

# 2017 Executive Compensation Trend Report



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We are pleased to present the 2017 Executive Compensation Trend Report based on data from our 2017 VC Executive Compensation Survey. With the help of sponsoring venture firms, data was collected from 2333 private, venture-backed companies between mid-August and mid-September 2017.

The 2017 VC Executive Compensation Survey was sponsored by the following venture firms:



## 2017 Executive Compensation Trends

In 2017, 2333 private company participants reported 11696 executive jobs, representing an increase of +49% in companies and +33% in jobs when compared to the 2016 survey.



**TECHNOLOGY**  
**87.1%** of total  
 2031 Companies



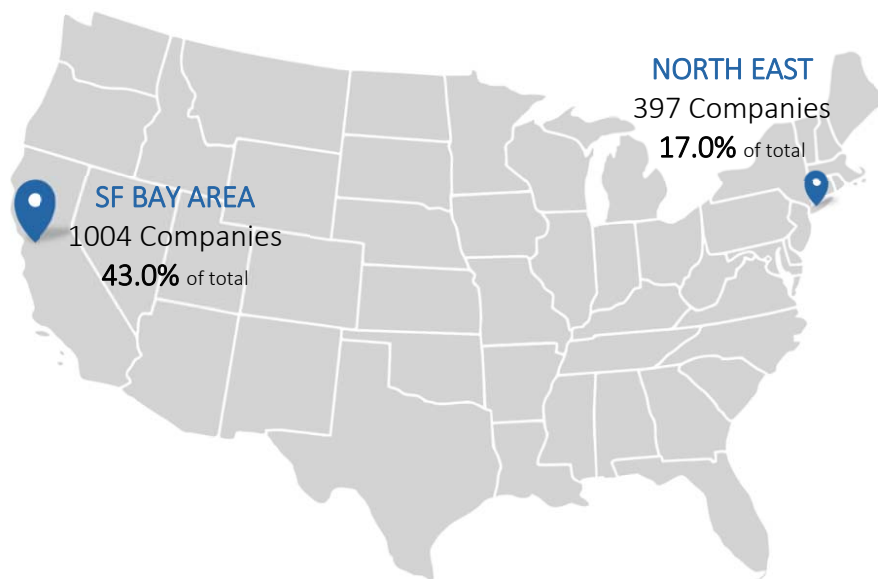
**LIFE SCIENCES**  
**12.9%** of total  
 302 Companies

Participants provided data on cash and equity compensation as well as metrics including total capital raised, most recent funding round, estimated current annual revenue, estimated company value, stage of development and number of employees.

### Survey Demographics

#### 2017 Geographic Distribution

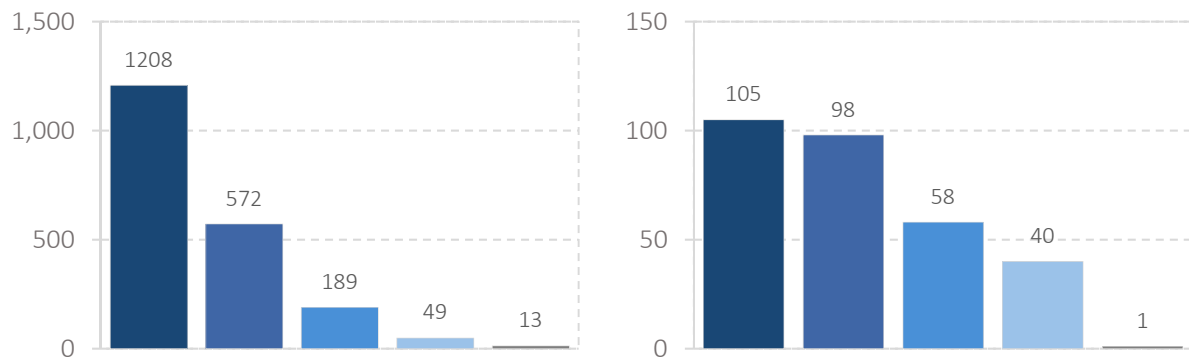
The SF Bay Area remained the largest region represented in the survey. The SF Bay Area represented 43.0% of the 2017 survey, a slight decrease compared to the 44.8% representation in the 2016 survey.



UNITED STATES REGIONS	COUNT	% TOTAL	INTERNATIONAL COUNTRIES & REGIONS	COUNT	% TOTAL
SF BAY AREA	1004	43.0%	CANADA	159	6.8%
NORTH EAST	397	17.0%	UNITED KINGDOM	123	5.3%
PACIFIC NW	116	5.0%	ISRAEL	31	1.3%
SO. CALIFORNIA	103	4.4%	INDIA	16	0.7%
CENTRAL/MIDWEST	89	3.8%	OTHER EU	63	2.7%
MID-ATLANTIC	61	2.6%	OTHER APAC	13	0.6%
MOUNTAIN	56	2.4%	OTHER COUNTRIES	12	0.5%
SOUTH WEST	56	2.4%			
SOUTH EAST	34	1.5%			

### Industry Sector Distribution

The 2017 industry distribution within the Technology and Life Science sectors was similar to the 2016 distribution. As shown in the table below, Enterprise continued to have the largest representation at 51.8%.

