-100 employees is common milestone to hire an HR lead

Half of companies waited until they had more than 50 employees before they hired a Head of People, while only 20% hired a Head of People earlier than that.

At what number of employees did you hire a Head of People (HR)?

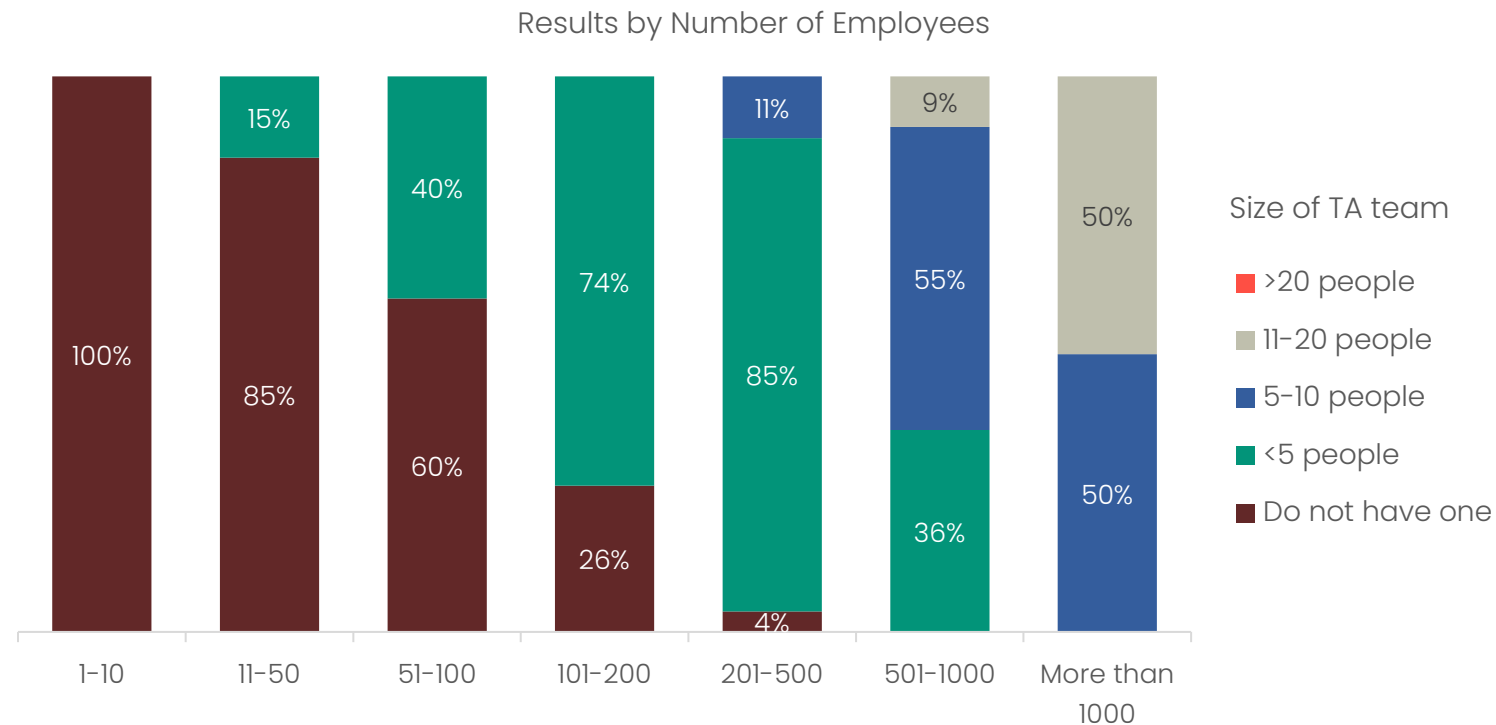


**There was no "Do not have one" answer choice in previous years. Therefore, year-over-year results may not be directly comparable.*

Companies usually have a lean Talent Acquisition team

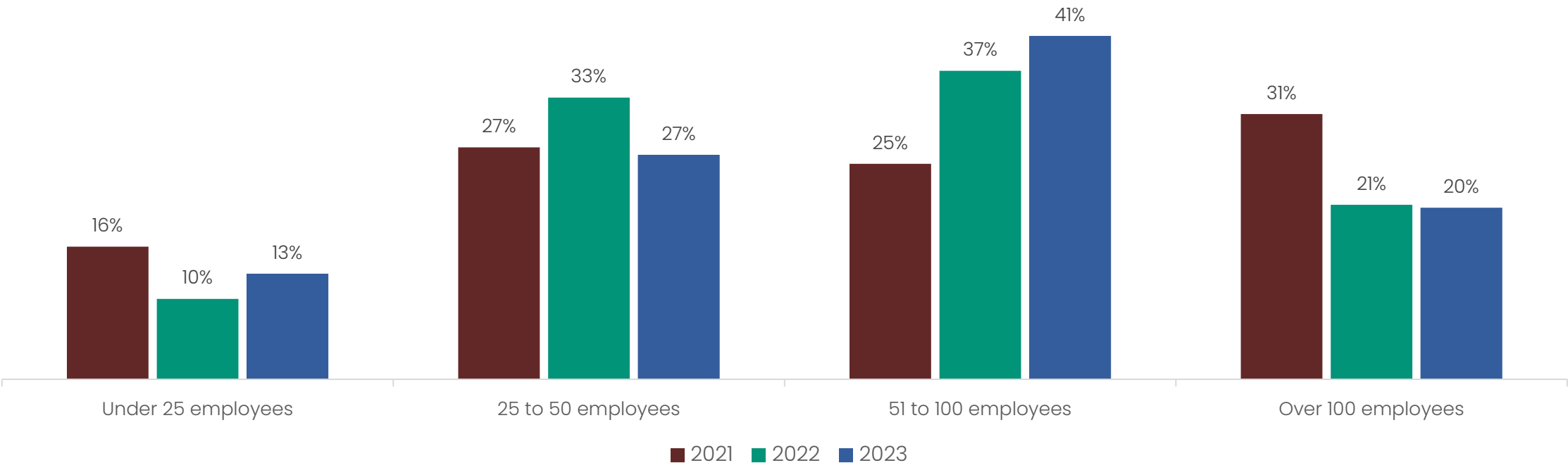
90% of companies either have fewer than five employees on their TA team or do not have one at all.

