



Quarter 4 2016 Regional Network Meeting Notes

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South West Regional Network

Host: PB Design and Developments Ltd, Bristol

Date: 7 December 2016

Facilitator: Garry Davis

Welcome and Introductions

- Garry Davis of J Gadd Associates welcomed the delegates, introduced himself and explained his role at the meeting and went on to introduce Mark Crocker, MD of PB Design and thanked him for hosting this final session of the EOA regional meetings for 2016.
- Mark then gave a comprehensive presentation detailing the history of PBD, an outline of the manufacturing business it's involved in, and gave a helpful and honest overview of the EO journey that the business has been on since it became employee owned in 2015 (see slides for detail).

EOA Update

- Oliver Smith (EOA) added his welcome to the delegates and shared the opportunities that exist for EO businesses following the PM's statements that she wants to improve corporate governance, widen social mobility and that 'Britain is open for business'. All these relate directly to the EO arena. The EOA and EO sector response to these is to;
- Influence – finding opportunities to influence decision makers in government
- Campaign – the ICAEW is aiming to have someone in every accountancy practice who understands EO by 2020.
- Celebrate – EO Day will be held on 30 June 2017.

The next SW EOA meeting will be held on 6 March 2017 hosted by Bristol Community Health – invitations out in the New Year.

The EOA Conference 2017 will be on 27 – 28 November.

EOA members summer dinner – at the Palace of Westminster, 8 June 2017

Robert Oakeshott Lecture ICAEW – 6 April 2017- London

- Oli explained that anecdotal feedback from the Conference this year had been good, but that the results of the survey feedback would be analysed in more detail.

Conference Reflections

- Garry asked for feedback and observations on the conference. The key themes were
 - 'Engagement' is a big issue. We seem to have the legal and financial side sorted but there is now a bigger focus on getting employee engagement right.

- Building employees' financial literacy is fundamental to achieving this
- Engagement is focused around relationships and communication.
- This was the best conference so far – timings, sessions, flow – it all worked well.
- The 'Best in Class' sessions were an excellent addition to the agenda.

Conference topics for discussion

- The group were asked for themes from the conference to discuss and 'Engagement' and 'Budgets' were raised. The group agreed to remain as one group to ensure everyone heard all elements of the discussion. Some of the discussion points on engagement included;
- Consistency of messaging
- Culture change – where everyone comes in to work thinking/feeling/acting like owners of their business
- Culture = repeated behaviour
- Important to change culture sustainably i.e change the system that's driving the behaviours
- Why do we discuss engagement in EO businesses? – To create an environment where people care about whether the business succeeds or fails.

Date of next SW EOA Meeting

- To be hosted by Bristol Community Health on 6th March 2017, venue tbc.

Close

- Garry thanked PB Designs for hosting the meeting and for providing an excellent lunch and the guided tour of the building which was appreciated by all.
- If anyone has ideas or suggestions for topics for the next meeting please let Garry or the EOA know.

North Regional Network Meeting

Host: Union Industries, Leeds

Date: 05/12/2017

Facilitator: Rory Ridley-Duff

Meeting Notes (against each agenda item)

1. 10.00 – 10.10 Welcome and participant introductions (Chair / Facilitator)

The meeting had another good turnout (it was overbooked). There were several new members, and a few attending thinking about the transition to EO. Most were already EOBs. Some long-standing members (School Trends and the John Lewis Partnership) were attending for the first time.

2. 10.10 – 10.20 EOA Update / Conference debrief (Oliver Smith)

Oliver Smith gave an update that reiterated Deb Oxley's key messages from the EOA conference in Birmingham. Priorities for 2017 include:

1. Responding to the Improving Corporate Governance (Green Paper) on social mobility by emphasising that EOBs can contribute to the government's 'open for business' policy.
2. The EOA will act to influence the debate by pushing EO to the fore.
3. The EOA will campaign with the ICAEW to reach more accountants and ensure information about EO options are included in professional training.
4. The EOA will make the case that EO is 'better for accountants' as they are more likely to keep the client after a transition to EO.
5. The EOA will continue to celebrate the EOA sector through EO Day, the annual awards and conference.

