



Q1 North Regional Network Meeting 11/03/2016

Hosted by Sheffield Business School

Facilitated by Rory Ridley-Duff

Introduction

This was the fourth meeting of the EOA North network and the first to be formally facilitated by academic staff from Sheffield Business School. The following agenda was agreed beforehand and circulated to attendees. Notes are provided against each agenda item.

- 11.00 am Welcome by Andy Davies, EOA North Steering Group
Andy Davies (Gripple) welcomed attendees on behalf of the EOA North steering group and spoke briefly about previous meetings and the development of the network.
Oliver Smith (EOA) also welcomed network members and reported that the EOA had signed a PR deal. Good news stories are to be discussed with the EOA team in the first instance, then if appropriate consultation with the PR agency will be facilitated. A huge focus on EO Day, Friday 1st July 2016, members are encouraged to celebrate and inform the EOA of their activities.
- 11.15 am Research Presentation 1 - David Wren
Cultures of performance and reward in UK employee-owned businesses
David Wren presented summary findings from his 3 year study of performance management and reward in EOBs. He summarised differences in his findings between directly employee-owned, indirectly trust-owned and co-operatively owned EOBs and gave attendees chance to look over his summary findings. He presented both commonalities and differences in the reward and performance management cultures within different types of EOB.
After 10 minutes of presentation, attendees reviewed David's findings for 10 minutes, then provided the following feedback:
- The findings relating to trust 'ring true'
 - Combined findings are recognisable, but some companies reported a loss of the 'fun' element of EOB.
 - Attendees commented on the 'customer satisfaction' emphasis in some trust-owned EOBs (particularly JLP) and wondered if this needed representation in 'culture'.
 - An attendee from a 'directly-owned' EOB mentioned that they saw *innovation* as the pathway to secure employment, and that this might be linked to industry context. The comment picked up on findings that secure employment was a key concern in co-operative-owned EOBs.

- An attendee with experience of both co-operatively and trust-owned EOBs commented that start-up contexts (particularly the number of founders) might explain differences in the cultures in the research.
- A consultant experienced in US EOBs mentioned that he found survival depended heavily on communication strategies linked to ownership structure. The concept of 'legacy' seemed important to UK EOB founders.
- One attendee speculated that it is now so easy to see a rationale for EOBs (because of tax breaks) that they might 'do something beneficial for the wrong reasons'. Linked to this, another attendee wondered in outgoing owners might force EO on their workforce (because they can name their price and arrange an easier, tax-free, exit).
- One attendee advanced the view that a focus on customer satisfaction would be related to the nature of the business.
- On 'trust culture', people questioned if this was set by the founder or emerged out of the process of changing to an EOB.

11.45 am

Research Presentation 2 - Rory Ridley-Duff

The fallacy of classifying EOBs as 'for-profit' and 'non-profit' enterprises: EOBs as 'for-purpose' mutual enterprises

Rory Ridley-Duff presented arguments from the 2nd edition of *Understanding Social Enterprise: Theory and Practice* that the public/private non-profit/for-profit categorisation of businesses is unhelpful to the sector to which EOBs contribute. Instead, he developed an argument that EOBs are 'for-purpose businesses' that contribute to the 'mutual economy'. For-purpose, mutual enterprises work towards mutualising one or more aspects of their ownership, governance and/or management processes.

After presenting for 20 minutes, there was 5 minutes discussion that generated the following feedback:

- Commercial realities will affect how decisions are made 'post-transition', and debates about reinvestment v distribution of profits will always be taken in the context of this commercial reality.
- The presentation prompted debates about finding Nirvana in relation to ownership rights and processes of transition.
- EOBs are businesses: in business, there may be decisions to be taken that hurt people. It is not a panacea for all situations.
- What is the character of the person who drives the creation of an EOB? Is the switch linked to the business skills of the founding person / group?

12.15 am

Networking Lunch

1.00 pm

Open Space (actually started at 1.30, ran until 3.15)

Which issues / questions from the 2015 EOA Annual Conference would you like to clarify or develop?

As some attendees had not been to conference, latitude was exercised in the selection of topics. Four tables were allocated for discussion, and two opportunities to convene around these four tables was provided. Following the Open Space process, the following topics were selected for discussion:

1.30-1.50	Discussion of process / negotiation of content			
Table	1	2	3	4
1.50 - 2.25	Problems / issues faced by EOBs, including failings, risks, misconceptions and growth challenges.	Behaviours of former owners, succession processes and risk to the business, changing management attitudes.	Resources and models for progressing to EO	Staff engagement in an EO context, scope of involvement.
2.25 - 3.00	Does full transparency work?	EO as a 'soft' commercial model? How to capture the feelings of staff	Does EO cost more than a trade sale? What models of EO are more	Management techniques for engagement? What to discuss at employee

		on business issues?	cost effective?	councils?
3.00 - 3.15	Closing Remarks			

Some detailed findings from the Open Space were recorded photographically, and high levels of engagement / intense conversation were noted throughout. After the Open Space, attendees noted the following highlights from the post-lunch session.

- There are good tax advantages that come with EO. There are additional opportunities for the EOA to lobby for reductions in corporation tax (based on the S-Corp model advanced in the USA).
- The discussion on Table 1 (2.25-3.00) reassured an attendee that full transparency is not always an absolute requirement.
- An attendee from Gripple realised that the introduction of GLIDE was part of their transition to mutual ownership / governance.
- One speaker from Sheffield Business School added that he had not previously realised the extent to which the advancement of mutualisation in ownership, governance and management lay 'at the heart' of EO.
- Even with engagement, hierarchies will continue. Engagement requires a multiplicity of techniques because achieving trust takes a lot of time.

3.00 pm Closed (at 3.15)

Post Script

After the meeting, two emails were received commenting on the style/management of the meeting. I have reproduced some interesting / relevant comments below anonymously.

Comment 1: I very much enjoyed the event overall, and I thought it very successfully managed to balance formal sessions with opportunities for inter-participant discussion and networking [...] I'm not all that familiar with Open Space sessions, and I must say that I had an initial qualm about the approach (and level of self-discipline among us!) But, as it turned out, the two short discussions that I sat in were very interesting and illuminating – and also in one case unexpectedly entertaining.

Comment 2: Having a "free" space (i.e. open space) for people simply to talk and be able to ask specific questions is vital. From the groups I was in, "new" EO people were asking the experienced members "how does it work?" That is really important so we need to allow that to happen. Having interactive presentations is also good - finance would be a really good topic next time [...]. Would be better to make the agenda 10:30 coffee for 11am start rather than just 11am start and then immediately run late.