

# EOA Annual Conference

EMPLOYEE OWNERSHIP  
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# What is employee ownership?

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# What is employee ownership?

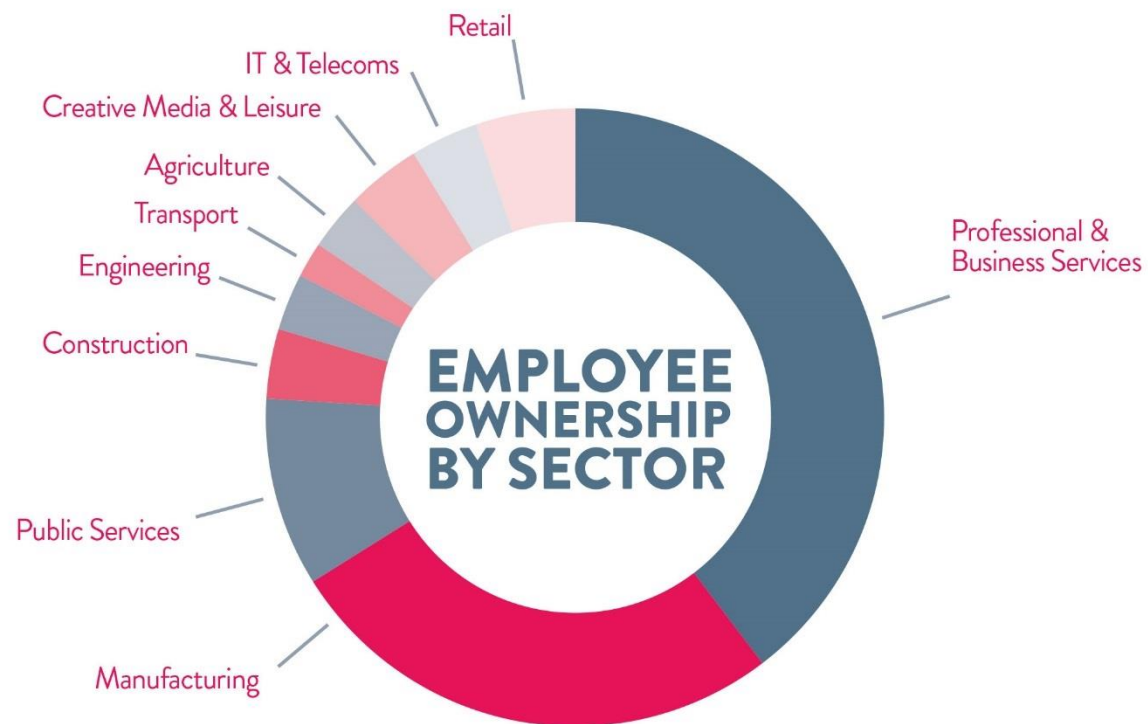
- Significant shareholding of a business by or on behalf of its employees
- *Significant?* Depends on your view:
  - 20%
  - 50%
  - 100%

# Employee ownership in the UK

- £22.6 billion combined sales
- 175,000 employees
- Number of employee-owned businesses growing at 10% per annum
- Combined sales growth 2014-16 10.2% (cf 7.7% GDP)
- Annual increase in operating profit 10.9%

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# Employee ownership in the UK