How many employees make up the Talent Acquisition (recruiting) team in your company?



Most hired an internal recruiter by 100 employees

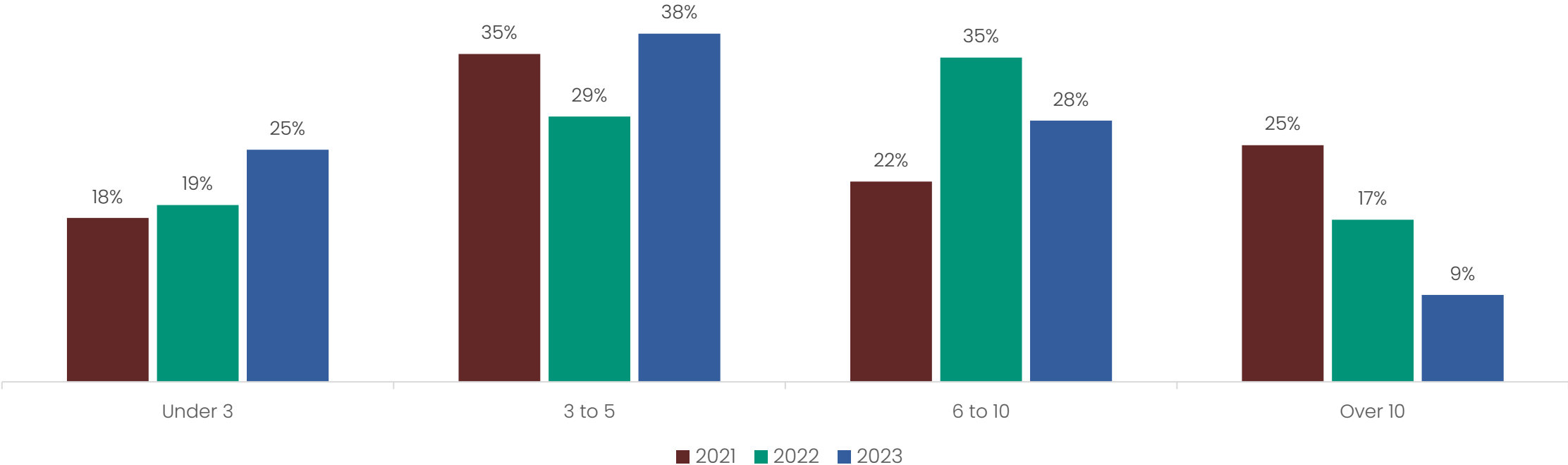
At what number of employees did you hire your first internal recruiter?



**Of companies with an internal TA team.*

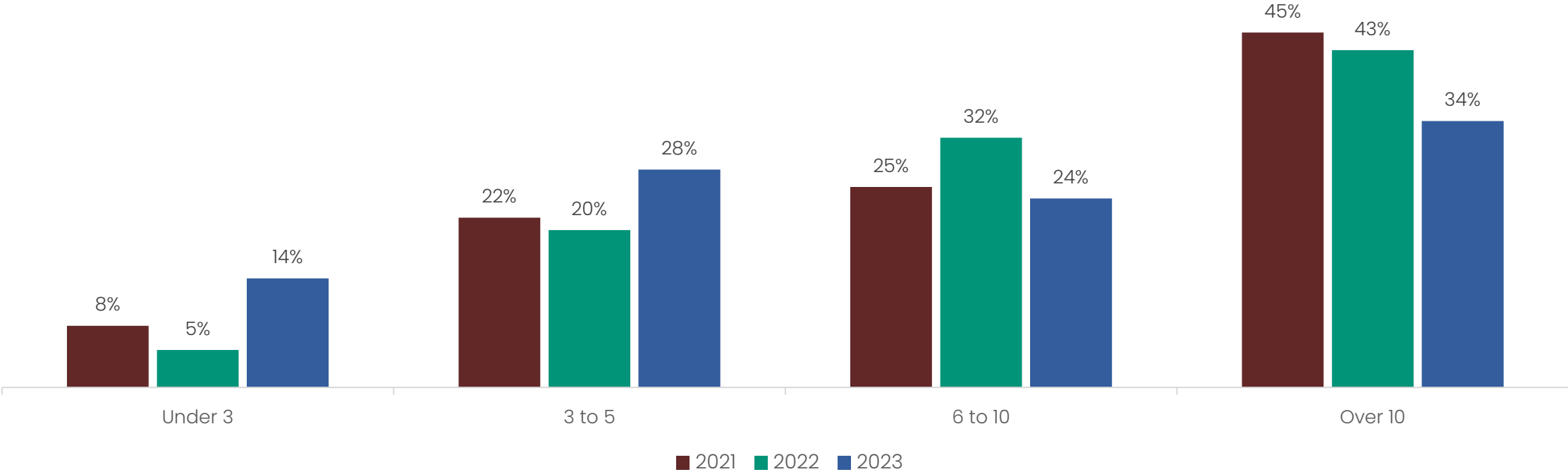
Technical recruiters filled fewer roles per quarter

For internal technical recruiters, what is the average number of roles filled per quarter?



