OWNERS AT WORK

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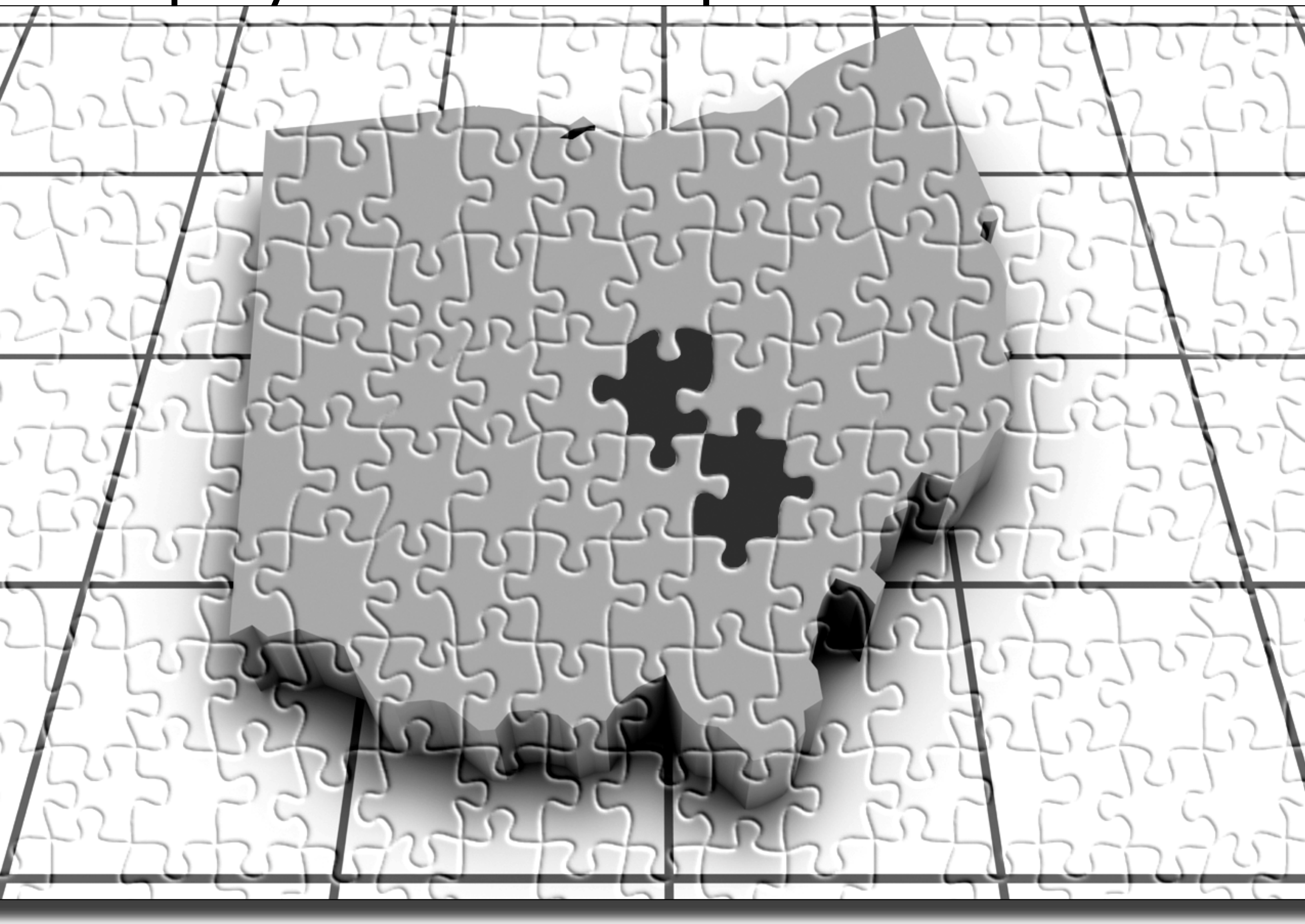
Employee Ownership



Helping to Solve Ohio's Economic Puzzle

Martindale Electric
Grand River Rubber and Plastics
Casa Nueva Restaurant

AND......... A New Approach to Outside Offers
A Veteran and a Novice Discuss Employee Ownership

OWNERS AT WORK

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The OHIO EMPLOYEE OWNERSHIP CENTER (OEOC) is a university-based program that provides information and technical assistance to retiring owners, buyout committees, labor unions, managers and community-development organizations interested in exploring employee ownership. Center staff can help locate competent and appropriate legal and financial advisors and perform initial assessments to determine whether employee ownership is a viable option. The OEOC develops resource materials on employee ownership and participation systems, sponsors workshops and conferences for the general public, develops and delivers training programs for employee owners, facilitates cooperation among employee-owned firms, coordinates a comprehensive succession planning program, and assists international efforts to privatize businesses through employee ownership.