\*EOA 2012

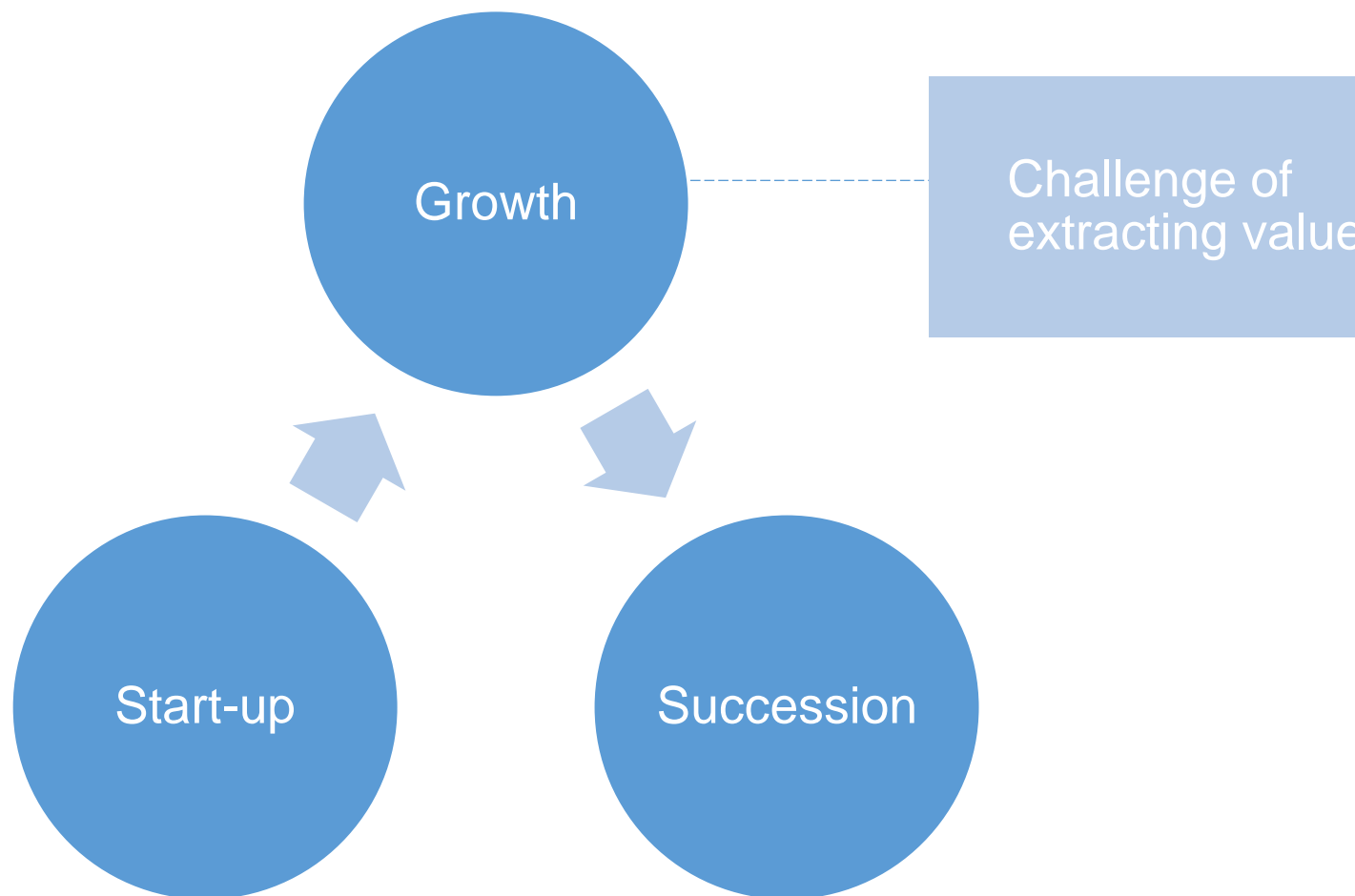
# Why employee ownership?



# Risks

- Making it too complex
- Tax considerations dominate
- Compromising on management and reward
- Poor communication
- Seeing employee ownership as a cure for all ills