Key events for 2017 include:

- Next EOA North regional network on 2nd March at JLP
- Robert Oakeshott lecture, April 6th, ICAEW
- EOA Summer Dinner, Palace of Westminster, June 8th
- EO Day - 30th June
- EOA Annual Conference - Nov 27-28, Hilton Metropole Birmingham

3. 10.30 – 11.30 Host presentation / Union Industries – EOB Story

The regional meeting was given a detailed account of Union Industries' history and development as an EOB by Mr and Mrs S. (Paul and Isobel Schofield), MD Andrew Lane and a panel of employee representatives.

Owner Perspectives

Mr S. drew attention to the reception hall at Union Industries and its role in events and marketing. (The regional meeting itself was being held in the reception hall). People regard this as a showcase that triggers memories. Mr and Mrs S. have resisted advice to move out because of its value for marketing the company and its values.

Mr S. also drew attention to quality issues. Union Industries was 'unashamedly expensive' so it could offer the best products, work with the best (blue chip) clients, and offer service by the best engineers. Union Industries does not employ salespeople – they teach engineers to sell because it is better for clients. This quality approach helped to win the UK EO Award for Innovation in 2016

Mr S. also spoke about the need for caution when success is achieved. He said 'within seeds of success are the seeds of complacency' so it is necessary to temper one's attitude in the wake of success.

Mrs S. spoke about recruiting a new MD and life after ownership. She was concerned about transitioning a business that she and Mr. S. had started from scratch as they 'have their fingernails under everything'. They were unsure what gaps would appear after they withdraw from management. As a result, the recruitment process for a new MD was critical and done without an employment agency. After advertising the role, Carol Leslie (formerly of the EOA) and one trustee of the business reviewed all applications (there were 166). After shortlisted to 16, a further in-house review whittled the number down to 8. These were invited to the company where two selection teams of staff (middle managers to directors) reviewed the candidates. Eventually, three were shortlisted for the current owners to decide between.

At this point, Mrs S got involved again. Reminding the audience of engineering protocols, they scored Andrew Lane's presentation as 5 across the board then compared his presentation with those of other candidates. Andrew got the appointment. Mrs S. is now committed to 'leaving it to people you trust, keeping track of progress and becoming a sounding board'.



Executive Management Perspectives

Andrew Lane spoke extensively about the operational practices at Union Industries and the need for successful EO companies to evangelise their approach and tap the passion behind the company (in this case created by Mr and Mrs S). He briefly revisited his address to the EOA Conference by reinforcing what owners, employees and the senior leadership team sacrificed to bring about employee ownership. They did this (partly) to avoid the need for outside investors during the transition.

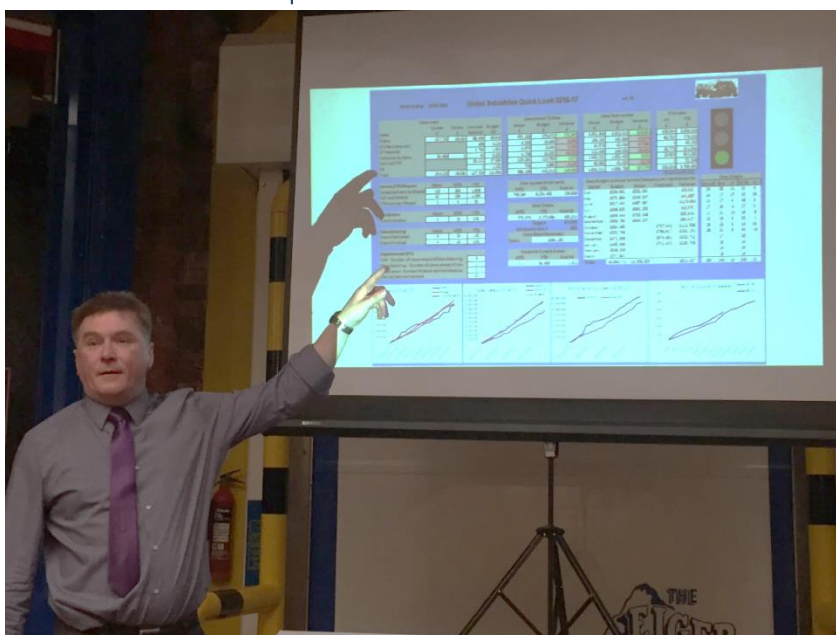
The **owners** put together a realistic value for the business. They helpfully put the buildings and cash into the deal in exchange for a 14 year interest free loan. **Executive managers** gave up their bonuses in favour of a broader more equitable reward policy that included staff. The executive adopted more transparent management processes (to emphasise collective, rather than individual, 'smarts'). Policies were favoured that ended 'corporate greed' and replaced it with an emphasis on working hard *for the company*.