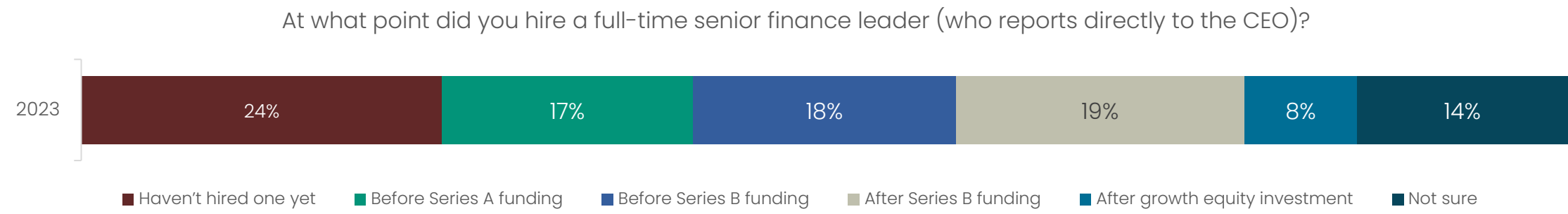
Non-technical recruiters also filled fewer roles

For internal non-technical recruiters, what is the average number of roles filled per quarter?



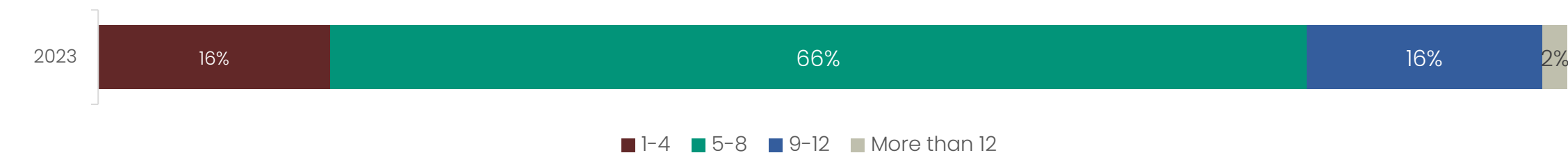
Company Structure

Almost 40% hired a head of finance before their Series B

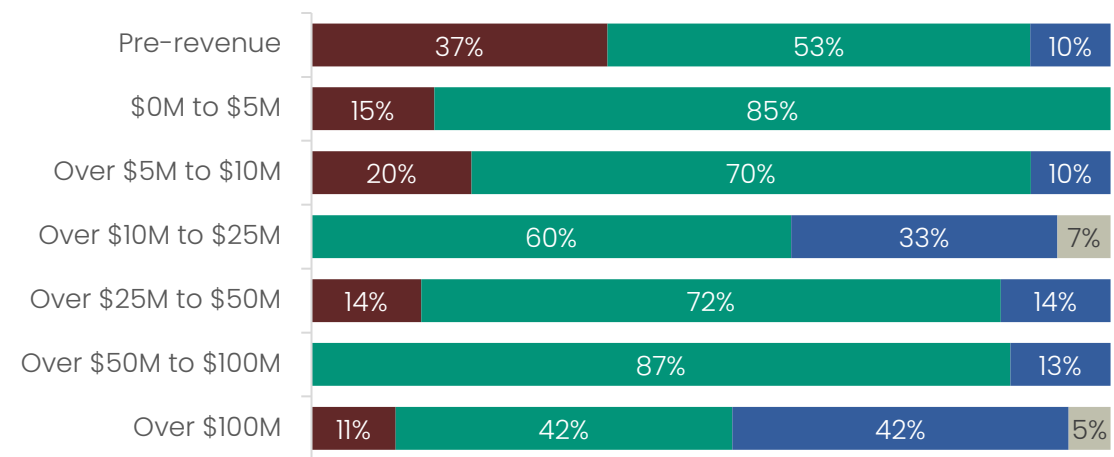


Two-thirds of CEOs have between 5-8 direct reports

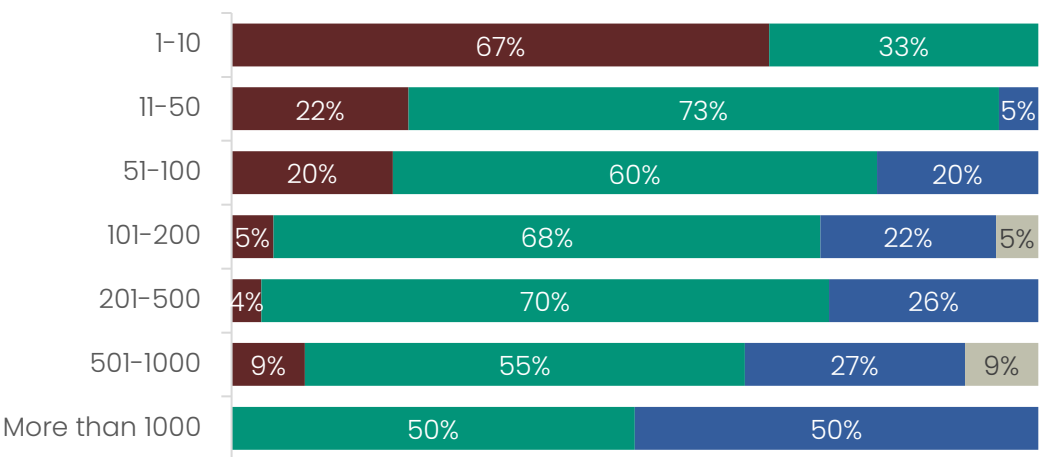
How many direct reports does your CEO have?