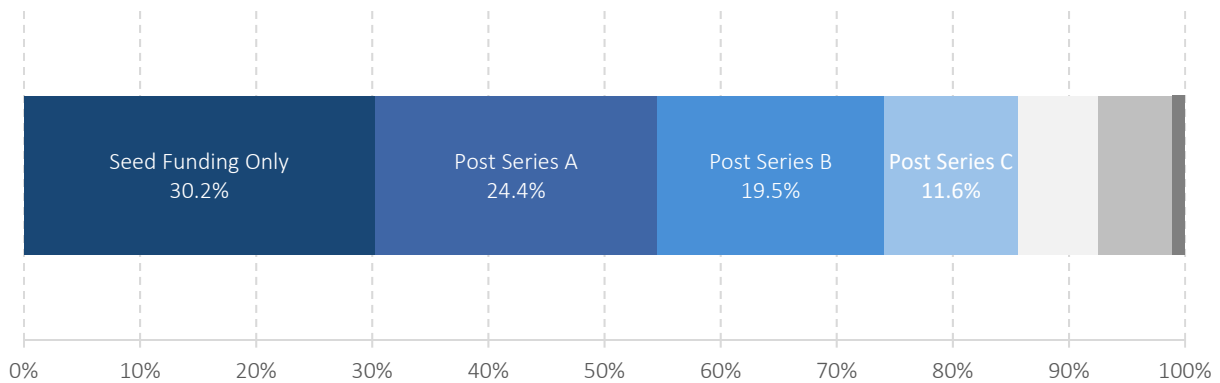


TECHNOLOGY SECTOR		#	%
ENTERPRISE	1208	51.8%	
CONSUMER	572	24.5%	
HARDWARE / DEVICE	189	8.1%	
CLEAN TECH	49	2.1%	
OTHER TECHNOLOGY	13	0.6%	

LIFE SCIENCES SECTOR		#	%
BIOTECH & PHARMACEUTICAL	105	4.5%	
HEALTHCARE INFO TECH	98	4.2%	
MED. DEVICE & DIAGNOSTIC	58	2.5%	
HEALTHCARE SERVICES	40	1.7%	
OTHER LIFE SCIENCES	1	0.0%	

### Funding Round

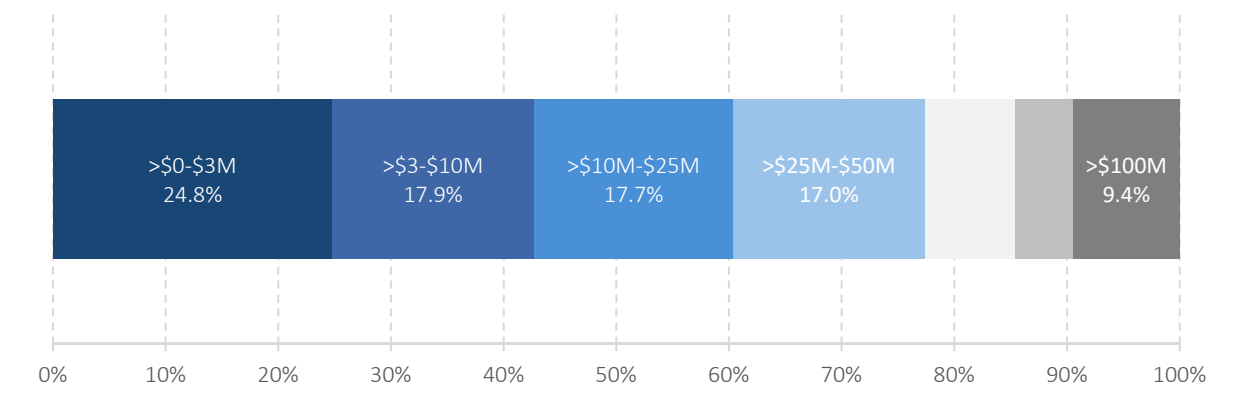
Survey participation from companies with a seed round only increased significantly from 17.1% of the data set in 2016 to 30.2% of the 2017 surveyed companies.



FUNDING ROUND	COUNT	% TOTAL
SEED FUNDING ONLY	705	30.2%
POST SERIES A	568	24.4%
POST SERIES B	455	19.5%
POST SERIES C	270	11.6%
POST SERIES D	161	6.9%
5+ ROUNDS OF FUNDING	149	6.4%
GROWTH CAPITAL ONLY	25	1.1%

