



2021 Senior Management Compensation Survey

Attached are the results of the 2021 River Cities Capital Senior Management Compensation Survey. Thirty-one private-growth companies from the healthcare and IT sectors participated in this year's survey. Companies provided data on compensation components – cash and stock – for senior management and independent directors, as well as data with respect to D&O insurance and audit expenses. Data was collected from [RCC](#) and [TripleTree](#) portfolio companies for 2021 compensation and company head count and TTM revenue are noted as close to December 2020 as possible. The survey data is illustrated in the exhibits attached.

Key Findings

CEO

The average base salary of CEOs is \$320k, with a target bonus of \$172k and 3.3% in options (or 18.4% of all options granted). Average salary increased by 1.7% over last year; target bonuses saw a 10.5% increase on average. Compensation appears to be normalizing to pre-Covid levels. In 2021, salaries remained relatively flat compared to 2019 however, bonuses increased by 9% leading to a slight increase in total cash compensation relative to pre-pandemic compensation.

While typically larger companies (measured by revenue and head count) generally pay higher salaries, head count did not correlate as strongly with compensation in our dataset and higher revenue companies showed only a slight correlation with higher cash compensation. Likely factors contributing to this dynamic are industry focus and geographic location. In terms of ownership, CEOs of larger companies with higher revenue and head count receive fewer options given the maturity of the company and higher value of the options.

Senior Management

Similar to the CEO compensation data, this analysis suggests that the total compensation of senior management teams have little correlation with head count and only a slightly higher correlation with revenue. On average, target bonuses and commissions provided 35% more compensation leverage over base salaries. CROs had the most variable compensation over base with 59%, respectively, followed closely by VP Sales (48%), CEO (43%), and Chief Customer Success Officer (38%).

D&O Insurance

D&O plans range from \$1M - \$7M in coverage, the most common plan being \$1M. Not surprisingly, the higher the coverage, the higher the premium paid.

Independent Director

According to the analysis, larger companies tend to offer a slightly smaller percentage of option ownership given the higher value of the options. Out of 14 companies with independent directors, six compensate with options only, three companies compensate with cash only and five compensate with both cash and options. The average option and cash compensation were 0.79% (options on a fully diluted basis) and \$27k per director per year, respectively.

Audit Fees

Companies with greater head count pay substantially higher audit fees. TTM revenue has a minimal impact on audit fees. Fees range from \$21k to \$106k; the average amount paid for audit fees is \$48k.

Workplace Flexibility

Given the new office/remote flexibility post Covid, we surveyed participants to see how they are handling workplace flexibility in a post-vaccine environment. 20% of companies surveyed require employees to be in the office five days per week; 50% of companies require employees to be in the office at least three days per week; and 30% of companies surveyed offer complete flexibility allowing employees to work from home or in person.

401K Plans

The average 401K match for employers surveyed is 3% of the employee's salary, ranging from 2% to 5%.

For further information about this report, please contact Britney Hamberg (bh@rccf.com).

