

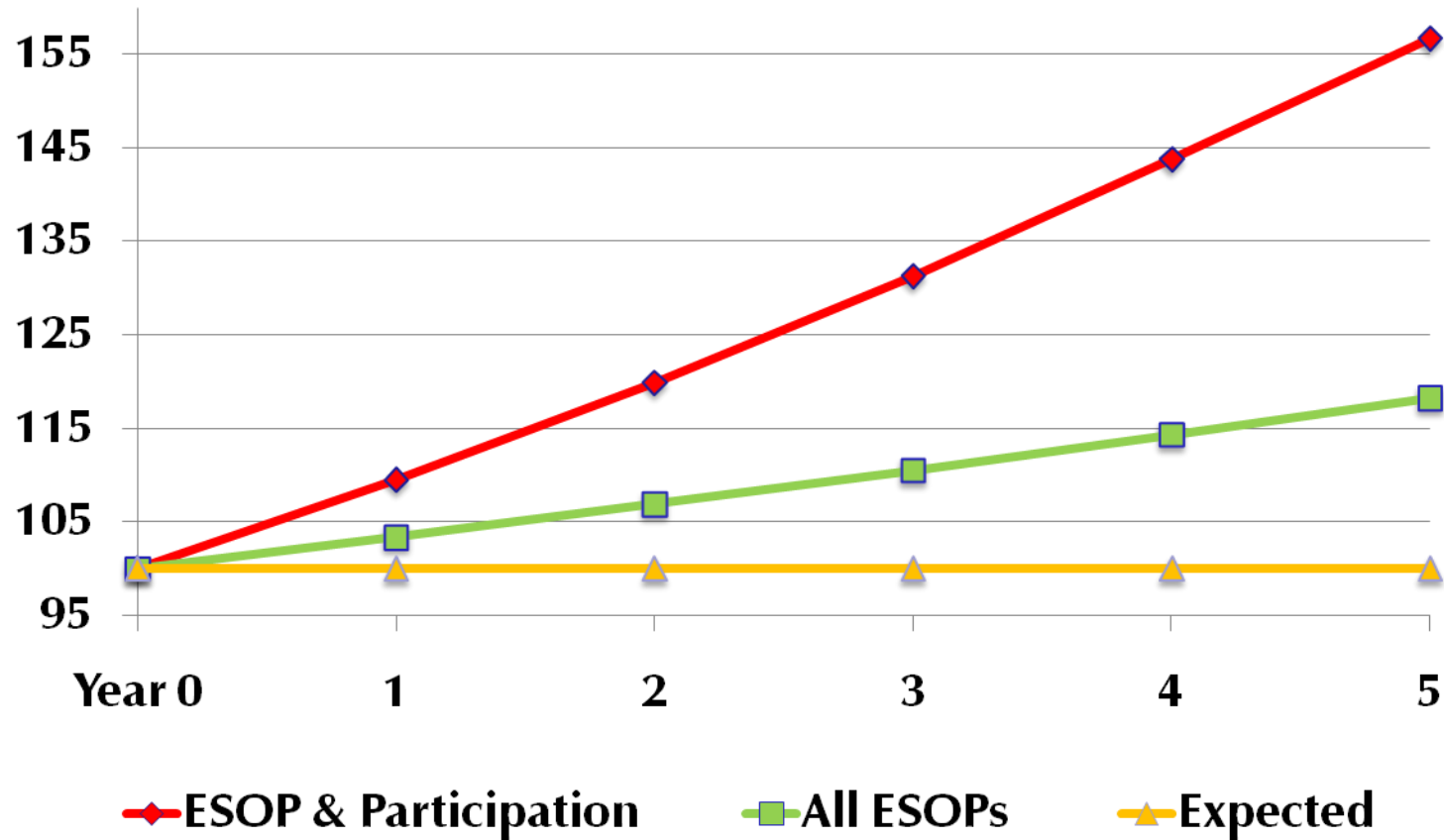
# **Leveraging Ownership Culture**

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**Vermont Employee Ownership Center**

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# ESOPs Matter: Sales Growth



## The 1986 NCEO Study

The study looked at the performance of employee ownership companies for five years before and after they set up their employee stock ownership plans (ESOPs). It indexed out market effects by looking at how well employee ownership companies did relative to competitors in the pre- and post-ESOP periods, then subtracted the difference.