### Cumulative Capital Raised

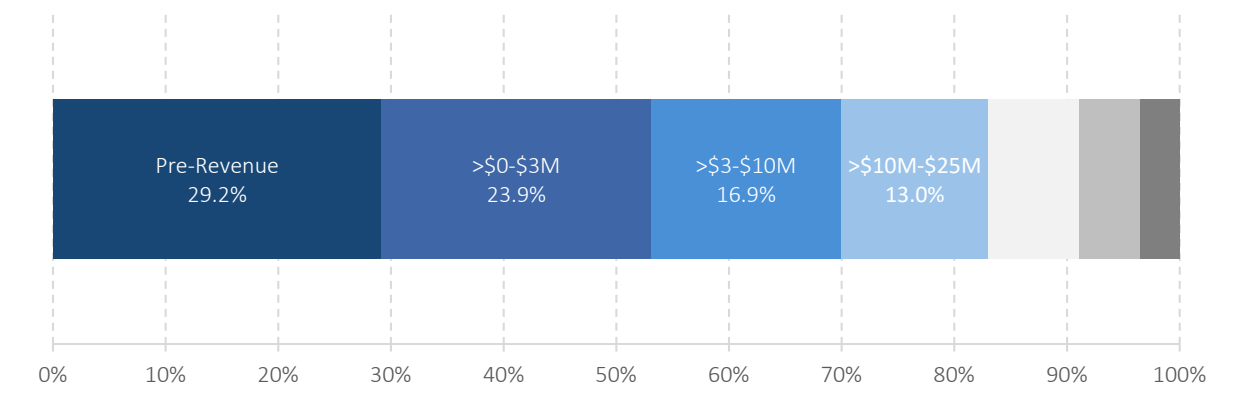
Lesser capital raised increased proportionally to the increase in seed round companies with the majority in the two categories under \$10M. Distribution in all other categories was comparable to the survey distribution in 2016.



CAPITAL RAISED	COUNT	% TOTAL
>\$0-\$3M	579	24.8%
>\$3-\$10M	417	17.9%
>\$10M-\$25M	413	17.7%
>\$25M-\$50M	396	17.0%
>\$50M-\$75M	188	8.1%
>\$75M-\$100M	120	5.1%
>\$100M	220	9.4%

### Estimated Annual Revenue for Current Fiscal Year

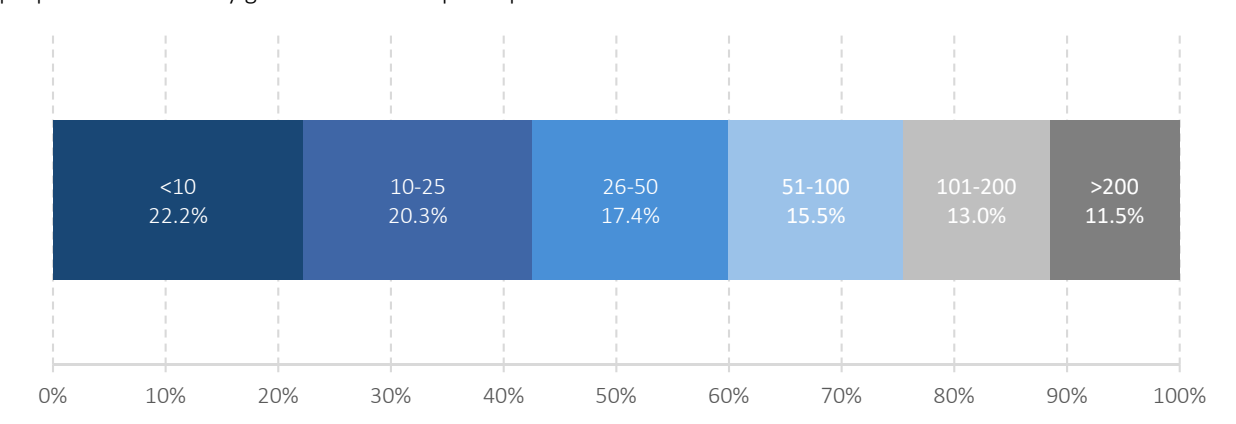
In 2017, the lowest revenue category was split into \$0 - \$3M and \$3M - \$10M. Distribution increased for the pre-revenue companies commensurate with the increase of seed company participation. All other categories grew consistently with the increase in survey population.



EST. REVENUE	COUNT	% TOTAL
PRE-REVENUE	681	29.2%
>\$0M-\$3M	558	23.9%
>\$3M-\$10M	394	16.9%
>\$10M-\$25M	304	13.0%
>\$25M-\$50M	188	8.1%
>\$50M-\$100M	125	5.4%
>\$100M	83	3.6%

### Number of Employees

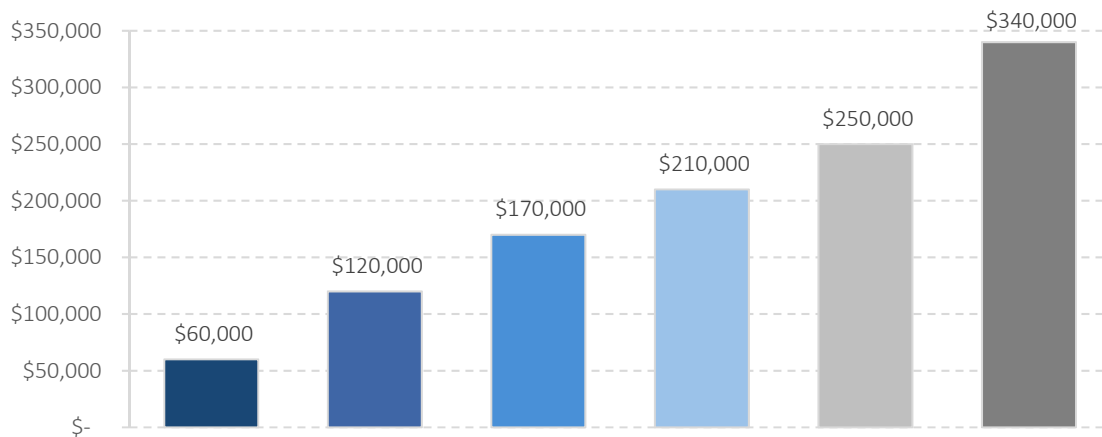
With the exception of seed companies in the lesser categories, all other survey categories increased roughly proportional to survey growth over 2016 participation.