2021 River Cities Capital Funds Senior Management Compensation Survey – Numeric Summary

Exhibit 1

Title	Annual Salary	Bonus @ 100% of Goal *	Commission @ 100% of Goal *	Total Cash @ 100% of Goal *	Percent of Option Pool**	Option Ownership**	Full Ownership^
CEO	31 \$320,254 \$120,000 \$589,387	25 \$172,225 \$51,500 \$450,000		31 \$459,145 \$120,000 \$900,000	22 18.39% 2.36% 32.52%	24 3.32% 0.22% 6.13%	27 6.32% 0.22% 29.76%
COO/President	16 \$279,894 \$150,000 \$375,000	12 \$126,656 \$50,000 \$281,250		16 \$374,887 \$150,000 \$656,250	9 10.37% 0.80% 19.97%	10 1.91% 0.38% 5.91%	13 3.54% 0.22% 9.72%
CFO	22 \$256,365 \$180,000 \$400,000	19 \$99,761 \$45,600 \$262,500		22 \$341,976 \$213,325 \$612,500	16 7.04% 2.52% 22.26%	16 1.06% 0.25% 2.64%	19 1.00% 0.25% 2.64%
CRO	8 \$242,427 \$159,000 \$300,000	4 \$117,250 \$9,000 \$240,000	3 \$226,667 \$75,000 \$445,000	8 \$386,052 \$224,994 \$697,500	8 5.86% 0.00% 11.96%	3 0.86% 0.11% 2.02%	3 0.86% 0.11% 2.02%
Controller	11 \$147,545 \$125,000 \$200,000	10 \$27,350 \$15,000 \$40,000		11 \$172,409 \$143,000 \$240,000	5 1.62% 0.00% 3.38%	6 0.17% 0.04% 0.32%	6 0.17% 0.04% 0.32%
CTO	21 \$248,975 \$165,000 \$370,000	17 \$71,540 \$25,000 \$148,000		21 \$306,888 \$165,000 \$518,000	12 6.63% 2.33% 25.00%	13 0.90% 0.04% 1.99%	16 2.26% 0.31% 17.82%
VP Development	12 \$222,830 \$167,260 \$275,000	10 \$75,376 \$9,000 \$125,000		12 \$283,789 \$145,000 \$375,000	9 4.82% 1.90% 7.14%	9 0.73% 0.21% 1.30%	9 0.75% 0.21% 1.30%
VP Bus Dev	11 \$208,180 \$138,375 \$375,000	9 \$73,638 \$20,756 \$281,250	2 \$65,872 \$16,743 \$115,000	11 \$273,711 \$159,131 \$656,250	8 4.34% 1.18% 8.66%	9 0.72% 0.08% 1.50%	10 0.71% 0.08% 1.50%
Chief Customer Success Officer	4 \$263,407 \$150,000 \$466,100	2 \$143,178 \$30,000 \$256,355	1 \$110,000 \$110,000 \$110,000	4 \$362,496 \$180,000 \$722,455	3 2.52% 1.05% 4.67%	3 0.23% 0.10% 0.44%	3 0.23% 0.10% 0.44%
VP Marketing	15 \$214,446 \$120,000 \$286,000	12 \$52,832 \$17,000 \$100,000	1 \$56,250 \$56,250 \$56,250	15 \$260,462 \$120,000 \$371,800	10 3.70% 0.60% 12.93%	12 0.46% 0.03% 1.49%	12 0.60% 0.03% 1.49%
VP Sales	14 \$213,870 \$80,000 \$315,180	10 \$57,382 \$9,000 \$140,000	6 \$141,525 \$63,150 \$200,000	14 \$315,511 \$80,000 \$520,180	11 3.37% 1.65% 6.70%	10 0.59% 0.15% 1.15%	11 0.58% 0.08% 1.44%
Totals	\$2,618,194	\$1,017,187	\$600,313	\$3,537,325	69%	11%	17%
31 Companies Participating				35% Leverage Over Base @ 100% of Goal			
Independent Directors	7 \$27,000 \$6,000 \$60,000	NA NA NA	NA NA NA	7 \$27,000 \$6,000 \$60,000	NA NA NA	NA NA NA	9 0.79% 0.13% 2.00%

* Note: Bonus and Commission averages were computed only across those companies identifying bonus or commission, and therefore reflect the averages only in cases where they were awarded. Therefore, in most cases, average Annual Salary, Bonus and Commission will not sum to average Total Cash Compensation.

** Note: Percent of Option Pool measures the portion of the option pool allocated to the title. The corresponding total provides a measure of the concentration of the option pool within the senior management. Option Ownership is on a fully diluted basis. Senior managers that do not receive options are not included in this data; the number of senior managers is reported in the number of observations.