By Revenue

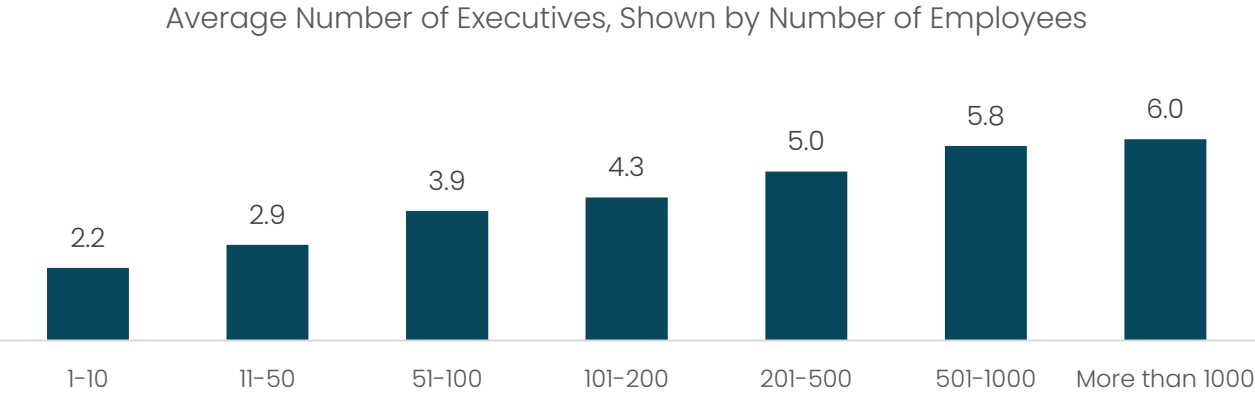
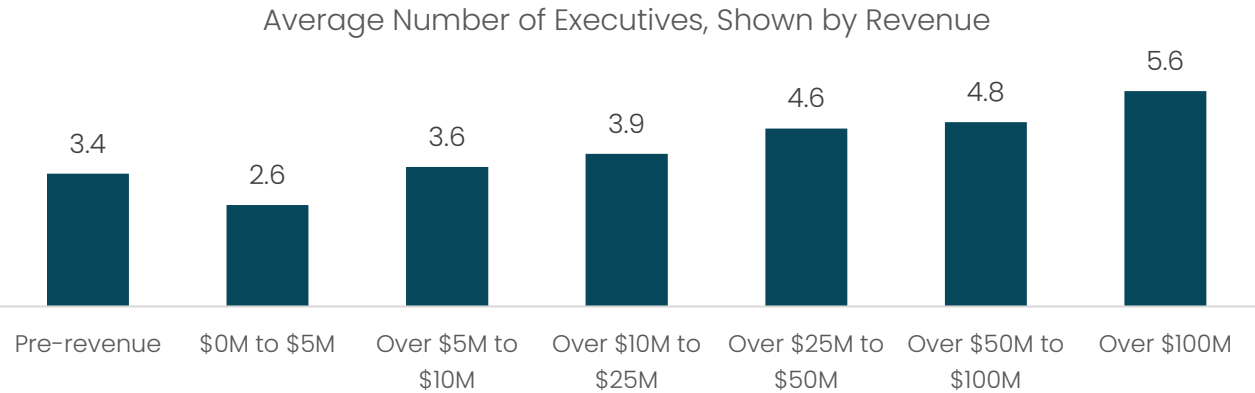
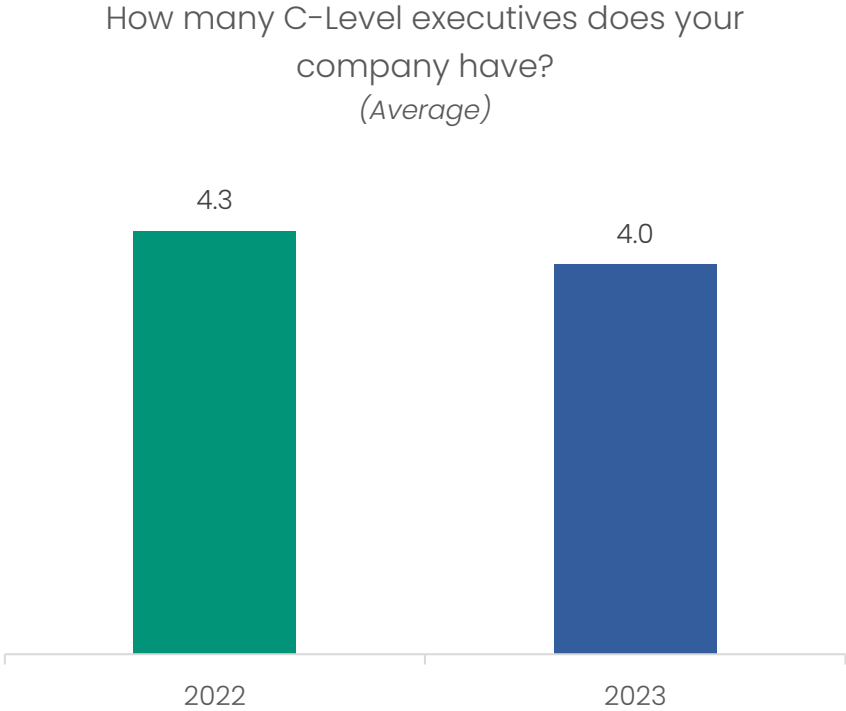