# OF EMPLOYEES	COUNT	% TOTAL
<10	519	22.3%
10-25	474	20.3%
26-50	406	17.4%
51-100	362	15.5%
101-200	303	13.0%
>200	269	11.5%

### Revenue Rate per Employee

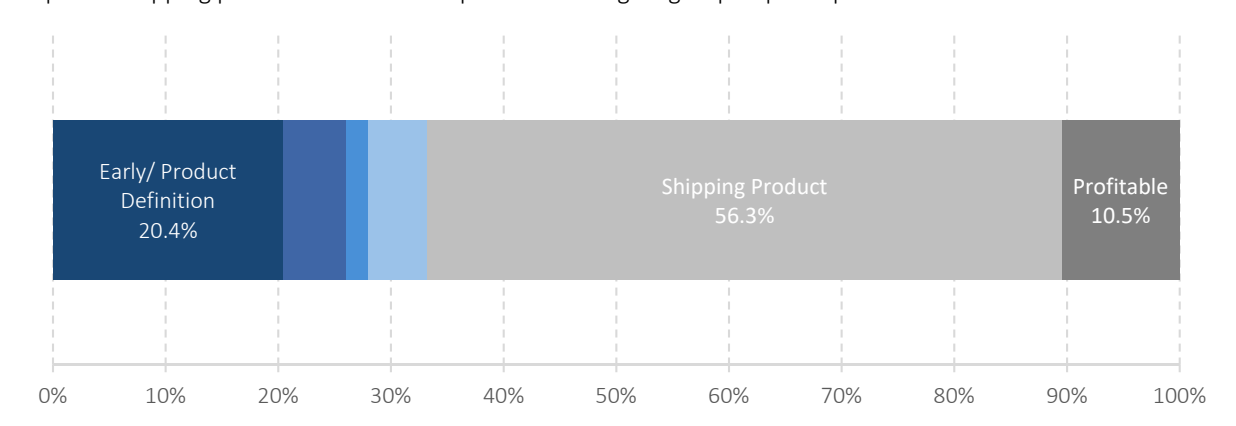
The data provided below is for median revenue per employee by revenue grouping. In 2017, the median revenue per employee decreased slightly from \$360K per employee to \$340K per employee for companies with estimated annual revenues of more than \$100M.



EST. ANNUAL REVENUE	COUNT	MEDIAN # EMPLOYEES	MEDIAN REVENUE PER EMPLOYEE
>\$0M-\$3M	558	23	\$60,000
>\$3M-\$10M	394	50	\$120,000
>\$10M-\$25M	304	100	\$170,000
>\$25M-\$50M	188	178	\$210,000
>\$50M-\$100M	125	300	\$250,000
>\$100M	83	500	\$340,000

### Stage of Development

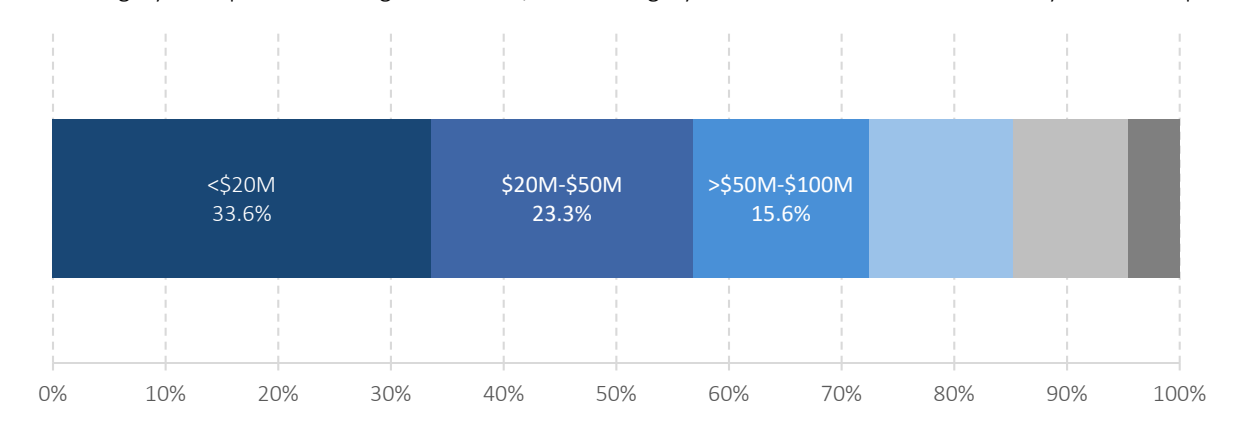
Survey distribution by stage of development in 2017 shifted to the earlier product development stages. However, companies shipping product continue to represent the largest group of participants.