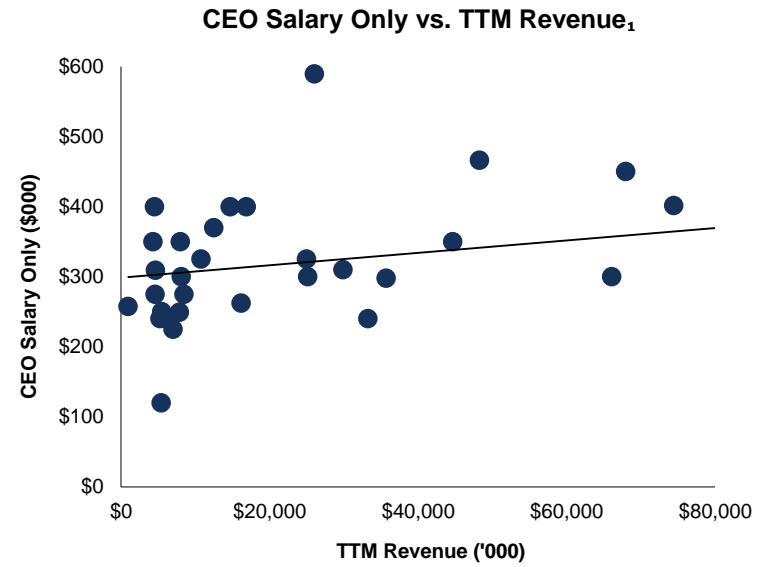
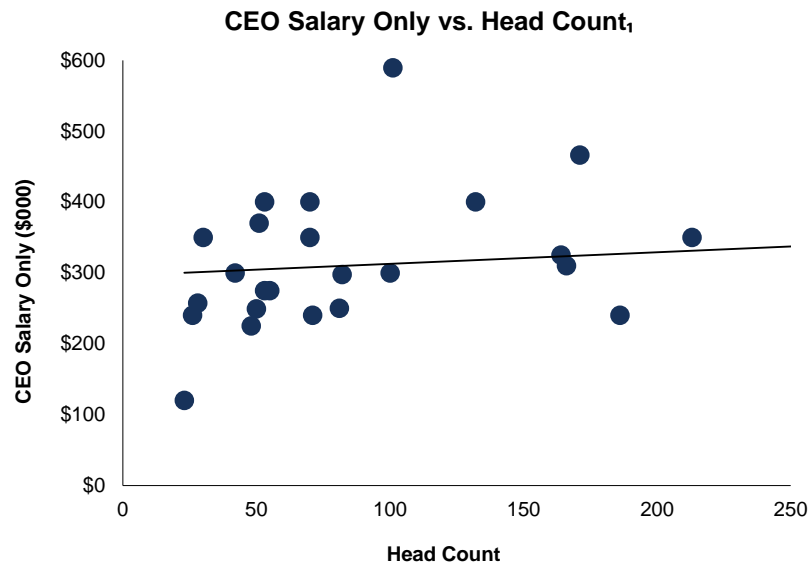
^ Full Ownership is Option Ownership plus Stock Ownership outside of the option pool.

KEY:

Title/Position No. of Observations Average Val
Min Val Max Val

Exhibit 2a

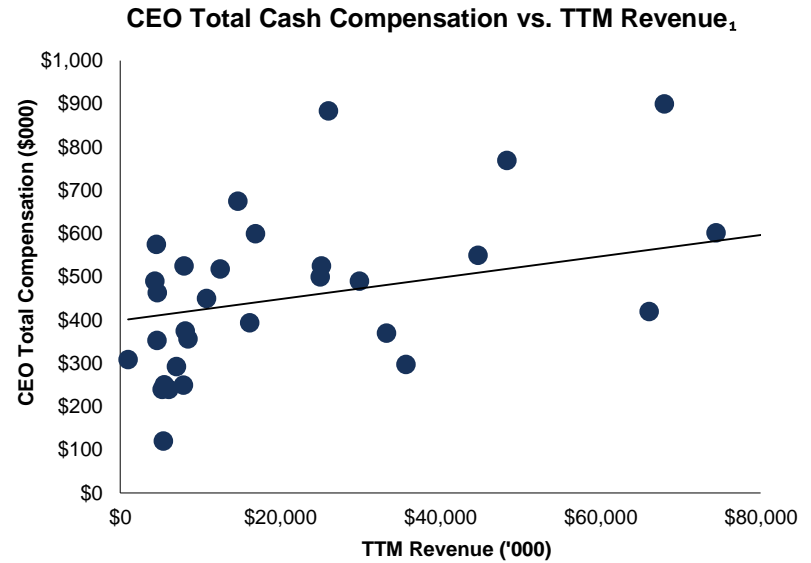
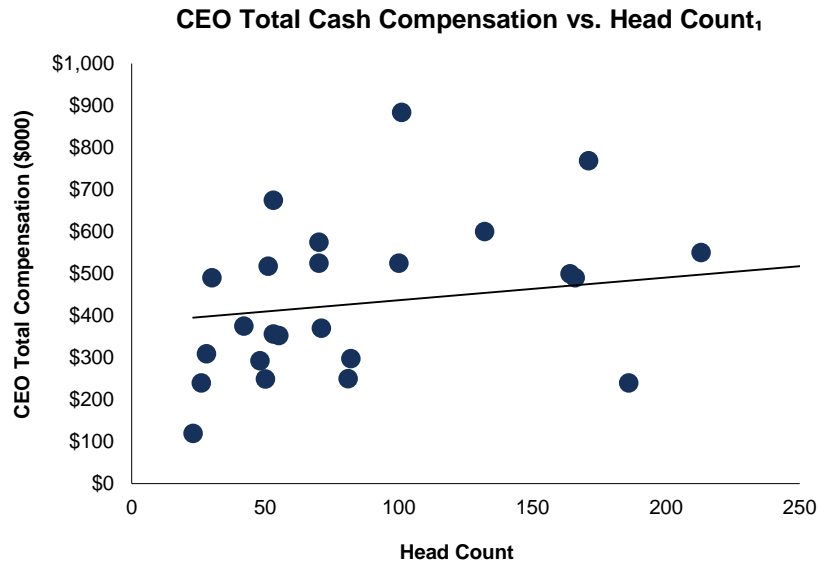
Exhibit 3a