Employees were asked to commit to keeping promises to clients. This was guided by a goal of never being responsible for a late installation of a door (the company's key product). Andrew believed that the transition required him to win the hearts and minds of staff so they would start to think like a business owner. This was accompanied by new engagement practices such as a Eureka bath which led to the idea for the Eiger Door that won it the UK EO Innovation Award in 2016.

The Trust Deed makes it clear that the board runs the business and trustees have economic and social watching brief. There are 5 trustees (2 external, 1 former owner, and 2 elected staff). Elected positions were contested by 9 staff. There is also an employee council. The council meets regularly to decide which issues go to the board after liaising with the CEO.

Operations are monitored in real time with weekly metrics presented and available to all staff. For those that do not like numbers, a traffic light system with graphs is prepared. The goal is engagement – to ensure everyone feels involved in the business. To help this, at Christmas, they bring all families into the business for a celebration.

Andrew Lane Shows Operations Data to EOA North Members



He also showed the results of the company post-transition, which were highly encouraging. Profitability had increased dramatically in the two years that followed the transition to employee ownership.

Employee Perspectives

Five employees shared their views. One commented that it did not feel like a lot had changed, but there were more forums for giving their views. The company had always been quite open in its management style.

Other questions included:

Do you get shares?

Initially, staff were unclear (the transition to EO was recent for some of them). The owners confirmed that staff receive free shares after a year's service. There is an employee trust but the company is not entirely trust-owned.

Do you feel different?

Neil (EO Council Chair) responded that the council meets once a month, and that this is reinforced by the EO transition working arrangements. There are EO geeks that colleagues rely on as there are still long hours of work, sometimes 50-60 hour weeks. The EO council is elected. There is a nomination process, then they check if the nominees are willing to serve on the council. The monthly meeting deals with various questions and filters issues. Andrew can be called in to give updates on the business. Staff give feedback.

How do you manage the challenge of getting agreement?

What is in place for supporting each other?

Staff can (and do) challenge the council. Over time, it is becoming more business minded. EO has affected some areas of the business more than others. One employee compared the culture to the corporation they came from. She no longer feels like a number. Neil added that there can be disagreement but that conflict does not feel personal. The council chair has a role to resolve relationship issues in the council should the need arise.

What is the relationship between the EO council and trustees like?

Neil candidly spoke of his initial feeling of feeling 'like sheep' but this has now changed to one in which the council is involved in getting feedback 'from the ground up'. Trustees do ask the council for information, and there is a 'back and forth' process of consulting with shop floor staff.

Can new starters engage with the council?

New starters get the same opportunities from day 1 of their employment.

4. 11.30 – 12.00 Reconstitution of the EOA Northern Posse

(Discussion / agreement facilitated by Lance Gardiner)

Lance briefed the group about the Northern Posse, its origins and changes over the previous two years. It now meets regularly, shortly after each regional meeting to review what occurred and prepare for the next meeting, but previously had responsibility for organising regional meetings. He said that the time commitment had fallen since the EOA funded a facilitator for the regional network.

He confirmed that Gripple was still offering meeting space for the steering group (Northern Posse) to meet. There was a geographical issue - getting around the region was still a concern.