# **The Participation Challenge**

- **Congress (ERISA) sets a very modest floor – e.g. Summary Plan Description, annual account statements, (when vested) vote on super-majority issues.**
- **You set the ceiling**

**Involvement is not inevitable.**

**Expectations about  
involvement *are* inevitable.**

# What Makes Ownership “Real”?

Experience shows:

**“Employee involvement happens not because you allow it but because you structure it.”**

*Corey Rosen*

*Executive Director, National Center for Employee Ownership*

# **Core Questions for Participation**

- **What are the issues that matter in a company?**
- **Who is in charge of deciding those issues?**
- **What procedures do they follow?**
- **Who else is involved?**
- **What forms of accountability are there to evaluate decisions?**

# Standard List of Corporate Decisions

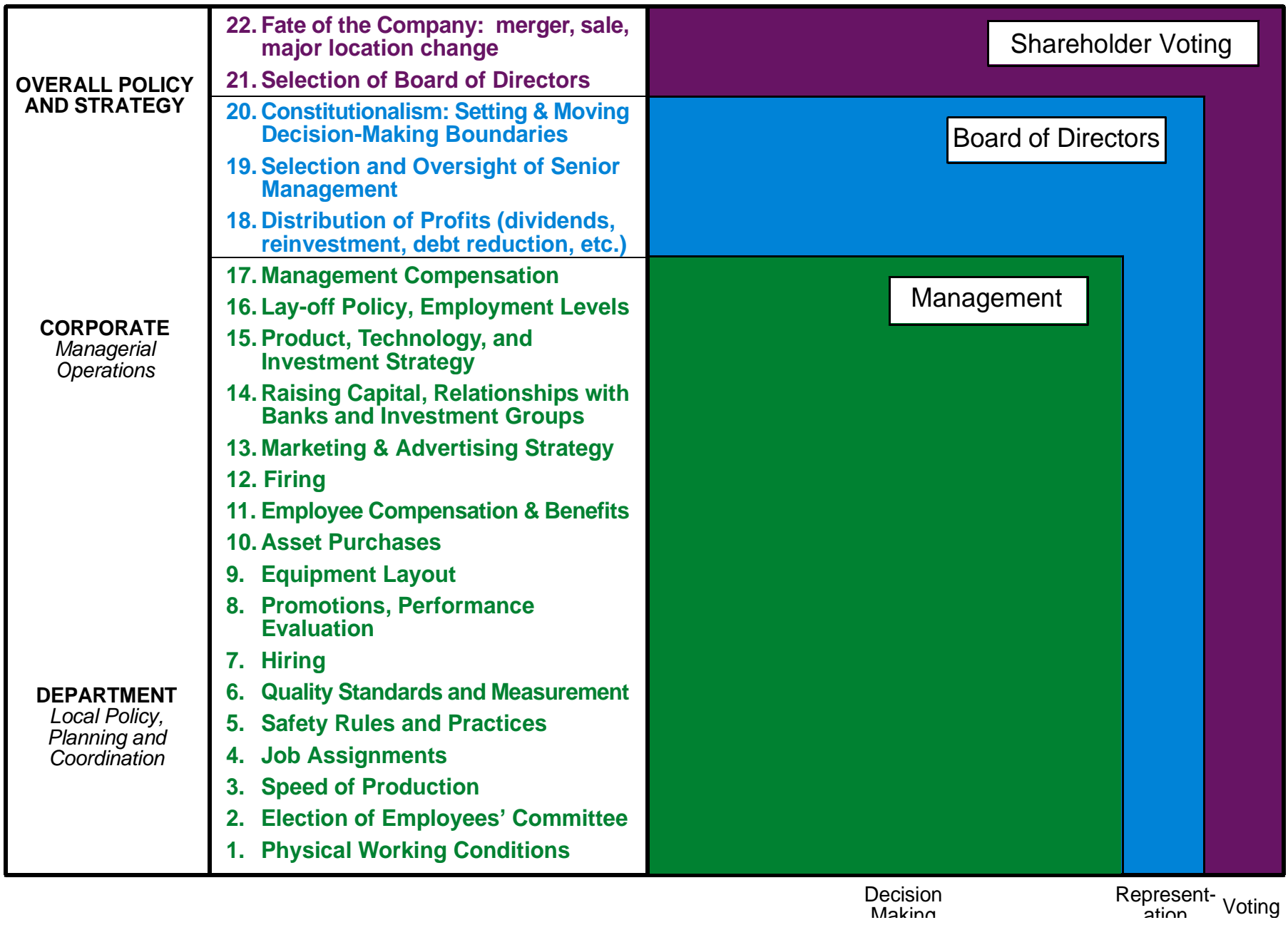
1. Physical Working Conditions
2. Election of Employees' Committee
3. Speed of Production
4. Job Assignments
5. Safety Rules and Practices
6. Quality Standards and Measurement
7. Hiring
8. Promotions, Performance Evaluation
9. Equipment Layout
10. Asset Purchases
11. Employee Compensation and Benefits
12. Firing
13. Marketing and Advertising Strategies
14. Raising Capital, Relationships with Banks and Investment Groups
15. Product, Technology, and Investment Strategy
16. Lay-off Policy, Employment Levels
17. Management Compensation
18. Distribution of Profits (dividends, reinvestment, debt reduction)
19. Selection and Oversight of Senior Management
20. Constitutionalism: Setting and Moving Decision-Making Boundaries
21. Selection of Board of Directors
22. Fate of the Company: merger, sale, major location change