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Exhibit 2b

Exhibit 3b



¹Five companies with head count greater than 250 have been excluded.

²One company with revenue greater than \$80M has been excluded.

Exhibit 4a

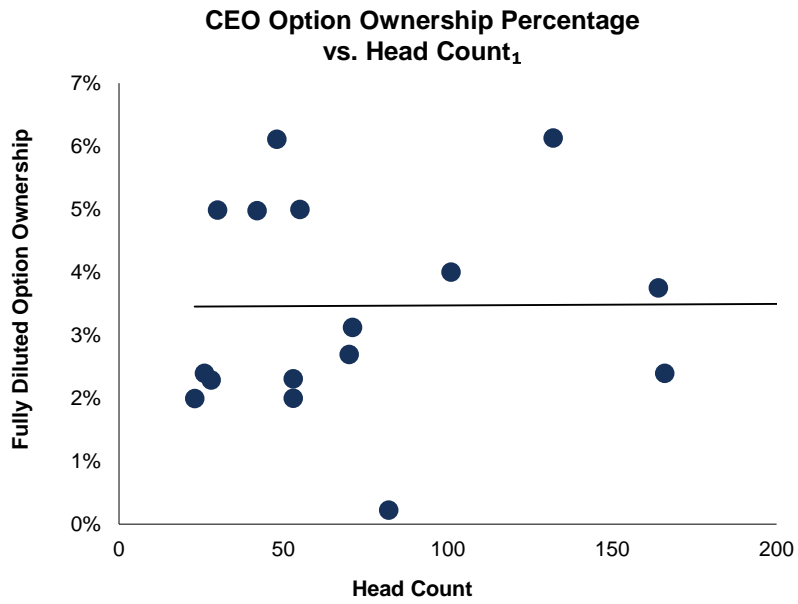


Exhibit 5a