By Number of Employees

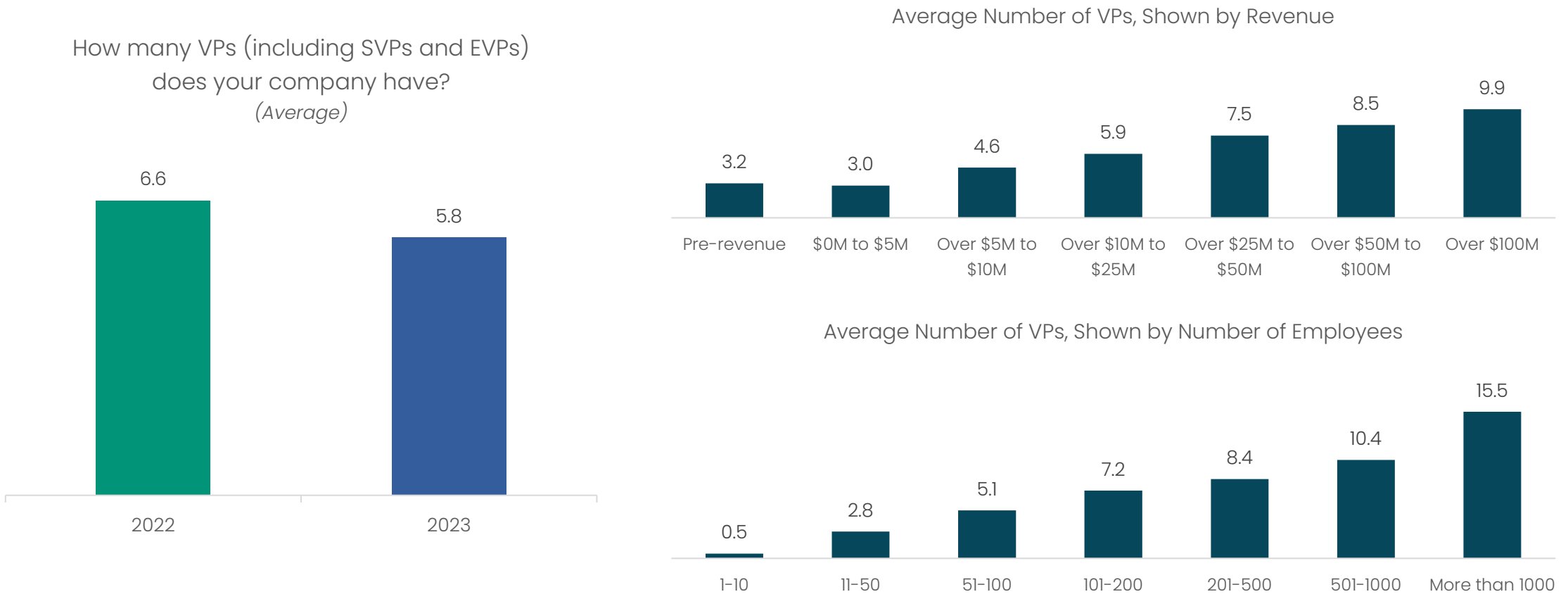


The C-Suite is most often made up of four executives

This is on par with results from 2022. As expected, the number of C-Level executives per company increases as revenue and headcount grows.



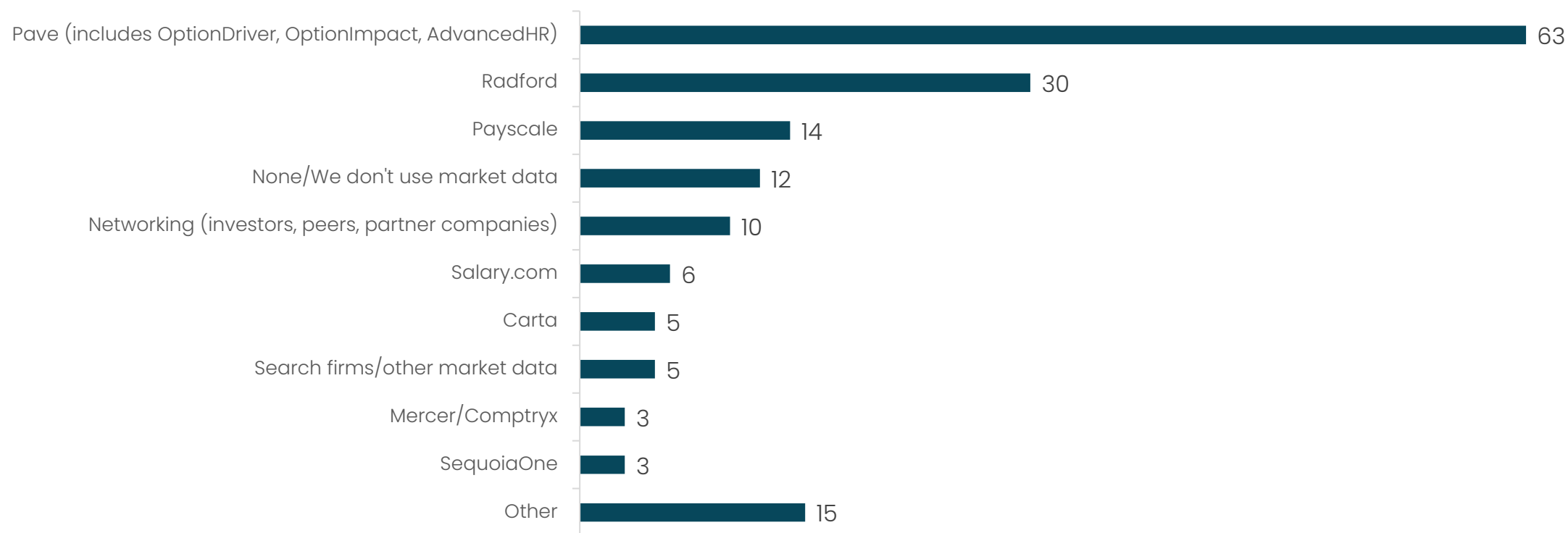
Number of VPs increases greatly as headcount grows