STAGE OF DEVELOPMENT	COUNT	% TOTAL
EARLY / PRODUCT DEFINITION	477	20.4%
PRODUCT DEVELOPMENT	131	5.6%
CLINICAL TRIALS	45	1.9%
PRODUCT IN BETA	123	5.3%
SHIPPING PRODUCT	1313	56.3%
PROFITABLE	244	10.5%

### Estimated Company Value

In 2017, the lesser value data sets grew commensurate with the increase in the seed stage population. The largest value category was split to show a greater than \$500M category that will be used for further analysis in this report.



COMPANY VALUE	COUNT	% TOTAL
<\$20M	783	33.6%
\$20M-\$50M	534	23.2%
>\$50M-\$100M	363	15.6%
>\$100M-\$200M	300	12.8%
>\$200M-\$500M	238	10.2%
>\$500M	106	4.6%

## Survey Population Overview

In 2017, companies reported 35% of the 11,696 executive jobs as founders. As seen in previous years, founders' compensation varied dramatically by position with heavier populations in the CEO and CTO positions.

TITLE	COUNT	% FOUNDER	% NON-FOUNDER	TITLE	COUNT	% FOUNDER	% NON-FOUNDER
Chief Executive Officer	2315	82%	18%	VP Quality	17	0%	100%
President (separate from CEO)	183	63%	37%	VP Manufacturing	53	6%	94%
Chief Business Officer	47	30%	70%	VP Design	80	33%	68%
Chief Operating Officer	534	44%	56%	VP Operations	314	9%	91%
Chief Technology Officer	1293	66%	34%	VP Engineering	860	13%	87%
Chief Med Officer, Med Director	65	25%	75%	VP Clinical/Regulatory	60	8%	92%
Chief Scientific Officer	114	48%	52%	VP Research	172	13%	87%
Chief Financial Officer	621	5%	95%	VP Finance	341	1%	99%
Chief Marketing Officer	295	9%	91%	VP Marketing	532	6%	94%
Chief Product Officer	292	48%	52%	VP Product	620	21%	79%
Chief Revenue Officer	216	12%	88%	VP Sales	727	2%	98%
Chief Business Dev Officer	38	29%	71%	VP Business Development	441	17%	83%
Chief Customer Officer	59	20%	80%	VP Service and Support	303	7%	93%
Chief Administrative Officer	11	9%	91%	VP Administration	12	0%	100%
Chief People Officer	56	4%	96%	VP Human Resources	233	0%	100%
Chief Legal Officer	72	7%	93%	VP Legal	188	1%	99%
Other C-Level	96	53%	47%	Other VP	99	13%	87%
GM - International/Regional	106	12%	88%	Executive Scientist/Architect	101	51%	49%
GM - Business Unit/Other	93	3%	97%	VP Consulting	37	0%	100%

## Analysis of CEO Cash and Equity Compensation in 2017

The table below shows 2017 median cash and equity compensation for six developmental cuts of survey data.

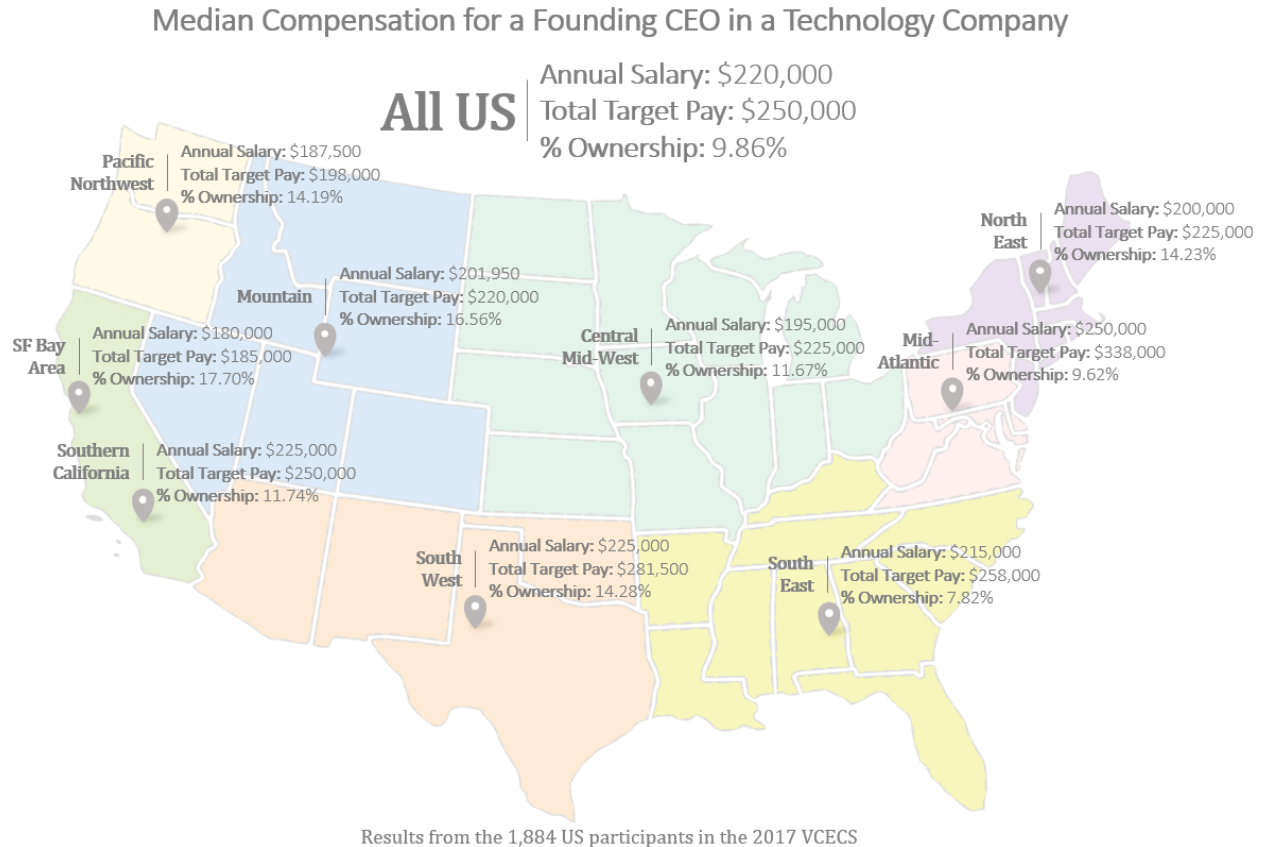
- In earlier stage, pre-revenue companies (includes Seed Funding Only, Post Series A and Post Series B), founding CEO cash was significantly less than non-founders, while equity holdings remained about 5 times higher overall.
- In companies with revenue (includes Shipping Product and Profitable), founding CEO cash increased to a weighted average of 50% less than their non-founding counterparts while equity holdings decreased to about 3 times that of their non-founding counterparts.
- With the possible exception of companies having only seed funding, hiring the CEO talent needed for growth appears as a consistent practice regardless of stage of development.