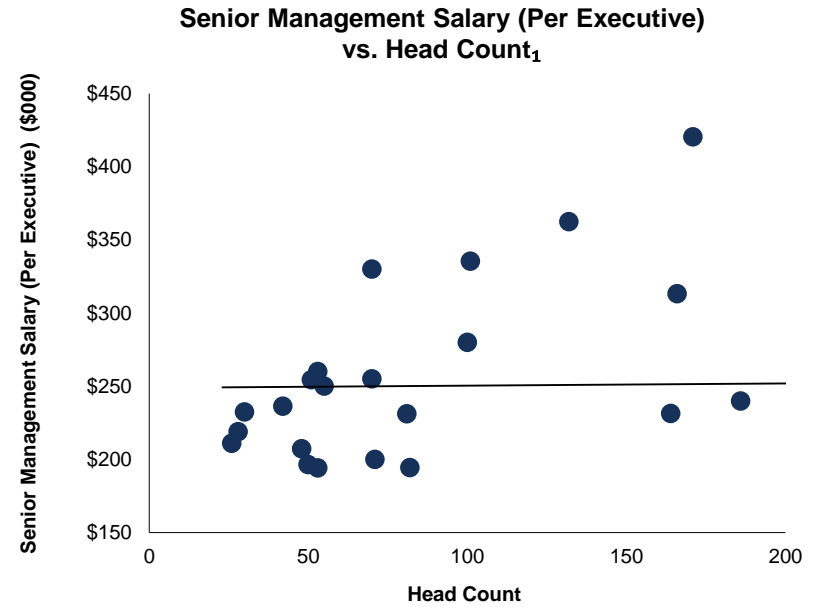


Exhibit 4b

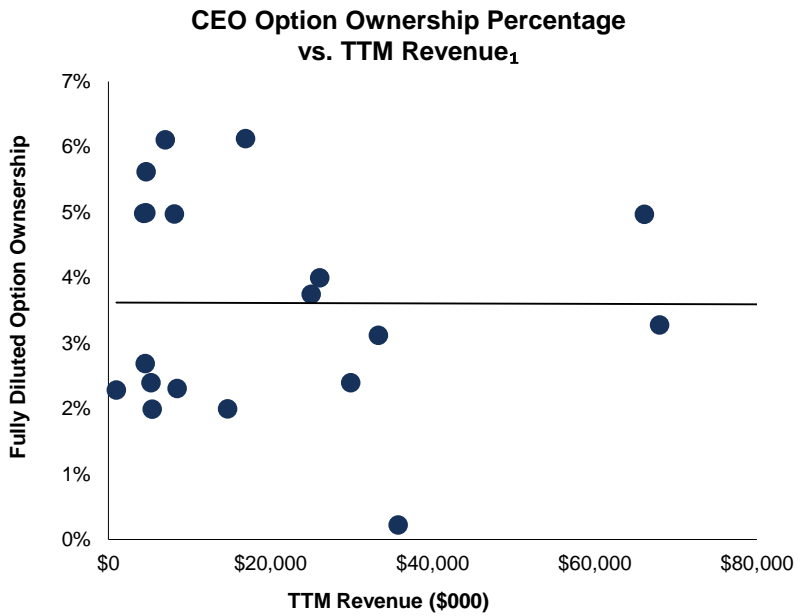
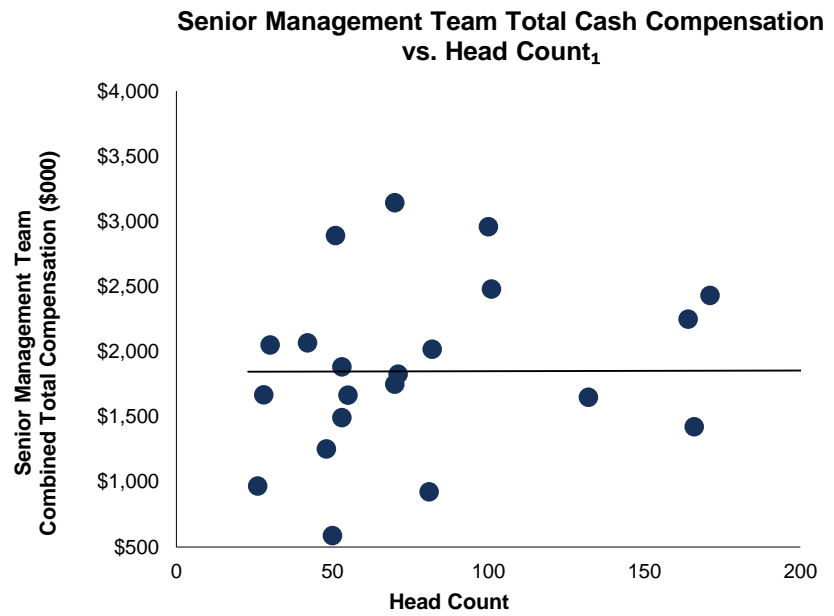


Exhibit 5b



¹Six companies with head count greater than 250 have been excluded.

²One company with revenue greater than \$80M has been excluded.