After 20 minutes of discussion, questions and answers, Rory put to the meeting that the Northern Posse continue to act as a steering group.

15 people voted 'for'

0 votes 'against'

9 people 'abstained'

The member agree to continue the Northern Posse. Rory invited people to volunteer before the end of the regional meeting. Lance later clarified that the invitation period will extend to 19th December (the next steering group meeting).

Regional members can attend a meeting at Gripple on 19th December (8.30am) if they want to be part of the transition process to a new Northern Posse. Malcolm Lynch has agreed to stay on (ex-officio) to help the new posse. Two people expressed interest at the regional meeting in joining a new steering group.

5. 1.00 - 2.00 - Topics and key speaker suggestions for the 2017 programme

After lunch, Rory facilitated a follow up to the previous regional meeting votes on agenda items for the 2017 regional meetings. Based on the results of the vote at the previous meeting, four topics were put to the December meeting for further discussion/clarification:

- Meeting 1 – March – **Employee stories (Partnership Councils)**
- Meeting 2 – June – **Non-financial stuff (Spinouts / Mutuals)**
- Meeting 3 – Sept – **Communicating within EOBs (All groups)**
- Meeting 4 – December – **Measuring progress (Managers / Trustees)**

Members deliberated on who to invite to each meeting, what sub-questions they wanted each speaker to address, and any briefing notes needed to guide them.

The process was designed to allow members to choose which of the discussions they participated in, to suggest their own speakers, and raise their own discussion points.

The results were captured by the regional facilitator (Rory) and are presented in a separate document to be used as reference for the planning of the 2017 North network meetings.

Midlands Regional Network Meeting

Host: Max Fordham, Cambridge

Date: 01/12/2017

Facilitator: Philippa Meaden

Held in the centre of Cambridge those who attended this regional meeting were treated to a fantastic insight into our Host's history.

With a great story and a truly inspirational way of conducting business, Max Fordham's way was even testing some of us around the table who have been around EO for many years. With one individual saying 'I thought I was slightly out there but this is truly aspirational EO'

It was apparent that the back story told captured people's imagination and opened up the door to some possibilities as well as highlight perhaps some of the more challenging scenarios that could be encountered.

Following our Hosts story Keely Lead, Communications and Marketing Manager

(keely.lead@employeeownership.co.uk) from the EOA informed the group of her role and opened up a conversation around

'What is it that members want and how do they want to be communicated to?'

Lunch was served and time to network bringing the group back to work though the answers to Keely's questions.

She is attending many of the network meetings and asking for members input – this will inform and be influencing the directions of the Comms/Marketing/PR of the EO.

A brief session on feedback of the conference moved on into a more open conversation.

Whilst there were many topics covered, understanding the pitfalls and how to communicate the EO topic to the people within your organisation were two of the main areas discussed.

This was the last meeting of 2016 with Birketts kindly hosting on 1st March the first meeting of 2017.

The focus for 2017 meetings will be to ensure the agenda has specific topics to be covered with experts invited to share knowledge and case studies to bring EO alive.

Scotland Regional Network Meeting

Host: Arup, Edinburgh

Date: 08/12/2016

Facilitator: Jacqui Martin

14 people attended this meeting at the Arup offices in Edinburgh with 7 different organisations represented. Most people were attending for the first time.

Welcome and Introductions

Jacqui Martin welcomed everyone and then introduced Elliot Wishlade, the Office Leader for Arup in Edinburgh, who gave a brief history of the building and an overview of the work undertaken by the Edinburgh office.

Jacqui then asked everyone to move seats to sit next to someone that they didn't know. Participants were then asked to briefly introduce themselves and say why they had come along to the meeting.

Update from EOA

Oliver Smith from the EOA gave a brief update on EOA activities. In particular, he mentioned the fact that they plan to offer one-to-one support to each one of their 300 members. They have been talking to government about integrating employees into decision making and there have been opportunities in the media with Deb Oxley appearing on BBC Breakfast and ITN wishing to have someone to discuss salary transparency.