	FOUNDING CEO COMPENSATION				NON-FOUNDING CEO COMPENSATION			
	COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL PAY	MEDIAN % EQUITY HELD	COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL PAY	MEDIAN % EQUITY HELD
<b>PRE-REVENUE COMPANIES</b>								
SEED FUNDING ONLY	488	\$84,500	\$89,000	31.9%	5	\$300,000	\$400,000	15.6%
POST SERIES A	92	\$200,000	\$203,974	23.2%	16	\$358,000	\$456,250	5.0%
POST SERIES B	23	\$240,113	\$250,000	13.7%	16	\$340,000	\$400,000	4.9%
<b>COMPANIES WITH REVENUE</b>								
SHIPPING PRODUCT, REVENUE <\$10M	645	\$180,000	\$185,000	19.3%	113	\$286,885	\$380,000	5.5%
SHIPPING PRODUCT, REVENUE \$10M+	339	\$242,500	\$275,000	11.1%	169	\$325,000	\$475,000	4.9%
PROFITABLE	162	\$225,000	\$292,625	20.3%	73	\$300,000	\$440,000	5.0%



## Median Compensation for a Founding CEO

The below map shows a geo-location comparison of median founding CEO annual compensation and % ownership held. As expected, tech hubs such as SFBA and Austin tend to have slightly higher amounts of equity with a lesser cash compensation.



REGION	FOUNDER CEO COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL PAY	MEDIAN % EQUITY HELD
NORTH EAST	307	\$179,250	\$214,328	22.705%
SOUTHERN CALIFORNIA	86	\$203,083	\$237,518	24.093%
SF BAY AREA	821	\$160,093	\$184,294	25.353%
SOUTH EAST	24	\$166,378	\$205,003	21.727%
SOUTH WEST	37	\$177,682	\$220,148	25.699%
PACIFIC NORTHWEST	84	\$165,653	\$201,835	22.925%
CENTRAL/MID-WEST	63	\$163,099	\$204,135	21.389%
MID-ATLANTIC	36	\$202,725	\$254,238	20.887%
MOUNTAIN	41	\$160,302	\$182,522	26.908%
ALL US	1503	\$168,582	\$198,433	24.350%

## Non-Founder CEO Comparison by Industry

The data below illustrates the differences in non-founding CEO compensation between industries. Using non-founder compensation reflects market practice more effectively due to skews present in founder data. Generally, Life Sciences companies pay higher in cash compensation, but not always less in equity compensation. Please note that often times the data sets get too small to make a meaningful comparison.

<b>SHIPPING PRODUCT, &lt;\$10M REVENUE</b>	CEO COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL PAY	MEDIAN % EQUITY HELD
CONSUMER	9	\$285,000	\$380,000	5.5%
ENTERPRISE	70	\$280,000	\$377,500	6.1%
HARDWARE / DEVICE	10	\$270,000	\$325,000	3.5%
HEALTHCARE INFO TECH	8	\$325,000	\$450,000	4.9%
MED. DEVICE & DIAGNOSTIC	8	\$383,664	\$515,838	5.2%

<b>SHIPPING PRODUCT, \$10M + REVENUE</b>	CEO COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL PAY	MEDIAN % EQUITY HELD
CONSUMER	32	\$350,000	\$500,000	4.7%
ENTERPRISE	104	\$320,000	\$459,500	4.9%
HARDWARE / DEVICE	8	\$310,000	\$375,500	5.1%
HEALTHCARE INFO TECH	8	\$364,000	\$512,500	5.1%
MED. DEVICE & DIAGNOSTIC	6	\$384,000	\$539,609	4.3%

