

EOA Conference

Good morning everyone.

It's great to see many familiar faces here today – along with those of you here for the first time - you're all very welcome and I hope you have a terrific couple of days.

Had I been delivering a speech about employee ownership 10 years ago, I would have likely focused on **what** employee ownership is and **how** it works – and not necessarily on **why** it is so important.

With a dramatically different economy, my speech today starts in a very different place.

For most of us, our lives revolve around 3 important elements:

- Firstly our Family & Friends – the people we choose to spend our most precious times with
- Secondly our Community – where we live and belong
- And finally our Work – where we earn our living and spend most of our adult lives

All three are important to our health and wellbeing; but whilst it's our family and community that provide emotional stability,

it's our work allows us to live independently and where we get on in life; where we develop the self-esteem, self-respect and purpose to enable us to reach our potential.

Although we may not experience it day to day, all of our work is now part of an inter-connected, inter-reliant global economy. But a key challenge of this economy is the profound divisions that exist; between generations, gender, educational opportunities, income and the fortune or misfortune of where you may have been born.

Such divisions are unhealthy. They build resentment and dependency. Ultimately they can undermine democracy and lead to fractured communities.

A critical factor to help overcome these divisions, which is acknowledged as one of the Sustainable Development Goals, is to develop and nurture economies that are **more inclusive**; where economic growth and financial rewards are distributed fairly and there is an opportunity of decent work for everyone.

So what does all of that mean to businesses like yours and to employee ownership in the UK today?

Whilst government can shape the economy through legislation, businesses have the power, influence and reach to effect change to the lives of ordinary people on a daily basis.

Because it is businesses that can decide on purposes that are **enabled** through profit, rather than profit **being** the purpose.

It is businesses that can **model** integrity and transparency, demonstrating higher standards of behaviour and in doing so developing greater trust.

It is businesses that can **choose** to invest to grow for the long-term economic health of the many, not the short-term financial benefit of the few.

And it is businesses that can influence the fortunes of individuals, offering them opportunity for progression and the sharing of financial success.

Leaders that are either too arrogant or too short-sighted to understand this important role are contributing to their organisations' demise and are the cause of their own businesses becoming ever more detached from society and the people they support. They are the businesses that often

headline stories of excessive executive pay, corporate governance failures and short-term decision-making.

Tools such Corporate Social Responsibility, volunteering and charitable donations are to be admired as a route to giving back. But mostly they are not effective at **sustainably** contributing to eliminating the divisions in communities.

We need a bold new **idea** that will reconnect business to the society it serves through a clearer sense of **purpose**.

We need a new business **approach** in which there is a **culture** of shared endeavour and shared reward based on shared ownership and shared voice.

We need a new business **model** that through its design, eliminates behaviours of excess and abuse and instead, delivers greater responsibility, respect and **trust**.

We **need** more employee ownership.

We need more owners like David Sproxtton and Peter Lord. David and Pete started their business in the 1970's; two friends with a dream and a passion. Over 40 years later, theirs in the latest business to join the growing number proud to call themselves "employee owned".

Theirs is of course is a high-profile story – who hasn't smiled at *Shaun the Sheep* or *Wallace and Gromit* - or for those of you old enough to remember, marvelled at Tony Hart's *Morph*, or watched in awe the first time you saw the magic of Peter Gabriel's *Sledgehammer* video? David and Pete's story is all the more compelling when you hear of the interest in acquiring the business by some of Hollywood's biggest names including DreamWorks.

But just like many owners before them, they had their own dream to follow – to leave Aardman Animations in the best care – in the hands of its employees - so that it can continue to thrive and independently animate its own future.

Interest in employee ownership from business owners like David and Pete is on the increase – as the recommendations of the *Ownership Dividend* provide a brilliant platform for engagement with organisations that have the reach and influence to amplify awareness.

However, having spent the last 4 months speaking to various bodies representing most of the UK's accountants, lawyers and banks – I can see we still have a long way to go - before

every business is aware of and has regional and local access to high quality support and advice to allow them to explore and possibly transition to employee ownership.

In an increasingly devolved economy, the economic functions of the Local Enterprise Partnerships and the Combined Authorities will be of major importance in this regards – and I'm therefore delighted that we are joined today by one of the UK's most important regional leaders - who also incidentally happens to be a role model, advocate and ambassador for employee ownership.

Whilst leaders like Andy Street will be key to the mainstreaming of employee ownership, through programmes of awareness raising and support within their own regions, we also need national, bi-partisan, political support.

Our opportunity here is to capitalise on the acknowledgement by politicians of the importance of the role of business in society to share influence more widely and financial success more fairly.

Whilst each of the political parties appears keen to show support for more diverse forms of business ownership, it's

critical that this support is delivered with both authenticity and integrity.

Because ownership without influence does not and will not deliver the significant benefits we uncovered this year in the *Ownership Dividend*.

If that were the case, every company with an employee share scheme would be benefiting from the high levels of engagement, performance and resilience found in your businesses.

Whilst share ownership is a way of sharing reward – ownership without a formal ability to influence, is neither sustainable nor authentic.

It doesn't respect the ownership stake by giving employees a meaningful voice in the direction and future of the business. Its main purpose is additional remuneration, not to support more meaningful work.

So it cannot effect the additional discretionary effort, commitment and care that genuine employee ownership does.

Therefore the EOA will continue to campaign to ensure that **your** experiences are the stories that politicians hear – and that they are fully aware of the impact and effect that **genuine, real** employee ownership can deliver.

However, extending share ownership **is** a step towards a more inclusive economy. As is an increase in other shared ownership models such as worker cooperatives and social enterprises.

So whilst the EOA will continue to be **the** leading voice for employee ownership, we're also building our relationships with others in the economy who promote and encourage innovative models of business ownership.

In future the EOA will be not only be a champion for employee ownership but an advocate of all forms of more inclusive business, and in doing so will ensure that employee ownership is a central component in a more sustainable, resilient and fairer economy.

Looking ahead to 2019, many of you will know that the EOA will celebrate its 40th anniversary. Throughout the year, we will **champion** the brilliantly successful and diverse businesses

that have embraced employee ownership and are thriving and prospering as a result. We will **campaign** to secure more political support for employee ownership and to influence thinking and policy about the future shape of work and organisations. And we will continue to **connect** and support our members to ensure they can thrive and prosper. And with a clear purpose to influence, inspire and support EO to become more respected, widespread and successful, we will pursue our new target - to grow the sector from approx. two hundred thousand employee owners to 3m employee owners by 2030.

With your support, I forecast that the EOA's 40th year will be seminal as we see further realisation by politicians, business leaders and the media of the need for a new economic model where the impact of business on individuals, regional economies and the UK works in the interest of the many, not the few.

Employee owned businesses like yours **are** part of that new economic model. Employee owners like you **are** the new generation workforce. And this sector **will** become a mainstream part of the UK economy.

Thank you – have a fabulous conference.