A question was asked about the impact of Brexit on people moving companies into employee ownership and Oliver said that key is to continue to raise awareness of this as a possible exit strategy. For example, they have forged a relationship with the ICAEW (Institute of Chartered Accountants in England and Wales). Sarah Deas (CDS) said that they would be keen to do something similar with ICAS (Institute of Chartered Accountants in Scotland).

Keely deals with media at EOA and is currently building a template to give them more details on each member company.

Alden Whittaker-Brown – Arup

Alden is Head of Group Management Services at Arup and gave a very informative and candid talk on the history of Arup and how employee ownership works there.

Alden's talk began with an overview of Arup. He stated that one key theme is the fact that the company is independent which means that they make their own choices, for example, building their own office in Edinburgh.

The company was founded by Ove Arup who was both a philosopher and engineer and pondered over the following question;

- How does business best serve... society, people who work there, clients?

Arup was the first company to pioneer the concept of 'Total Design' which means bringing all disciplines together from day one and designing collectively.

Arup has been employee owned for 40 years with 100% of the shares held within a Trust.

Alden then gave examples of a number of high profile projects that Arup have undertaken such as Sydney Opera House, Birds Nest Stadium for the Beijing Olympics and the Wobbly Bridge, Kings Cross Station and the Gherkin building in London. He did however make the point that they also do lots of work that isn't quite as exciting such as railway lines, roads and pipelines.

Arup's headcount has increased significantly over the past 20 years growing from under 4,000 to over 14,500.

The company is shaped by The Key Speech which is a 8,500 word document that articulates Ove Arup's vision for the company and the principles under which it operates. Everyone who joins Arup is required to read this document.

The principles laid out in this document means that Arup doesn't operate in countries where bribery is required to do business. The document also talks about 'reasonable prosperity' meaning that everyone who works there should be well rewarded for their efforts.

Everyone who works in Arup is called a 'member' as opposed to 'staff' or 'employees'.

They don't do CSR to tick boxes - but do it because people are genuinely motivated to do this and it's their choice. For example, they are members of REDR (Register of Engineers for Disaster Relief) so will fly their people to assist when disasters occur.

Alden then started talking about how he is a passionate advocate of employee ownership and serves as a Board Director of the EOA, is on the EOA Membership Council and is on the EO Sector Advisory Group.

As an EOA Board Director he is keen that more academic research is undertaken on employee ownership. He also wants to do some work around the language of EO and ensure that it is viewed as 'mainstream', not 'alternative'.

Whilst talking about EO at Arup, he talked about the purpose of business which should be to build a strong, inclusive and cohesive society. Profit maximisation should not be the sole purpose of a company but "reasonable profits" are positive. The key question is what you then do with your profits. Arup distributes 40% of profits to its members with 30% being invested in the company, another 29% going to reserves and at least 1% being given to charity.

Alden was then asked about the mechanisms for decision making within Arup. He replied that decisions are really made within each area and whilst they don't have formal forums, a lot of consultation still takes place.

The independence that Arup enjoys means that in theory they can take a long term view. Growth has largely been organic meaning that the organisation is very stable.

There was also a short discussion around pay. People are paid more than market level at Arup to stop them looking at alternatives as they view the costs of people moving as being both the recruitment costs for a replacement but also the loss of knowledge and continuity.

Reserves are targeted at 8 weeks of operating costs.

Employee ownership means that Arup cannot be bought or sold.

Q & A Session

There was then an opportunity to ask questions.

First question was about whether it had been difficult to maintain the employee ownership ethos whilst the company has experienced significant growth over the past 20 years.

Alden said that it was important to note that growth had not been attained through mergers and acquisitions but had largely been organic. Note that there have only been around 16 acquisitions over the past 60 years which have involved less than 300 people.

Alden said that they needed to communicate more about employee ownership. JLP spend a lot of time talking about their culture and ethos and have 14 journalists working on their weekly gazette. Key is to talk about employee ownership and also to celebrate it.

The second question was about how closely the moral compass that Alden has matches that of Arup.