# Types of Issues

<p><b>CORPORATE POLICY</b></p>	<p>22. Fate of the Company: merger, sale, major location change</p> <p>21. Selection of Board of Directors</p> <p>20. Constitutionalism: Setting &amp; Moving Decision-Making Boundaries</p> <p>19. Corporate Strategy</p> <p>18. Distribution of Profits (dividends, reinvestment, debt reduction, etc.)</p> <p>17. Selection and Compensation of Senior Management</p> <p>16. Lay-off Policy, Employment Levels</p> <p>15. Product, Technology, and Investment Strategy</p> <p>14. Raising Capital, Relationships with Banks and Investment Groups</p> <p>13. Marketing &amp; Advertising Strategy</p> <p>12. Firing</p> <p>11. Employee Compensation &amp; Benefits</p> <p>10. Asset Purchases</p>	
<p><b>MANAGERIAL OPERATIONS</b></p>	<p>9. Equipment Layout</p> <p>8. Promotions, Job Evaluations</p> <p>7. Hiring</p> <p>6. Quality Standards and Measurement</p> <p>5. Safety Rules and Practices</p> <p>4. Job Assignments</p> <p>3. Speed of Production</p> <p>2. Election of Employees' Committee</p> <p>1. Physical Working Conditions</p>	

# Types of Influence

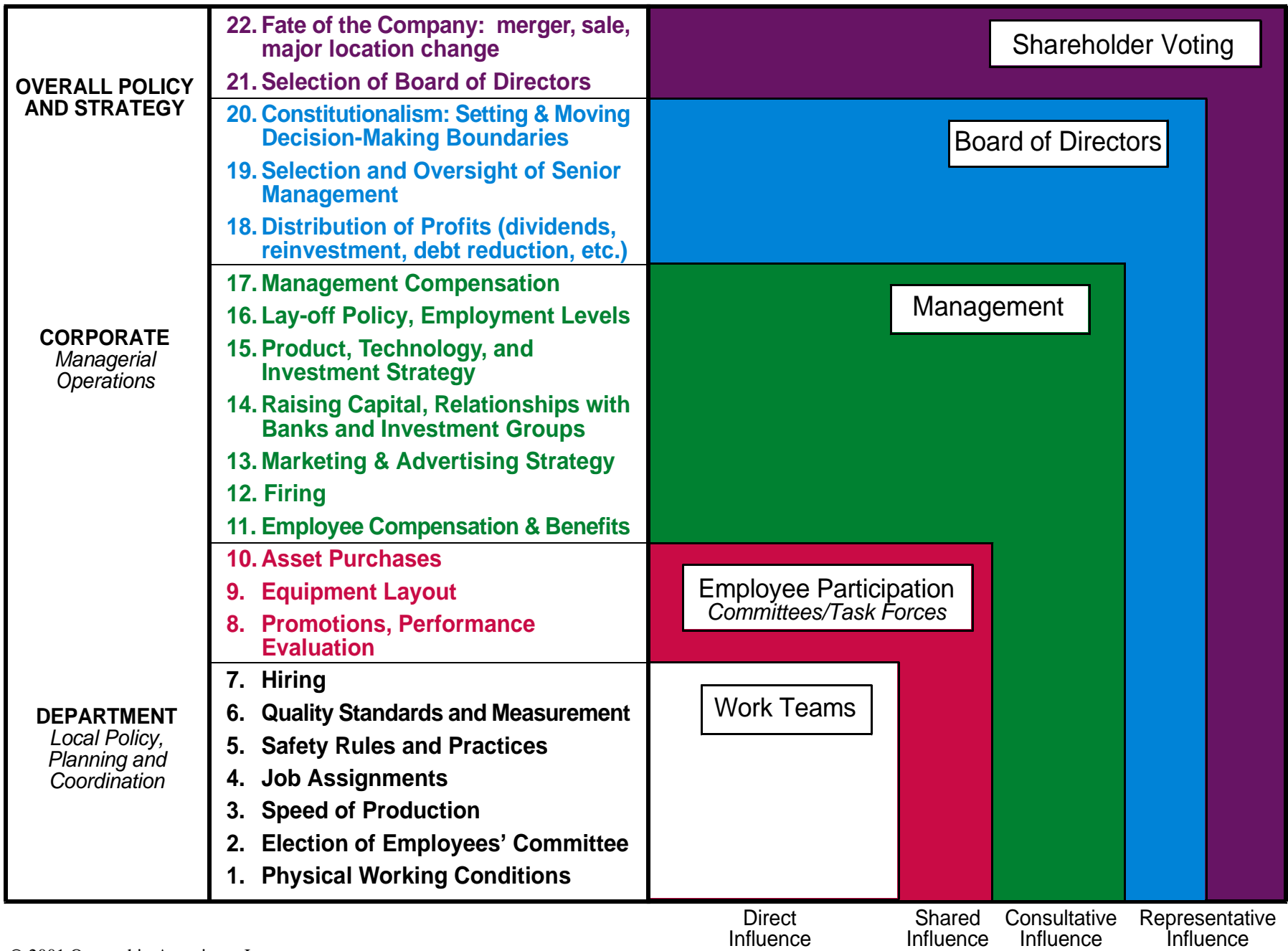
# Types of Issues



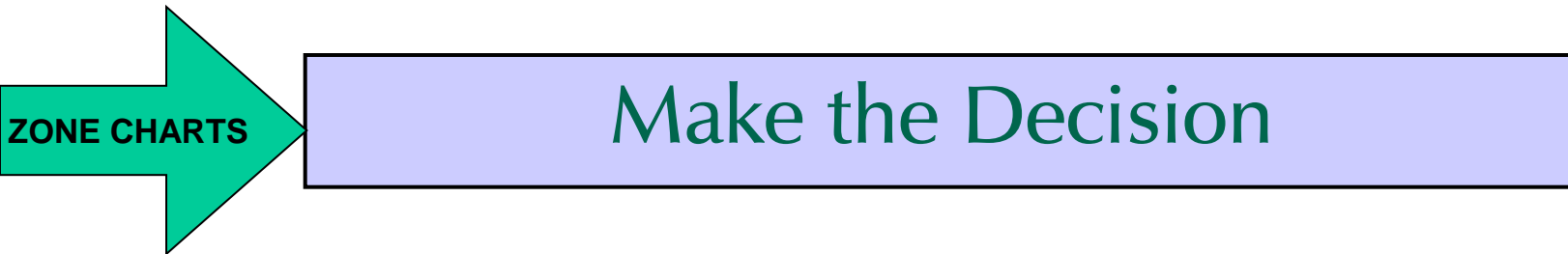
Decision Making

Representation Voting

# Types of Issues



# Making the Decision



# 7-Step Decision-Making Process

1. Initiate Process

2. Gather Information

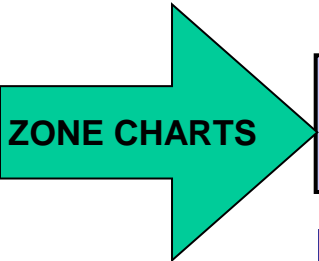
3. Generate Alternatives

4. Make Recommendation

5. Make the Decision

6. Inform Others

7. Review Decision



# Questions and Answers