Systems & Tools

Most companies use Pave and Radford for comp data

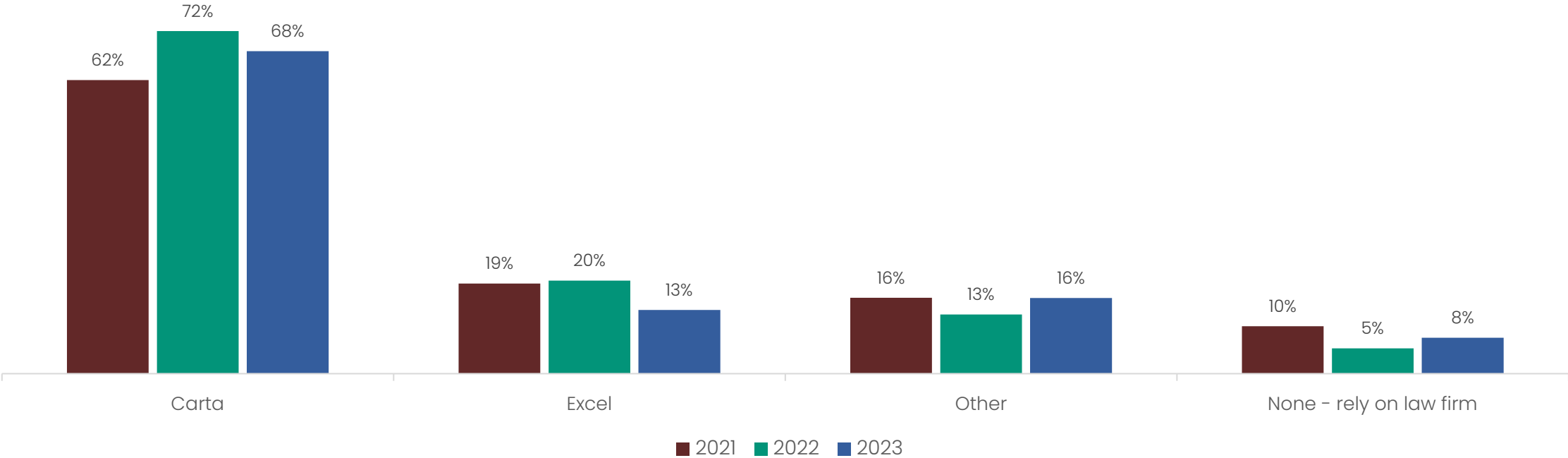
Which sources do you use for compensation data?
(Shown by number of mentions)



"Other" breakout (one mention each): ADP TotalSource, Biospace, CBIZ, Economic Research Institute, FW Cook, Gray Scalable, Hayes, Levels.fyi, McLagan, OPENCOMP, Pequity, Petri, Thelander