# When can you do it?

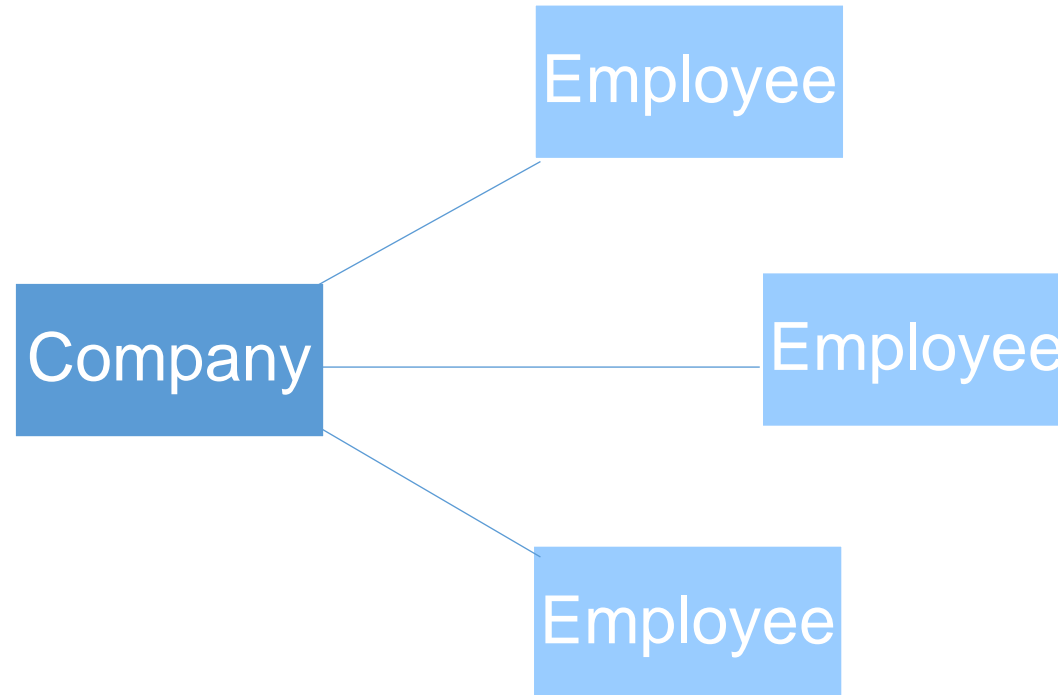




# Forms of employee ownership

## **Individual:**

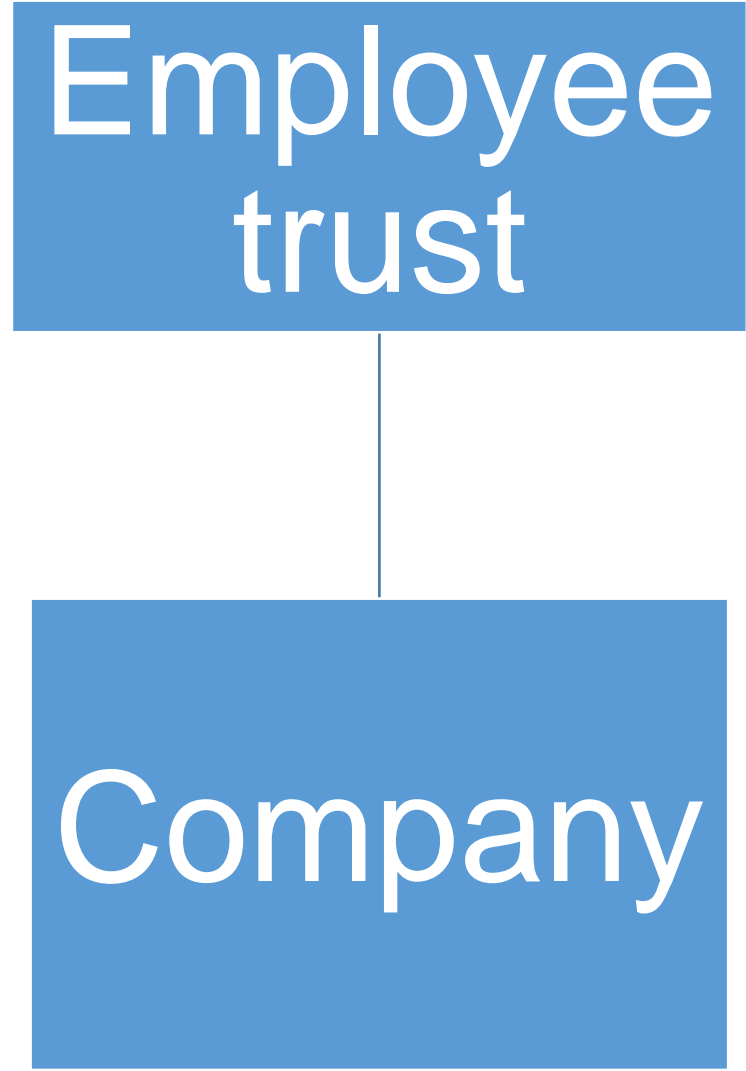
- Individual employees hold shares
- They acquire them after joining and (usually) dispose of them after leaving
- Some tax reliefs are available (e.g. SIP)