Exhibit 6a

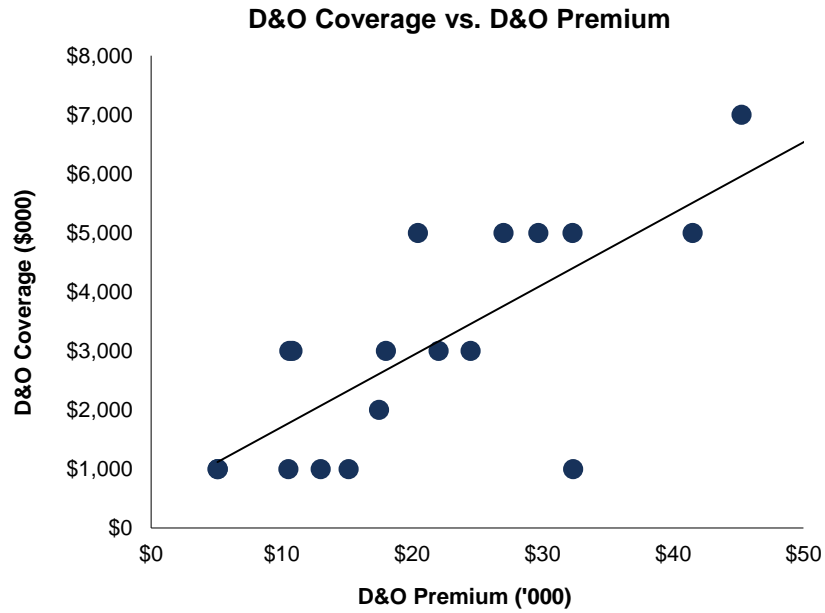


Exhibit 6c

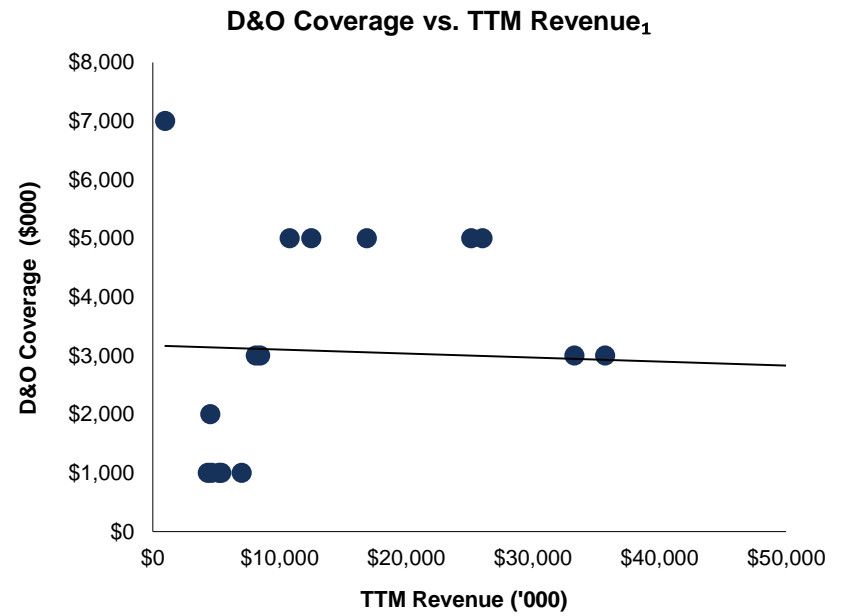


Exhibit 6b

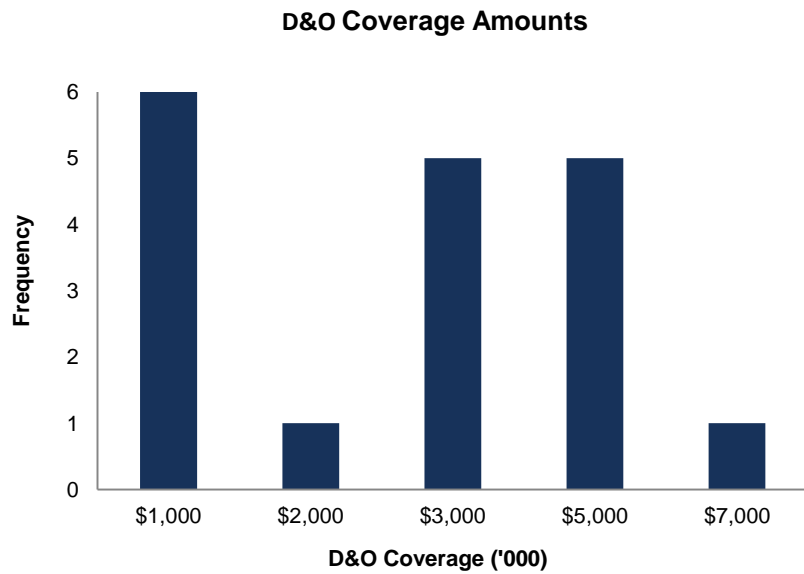