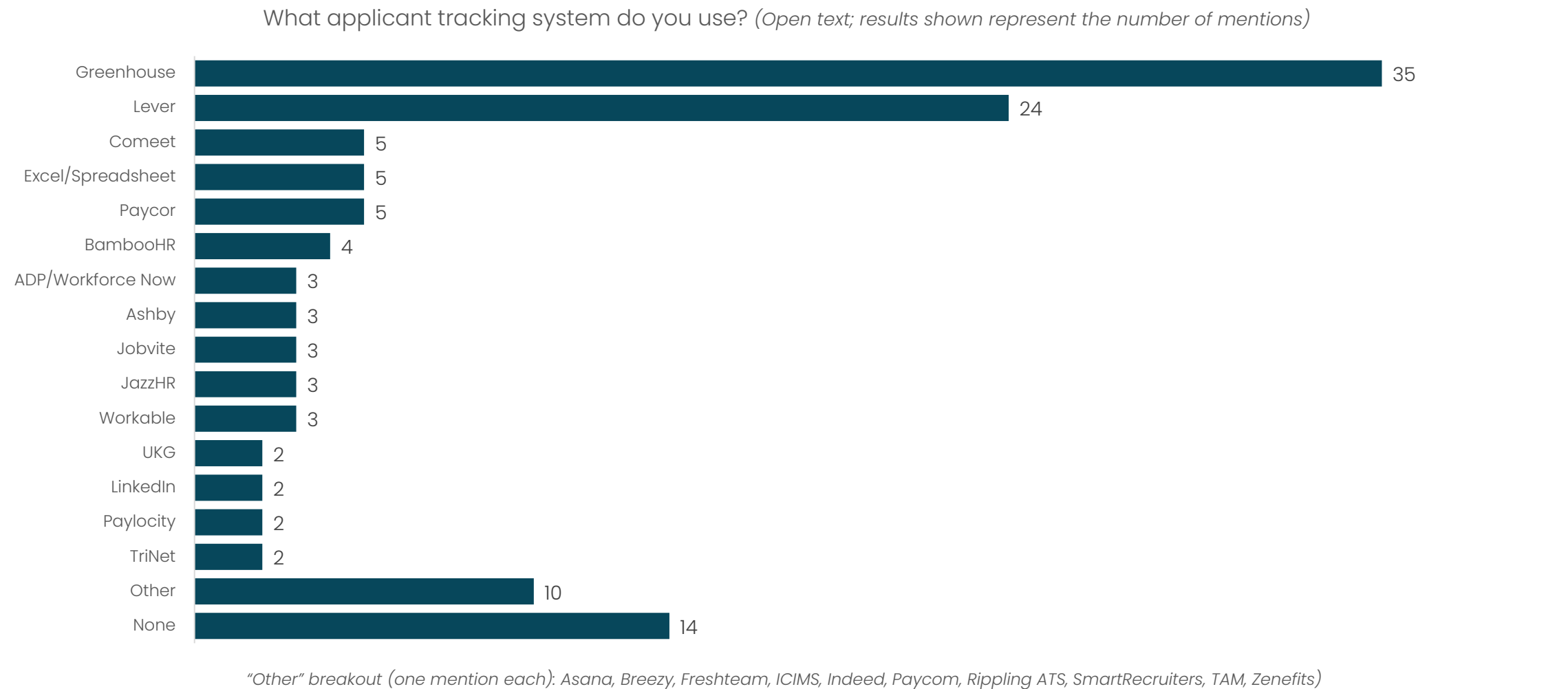
Companies typically use Carta to track stock options

Which tools do you use to track stock options?



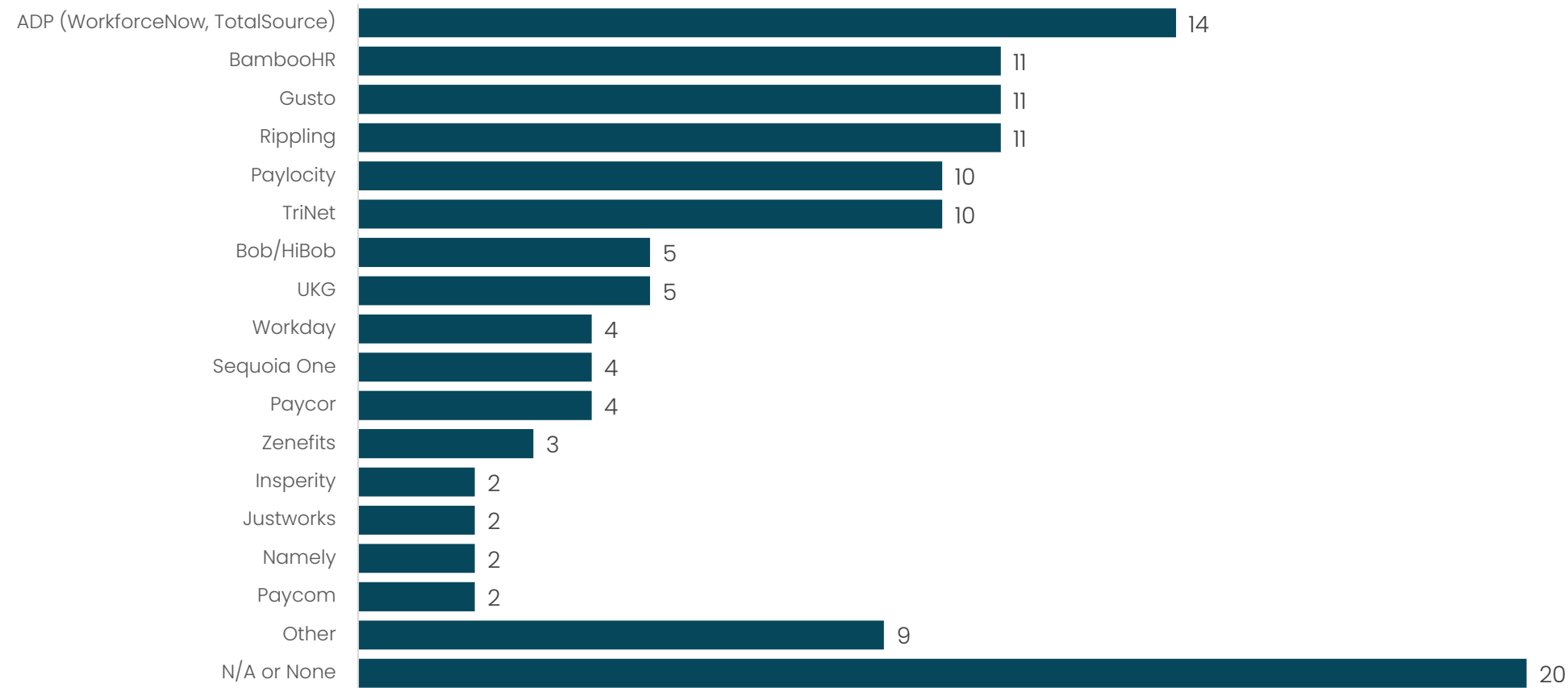
**Respondents were allowed to select more than one option.*