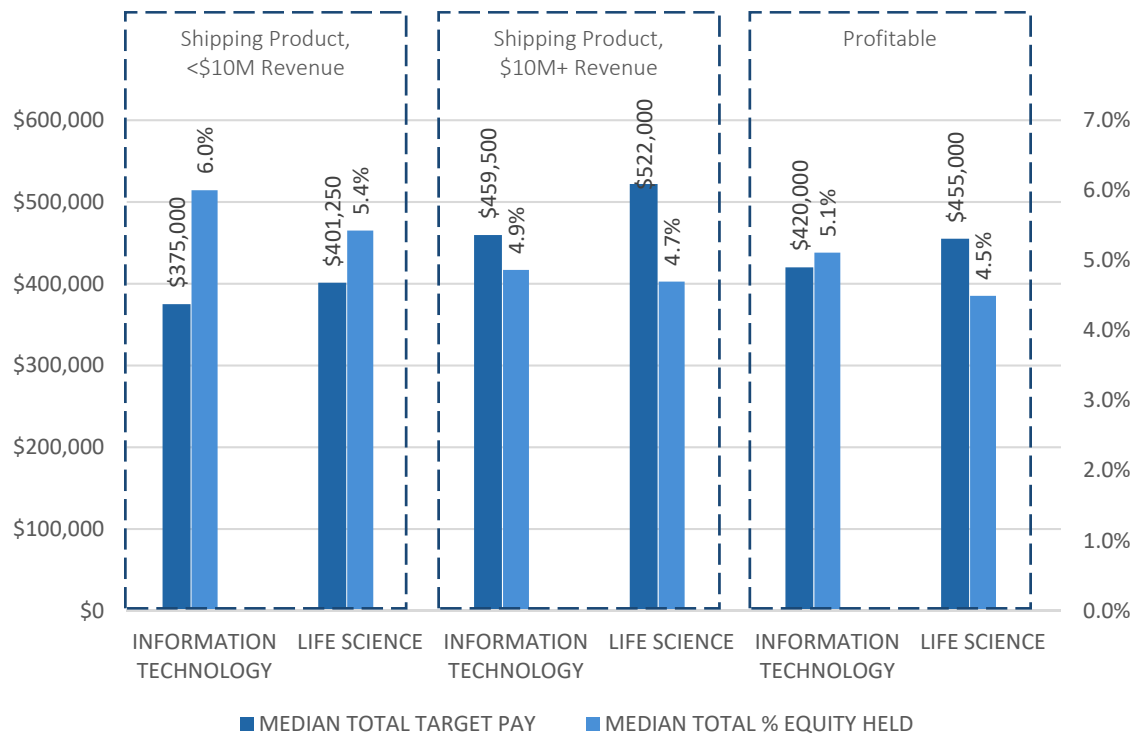
<b>PROFITABLE</b>	CEO COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL PAY	MEDIAN % EQUITY HELD
CONSUMER	25	\$300,000	\$403,200	5.9%
ENTERPRISE	34	\$300,000	\$447,500	4.6%
HARDWARE / DEVICE	3	\$309,508	\$403,314	5.6%
HEALTHCARE INFO TECH	3	\$350,000	\$455,000	4.5%

## Comparative Benchmarks in High Value Companies

The chart below shows founder and non-founder titles reported for the 32 companies with >\$1B value. As expected, founding executives have less cash and greater equity when compared with their non-founding counterparts.

<b>FOUNDERS</b>	COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL TARGET PAY	MEDIAN TOTAL % EQUITY HELD
CHIEF EXECUTIVE OFFICER	20	\$ 282,237	\$ 352,049	11.9%
CHIEF TECHNICAL OFFICER	7	\$ 218,000	\$ 218,447	3.6%
<b>NON-FOUNDERS</b>	COUNT	MEDIAN BASE SALARY	MEDIAN TOTAL TARGET PAY	MEDIAN TOTAL % EQUITY HELD
CHIEF EXECUTIVE OFFICER	11	\$ 350,000	\$ 625,000	4.8%
CHIEF TECHNICAL OFFICER	9	\$ 300,000	\$ 361,842	0.8%
CHIEF FINANCIAL OFFICER	21	\$ 325,000	\$ 400,000	0.9%
CHIEF MARKETING OFFICER	8	\$ 325,000	\$ 428,750	0.6%
VP ENGINEERING	34	\$ 250,000	\$ 325,000	0.4%
VP MARKETING	26	\$ 250,000	\$ 305,750	0.2%
VP PRODUCT	17	\$ 250,000	\$ 325,000	0.4%

## Median Total Target Pay Compared to % Total Equity Held by Industry



## CEO Refresh Equity and Performance Equity

Since 2000, when the timeframe for company development to IPO increased to 8 – 10 years, companies have struggled with equity refresh and retention strategies. To date, there does not seem to be a consistent approach for use of granting additional equity for executive retention.

The table below shows the number of CEOs by stage, the number receiving a grant subsequent to their founding shares or hire-on grant, and the median amount of the grant as a percentage of the fully diluted shares (FDS). Refresh was reported for 8% of Founding CEOs and 28% of non-founding CEOs. Data indicates that refresh practices seem somewhat similar between the founding and non-founding CEOs in later stage companies.