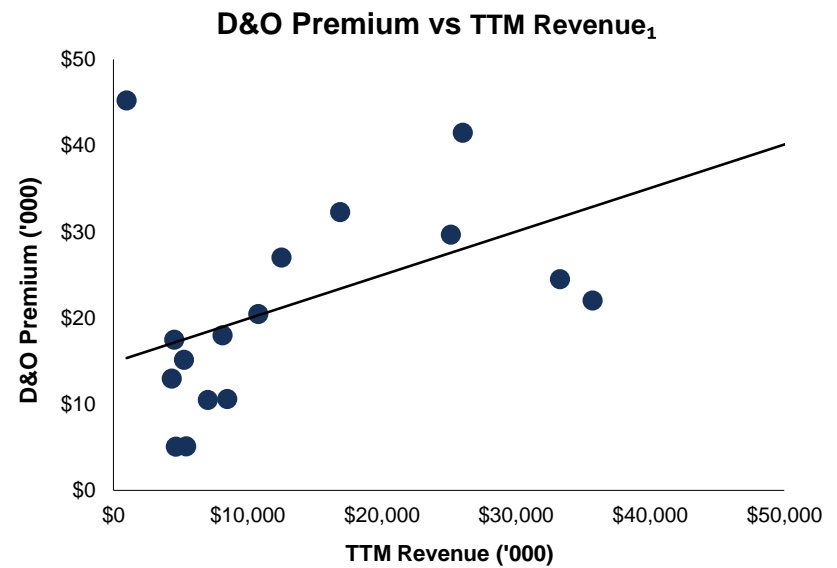


Exhibit 6d

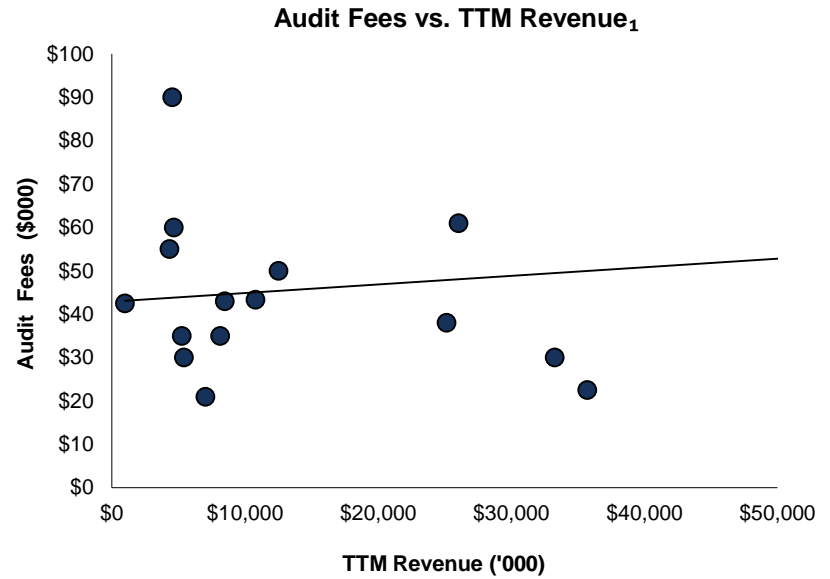
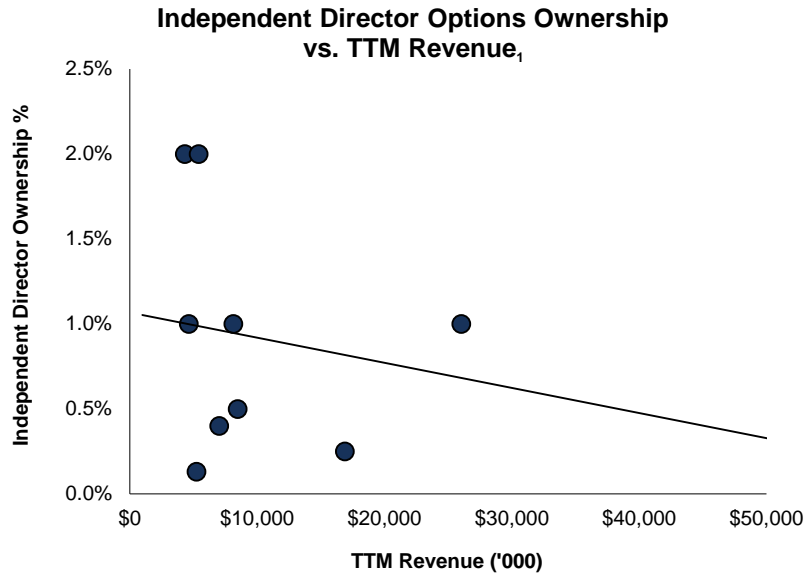