Greenhouse is the most-used applicant tracking system



There are a variety of common options for HRIS

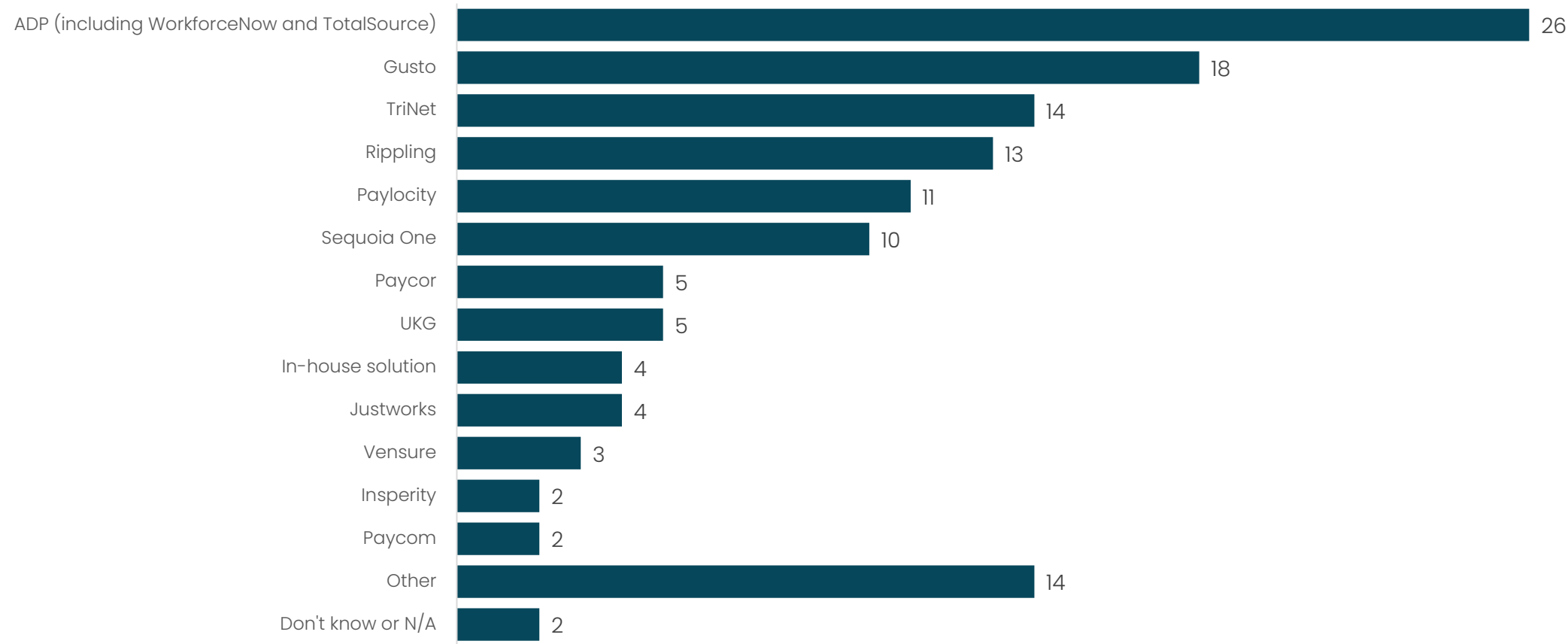
What HRIS do you use? (Open text; results shown represent the number of mentions)



"Other" breakout (one mention each): Darwinbox, Dayforce, Deel, GoCo, Greenhouse, Kallidus/Sapling, Paychex, PrismHR, TeamOhana

ADP and Gusto are the most common payroll providers

Who is your payroll provider? (Open text; results shown represent the number of mentions)



"Other" breakout (one mention each): AlphaStaff, BambooHR, Centricity, Ceridian, Deel, EDP, Launchways, Michpal, Namely, Netsuite, Paychex, Workday, Zenefits)

Most companies do not have a global HR provider

If you have a global HR provider, who is it? (Open text; results shown represent the number of mentions)



"Other" breakout (one mention each): Atlas, Briars Group, EoR Service, Globalization Partners, GoGlobal, Internal solution, Justworks, People 2.0, Remotely, Rippling, Sequoia, Tim Andres Associates, TurboHR, UKG Pro, US and European Business Services.

Disclosures

- The data in this report was collected from 128 Norwest portfolio companies between June 22 to July 25, 2023 by Savanta, a third-party, full-service market research company. Responses collected included 121 respondents who fully completed the survey and 7 respondents who partially completed the survey.
- Rapidly changing market conditions should be considered when reviewing this benchmarking data. This report is intended to be point of reference and should not be taken as a recommended course of action or legal advice.
- References to “companies” refers to portfolio companies surveyed through the 2023 Norwest Talent & People Benchmark Survey.
- Throughout this report, there may be references to statistically significant differences. This means that an observed difference has been mathematically determined to be an actual difference that did not occur due to random fluctuations in the data. Statistical testing was done at a 90% confidence level which means that there is at least a 90% probability that the difference did not occur due to chance.

