

Scotland

Host: The Law Society
Date: 13th March 2018
Facilitator: Jacqui Martin

This meeting was hosted by The Law Society and attended by 18 people. Companies in attendance included Bennetts Associates, Black Light, Computer Application Services, David Narro Associates, Jerba Campervans, Mike Stoane Lighting, Network ROI and P4P Creative. In addition, several lawyers were present as were Co-operative Development Scotland.

EOA Update

Deb Oxley, Chief Executive of the EOA was present and gave an update on;

- The EO Hub
- EO Day - 29th June
- Upcoming events including the [Robert Oakeshott Lecture](#) which will be held at CASS Business School on 11th April and be delivered by Dame Stephanie Shirley.

Further details are available on the attached presentation.

EO as a USP

We then moved on to discuss how to use Employee Ownership as a Unique Selling Proposition in terms of customers/clients, suppliers and employees. Attendees were asked to consider why EO might be a USP for each of these groups and how we could promote this USP. This was undertaken in pairs and then in groups.

Feedback was as follows;

Why is EO USP for Customers/Clients/Suppliers?

- Transition to EO allows positive conversations with customers/suppliers
- Feeling of community with other EO customers
- General positive feeling about EO
- Removes future uncertainty re continuity of business
- Everyone is a business owner so likely to care more and therefore provide higher level of service
- People like doing business with social/values based companies
- Novelty factor – people may not have heard of EO

How to promote EO as a USP to Customers/Clients/Suppliers?

- Website – home page
- Printed materials
- Strap line?
- Signage
- Presentations/proposals
- Face to face

- Business comparison – “like John Lewis”
- Social media
- Press releases
- Blogs
- Questioned whether suppliers would be interested

Why is EO USP for Employees?

- Direct benefit from work and effort
- Voice and control
- Fairness
- Employees have vested interest in success of business
- Attractive proposition esp to millennials
- Nothing to lose (everything to win)
- Retention/confidence and belief in the future
- Shared reward/success
- Personal development
- Better working environment
- Control of destiny – removes threat of future takeover
- Greater job satisfaction
- Tax free bonus
- Possible dividends
- Empowerment
- Collaboration
- Transparency

How to promote EO as a USP to Employees?

- Website
- Presentations
- Literature
- Mention EO in job advert
- Discuss at interview
- Employee handbook
- Strap line

Attendees were asked how much they shout about the fact that they are employee owned and some examples were given of a blog written by a US EO company and various websites including Scott & Fyfe, Accord, P4P Creative, Jerba Campervans and Mike Stoane Lighting.

Member Spotlight – Emily Alston, Mike Stoane Lighting

Emily was asked questions about the background of the company, the reason behind the move to EO, what's changed, challenges that have been overcome and focus for the future as far as EO is concerned.

Emily gave an example of everyone being involved in the decision making as far as the purchase of a new machine was concerned. Investing in the machine meant that everyone would receive a smaller bonus and there ended up just being a few votes in it with majority voting against the investment. Emily thinks the outcome may have been different if they were faced with the same decision now.

Words of Wisdom

After lunch, people were asked to share words of wisdom – what advice would they give regarding employee ownership or what good advice have they received.

Jacqui kicked off the session with stating how important she believes culture to be in terms of employee ownership success and recommended two books;

[A Stake in the Outcome](#) – Jack Stack. Written by the man behind the Great Game of Business. This book focuses on how to build a strong ownership culture.

[Reinventing Organisations](#)– Frederic Laloux – This groundbreaking book argues that the way we run organisations is outdated and provides inspiring examples of purposeful workplaces.

People were asked to write their advice on post-it notes and add to flipchart. Some common themes emerged;

- Get right support/adviser – people who understand EO
- Continual focus on EO required – not “one-off” event/ “EO is for life, not just for Christmas!”/Keep reiterating EO message to staff
- Importance of talking to others who are employee owned – Benefit from their experience/Conference allows you to meet like-minded people – you’re not on your own
- Not everyone will love EO!
- Start with the why – be clear why you want to be employee owned
- Genuine engagement is required
- As an EO owner you are guardian of the business for the next generation
- Never forget you are running a business – need to be commercially successful
- Enjoy the process
- Keep things simple
- Trust your gut instinct
- Appropriate structure and value pre-vetted by HMRC
- To a seller – find a buyer then compare with an EBO
- Beware the self-funding vendor – still have to provide personal guarantees
- Employee classification - what do you call each other e.g. partners/ colleagues

Legal Panel

The legal panel consisted of Campbell Clark from Blackadders and Douglas Roberts from Lindsays who have both had experience of Employee Buyouts. Points made/issues discussed included;

- Financing of EO deals. Many banks are reticent to provide funding. Specialist lenders such as Capital 4 Colleagues and Thin Cats were mentioned. Also Business Growth Fund although minimum investment is £2m. Is there an opportunity for crowd funding for EO deals?
- Some trustees have been taken to court in US due to valuations used. Campbell stated that he would flag up outlandish valuations. Not nervous about this.
- Employee directors have the same responsibility as any other director. More would be expected from a qualified accountant in terms of financials. If you are a diligent trustee/director then you should have nothing to worry about.

Wrap Up

People were asked to reflect on action steps they would take over the next week, month and year.

Deb mentioned this [2 page feature on employee ownership](#) that was due to appear in The Guardian on the 14th.

Next network meeting will be in June but date has still to be set.