¹One company with a D&O Premium greater than \$50k has been excluded.

²Four Companies with revenue greater than \$50M has been excluded.

Exhibit 7a

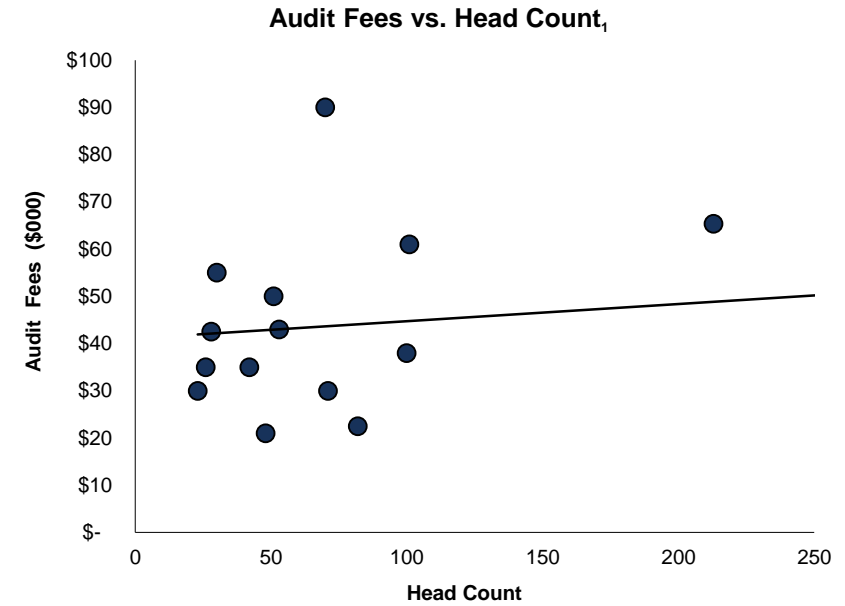
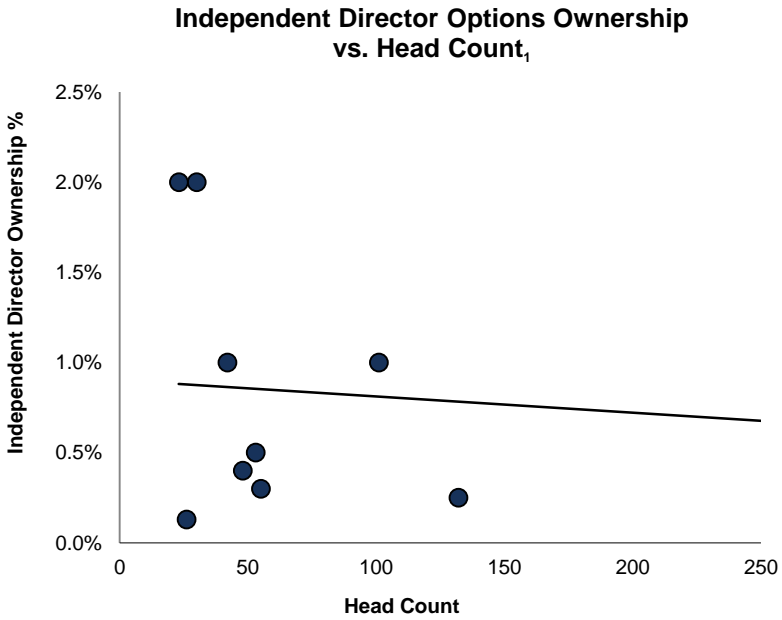
Exhibit 8a



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Exhibit 7b

Exhibit 8b



¹Five companies with head count greater than 250 have been excluded.

²Four companies with revenue greater than \$50M has been excluded.