# Forms of employee ownership

## **Trust:**

- Individual employees do not hold shares
- Instead, the company is owned (or partly owned) by a trust on behalf of employees

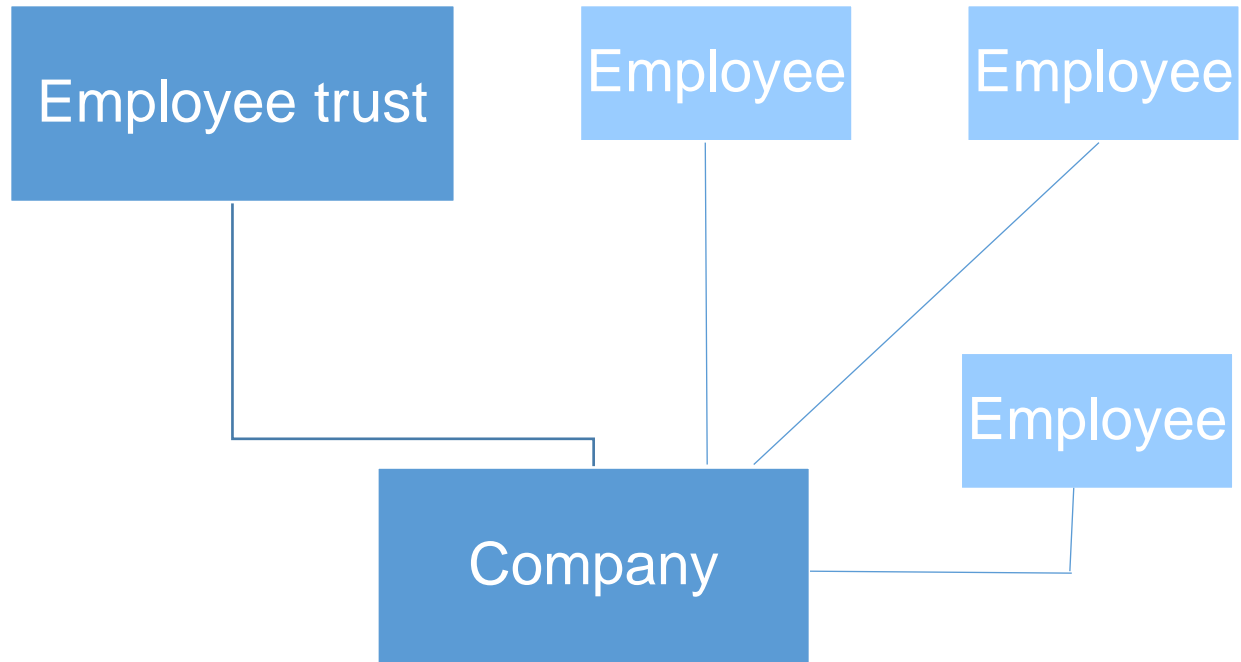


# Forms of employee ownership

## Hybrid:

The company is owned -

- partly by employees individually and
- partly by a trust on behalf of employees



# Choosing

Individual ownership more suitable	Trust ownership more suitable	Hybrid ownership
<p>Capital growth important</p> <p>Low staff turnover</p> <p>Smaller employee numbers</p> <p>Employees relate to personal share ownership</p> <p>Tax breaks for individual share ownership make it more attractive and affordable</p>	<p>Capital growth not an objective</p> <p>Higher staff turnover</p> <p>Larger employee numbers</p> <p>Long term investment/ownership is important</p> <p>Desire to prevent (or make difficult) a takeover</p> <p>Employees may have difficulty funding share acquisition</p> <p>Limited funds to buy back employees' shares</p>	<p>Trust ownership is preferred but company wants some individual share ownership to provide:</p> <ul style="list-style-type: none"> <li>• a modest degree of capital growth and/or</li> <li>• a direct feeling of ownership</li> </ul>

# Questions and Discussions

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**Thank you.**

Please make your way to the Kings Suite for refreshments and to view the Exhibition Stands and Product Showcase.