	FOUNDING CEO REFRESH			NON-FOUNDING CEO REFRESH		
	CEO COUNT	W ADD'L GRANT	MEDIAN GRANT %	COUNT	W ADD'L GRANT	MEDIAN GRANT %
<b>PRE-REVENUE COMPANIES</b>						
SEED FUNDING ONLY	488	0	0.0%	5	0	0.0%
POST SERIES A	92	0	0.0%	16	5	1.4%
POST SERIES B	23	4	2.3%	16	4	3.3%
<b>COMPANIES WITH REVENUE</b>						
SHIPPING PRODUCT, REVENUE < \$10M	645	51	1.8%	113	28	2.0%
SHIPPING PRODUCT, REVENUE \$10M+	339	68	0.9%	169	59	0.8%
PROFITABLE	162	23	1.0%	73	14	0.9%

The following table shows the number of CEOs by stage, the percent receiving performance equity, and the median amount of the performance grants as a percentage of the fully diluted shares (FDS). Performance equity was reported for 5% of the CEO population, which is not a change from 2016.

	FOUNDING CEO PERFORMANCE EQUITY			NON-FOUNDING CEO PERFORMANCE EQUITY		
	COUNT	W PERFORMANCE EQUITY	MEDIAN GRANT %	COUNT	W PERFORMANCE EQUITY	MEDIAN GRANT %
<b>PRE-REVENUE COMPANIES</b>						
SEED FUNDING ONLY	488	0	0.0%	5	0	0.0%
POST SERIES A	92	0	0.0%	16	0	0.0%
POST SERIES B	23	0	0.0%	16	1	0.2%
<b>COMPANIES WITH REVENUE</b>						
SHIPPING PRODUCT, REVENUE < \$10M	645	6	1.0%	113	2	0.0%
SHIPPING PRODUCT, REVENUE \$10M+	339	6	1.3%	169	8	0.6%
PROFITABLE	162	3	0.0%	73	4	0.8%

## Company Ownership

The tables below show 2017 median (50<sup>th</sup> percentile) ownership as a percentage of company fully diluted shares by founder, investor and employee groups by CEO founder status.

	FOUNDING CEO				
	CEO COUNT	MEDIAN # EMPLOYEES	MEDIAN % FOUNDER	MEDIAN % INVESTOR	MEDIAN % EMPLOYEE
<b>PRE-REVENUE COMPANIES</b>					
SEED FUNDING ONLY	488	5	69.8%	17.8%	10.5%
POST SERIES A	92	14	35.7%	45.9%	15.5%
POST SERIES B	23	38	17.6%	63.4%	16.7%
<b>COMPANIES WITH REVENUE</b>					
SHIPPING PRODUCT, REVENUE <\$10M	645	34	31.9%	51.6%	15.1%
SHIPPING PRODUCT, REVENUE \$10M+	339	140	19.1%	61.8%	17.8%
PROFITABLE	162	71	36.3%	44.4%	15.7%

Founder influence on company data does not show a consistent outcome for either investor or employee ownership when compared to companies with non-founding CEOs.

	NON-FOUNDING CEO				
	CEO COUNT	MEDIAN # EMPLOYEES	MEDIAN % FOUNDER	MEDIAN % INVESTOR	MEDIAN % EMPLOYEE
<b>PRE-REVENUE COMPANIES</b>					
SEED FUNDING ONLY	5	8	17.3%	50.0%	35.0%
POST SERIES A	16	20	14.2%	67.8%	16.0%
POST SERIES B	16	27	5.0%	70.3%	17.1%
<b>COMPANIES WITH REVENUE</b>					
SHIPPING PRODUCT, REVENUE <\$10M	113	45	9.0%	67.3%	19.7%
SHIPPING PRODUCT, REVENUE \$10M+	169	155	4.9%	66.8%	24.5%
PROFITABLE	73	171	7.2%	65.7%	22.2%

## About Advanced-HR

Advanced-HR is the leading innovator in private company compensation. The data and services we provide have helped determine many compensation trends over the last two decades.

Advanced-HR delivers essential compensation planning and competitive data services to private, venture backed companies.

## optiondriver

### **Understand the market and design competitive pay plans – without consulting fees:**

Option Driver is a revolutionary platform that takes the pain out of compensation planning at a fraction of the cost. With Option Driver's automated leveling, you'll spend time on your analysis and planning, not on data entry. Integrated market data provides custom data sets based on employee location, level and job family. Then build a plan tailored to your company strategy and affordability.

Get and keep the right employees for less than others charge for data.

#### Key Benefits:

- Automated employee levelling and job family selection
- Analyze your current market position
- Model infinite cash and equity scenarios
- Build salary bands for every department and level without the spreadsheets
- Customized retention, bonus and merit plans

## optionimpact

### **Collaborative data, all levels and job families for free:**

Option Impact is the largest private company database with over 2300 current participating companies. We aggregate both cash and equity compensation data to provide the most accurate dataset specific to private, venture-backed companies. Why pay when you can access for \$0? ALL of the results are FREE to participants.

#### Key Benefits:

- 2500+ participants: The largest Pre-IPO survey specific to venture-backed companies – anywhere!
- Benchmarks for base salary, bonus, and % total equity on executives, staff and the board of directors
- Company ownership and practices data
- Data cuts available: Capital raised, Revenue, Headcount, Development Phase and Company Value

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