Alden then gave a quick overview of his background. After graduating with a sociology degree, he worked in public services and then worked as a freelance consultant. Whilst working on a competition for social housing, he spent a lot of time with the Chairman of Arup who recognised that Alden had the values of Arup right through him and asked him to join the company.

A role was subsequently created within the company for Alden and his remit and team has grown over the past 9 years. He has responsibility for the commercial performance of the company and profit has increased over the 9 years from 1-1.5% to more than 10%.

The next question was on recruitment at Arup. Alden said that the key question they ask is “Can we find people who think the way we do?”. Characteristics are more important than skill set.

Someone then asked what Alden’s top tips would be for a new EO company.

Alden stated that it’s crucial to make engagement real and tangible from day one;

- Include people from every level in the decision making. Whilst those on the shop floor don’t run the business, they should still be consulted.
- It’s also really important to celebrate employee ownership and to find reasons to talk about it.
- Continually communicate on the benefits and responsibilities of EO
- Reinvest in the company before sharing profits as it’s really important to build reserves for lean times.
- Engage people in decision making through employee forum which offers an opportunity for leadership to interact with front line staff and look at the financial position.
- Be transparent to the point that you are comfortable. Not every company would be comfortable with transparency around salaries..

He said that 80% of the success of JLP is due to their long tradition, loyal customer base and the leadership team whilst 20% is due to employee engagement but who wouldn’t want this additional 20%?

Open Space

The Open Space session was an opportunity for people to set their own agenda for discussion and the following topics were put forward;

- Employee engagement in processes and planning
- Getting people involved
- Dealing with EO Cynics
- Dealing with the “God Complex”
- Two way communications – ideas/methods
- Vision and values
- Thinking like business owners

Note that the “God Complex” was talking about senior leaders who had not bought into EO.

Everyone was given the opportunity to choose two of these topics which they felt that they could either contribute to or learn from and feedback from the discussions was given on flip chart sheets which summarised the key themes from the discussions, any questions which had arisen and any action steps that would be taken. These are shown below;

Closing Remarks

Jacqui thanked Alden for this talk, Arup for hosting and everyone for their contributions and mentioned the next meeting will be hosted by Page\Park on 8th March 2017.

South East Regional Network Meeting

Host: OPM, London

Date: 07/12/2016

Facilitator: Jamie Pyper, Conscious Business People (jamie@cbp-uk.com/ 07769 882245)

Overview

A good turnout with a lot of discussion and networking with faces new and familiar, both before over tea and biscuits and after in the pub, all very generously provided by Peter Holland and the the team at OPM who hosted this quarter's event. We had limited space and a few people couldn't make it at the last minute so about 40 members attended as well as Deb and Keely from the EOA.

After an informative introduction from Peter about OPM's challenges finding investors as an EO we moved to Keely from the EOA who discussed the many aspects of how to work with the EOA's PR department to maximise publicity for mutual benefit. The first step is to put your comms person in touch with Keely at: keely.lead@employeeownership.co.uk
Keely also covered EOA Today and obtained some feedback about how members would like to be communicated with.

Next came the Open Space Discussions. We give members of the network an opportunity to raise specific topics for discussion. The network had 40 minutes to move around the room and join in with discussions that were of relevance to them. A brief summary of the discussions held are below:

Topics of Discussion from the "Open Space"

- How do I construct an employee engagement questionnaire
- To what extent do other EO company's educate their employee owners about the company finances
- What drama's have you experienced, good and bad, since becoming an EO
- How should I do internal comms
- How have others got through hard times in business
- How do I make the role or trustee appealing and rewarding to attract the right type of volunteer
- Socially Responsible Business or EO, which journey tends to come first?

We then also asked members how they would like to get involved, what they would like in future sessions, whether they could offer anything for the network, if they wanted to host an event or some sort of meeting and collected some specific feedback about what they

would like more or less of.

Closing Remarks

All and any feedback or requests for slides and other content should be directed to
jamie@cbp-uk.com 07769 882245 or katie.parker@employeeownership.co.uk at the EOA.