The OEOC is funded by grants from the Ohio Department of Development's Office of Labor/Management Cooperation, the Ohio Department of Job and Family Services, the U.S. Department of Agriculture, and private foundations, as well as contributions from Kent State University, Friends of the Center, and the companies that comprise Ohio's Employee-Owned Network.

KENT STATE UNIVERSITY

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Editor's Note

There is much news to cheer about in this issue. Two new ESOPs were announced and two scholars of employee ownership won honors. Casa Nueva, the Athens restaurant cooperative, celebrated 25 years in business, when the typical lifespan of a new restaurant is only a few months. Equally heartening news is Casa's "production" of entrepreneurs—far, far more than in the U.S. in general. In a similar vein, MBA students are enjoying hands-on learning about employee ownership through a consulting firm "clinic" at the Rady School in San Diego. We also hear about multistakeholder cooperatives that bring people with different but complementary interests into a single enterprise. Tim Jochim tells us why employee ownership is a natural for the U.S., and the Cleveland Foundation won a very substantial grant, a portion of which will aid the continued development of the Evergreen cooperatives. A new book co-authored by Professor Joseph Blasi of Rutgers University offers powerful evidence affirming what practitioners of shared capitalism have known from experience for many years—that it is a means to build strong, efficient, successful companies that grow jobs.

On a more threatening note, a regulation proposed by the Department of Labor might increase the administration costs of ESOPs and even cause some smaller ESOPs to terminate. And we are made aware of how arbitrary decisions about administering an ESOP can undermine the sincerest efforts to build the ESOP culture of a company.

Rutgers' Joseph Blasi to hold First Professorship of Employee Ownership

Joseph R. Blasi, Professor at Rutgers' School of Management and Labor Relations, was named to the first J. Robert Beyster Professorship of Employee Ownership.

Blasi is the author and coauthor of several books and numerous articles on employee stock ownership, broad-based stock options, management stock ownership, employee involvement and corporate governance. He has also played an important role in fostering and encouraging the Beyster Fellows, academics and graduate students supported by the Foundation for Enterprise Development (FED).

FED was established by J. Robert Beyster, a nuclear physicist and entrepreneur, who founded the San Diego-based Science Application International Corporation in 1969. Beyster pioneered broad employee ownership in the company, which became the largest employee owned firm in the U.S. (See *Owners at Work* 19:2, p. 14, Winter 2007-8.) Mary Ann Beyster is the current president of the foundation.

Student Consulting Firm Runs at Rady School's Beyster Institute

The Beyster Institute has launched a student-run consulting service, an experiential learning project staffed by students and recent graduates and advised by the Institute's two experienced professionals -- Anthony Mathews and Martin Staubus. Student members of the firm "learn by doing."

The service explains employee ownership to businesses, business leaders, students, professors and public policy makers, and assists client firms. Students can serve as Interns or Junior Consultants.

Comparing the consulting firm to a student-run clinic like those at dental schools and barber colleges, Institute Director Mathews says, "We consult on specific matters and help design specific applications for reasonable fees that are paid to our university."

"In the process, we have created about 100 MBAs our internwho are very familiar with employee ownership opportunities and potentials."

James Colligan, a 2009 Rady MBA and now a Junior Consultant for the Institute, writes, "The position is one of the finest a recent MBA could secure, replete with exposure to all shapes and sizes of businesses which all share the same goal of adopting broad-based employee ownership." Junior Consultants educate Interns about employee ownership and the details of establishing a consulting practice.

Colligan points out that the main point of consulting at the Institute is education. "The result is a consulting practice whose business is driven and guided by senior consultants, but largely executed in the trenches by capable MBA students with a new-found appreciation for employee ownership."

"The education is phenomenal," he continues. "Given the broad impact that ESOPs have on an adopting company, interns are exposed to myriad real-world issues involving principles of accounting, financial reporting, the cost and structure of debt and equity financing, personal and corporate tax implications, corporate communication and even the psychological impact of ownership on employees."

The Beyster Institute exists within the Rady School of Business at UC-San Diego, offers elective courses and public lectures on employee ownership.

Award Winners from the Association of Cooperative Educators annual meeting (l to r); Rod Kelsay of the Mid-America Cooperative Council; Audrey Malan of CooperationWorks; Jen Heneberry of the Ontario Cooperative Association; Bill McIntyre, Olga Klepikova, Roy Messing and Bob Cohen of the OEOC.

KSU Student Is Top Undergraduate in Employee Ownership Essay Contest

Alexandr Bolgari, a senior majoring in International Relations at Kent State University's Honors College, took top honors among undergraduates in the Foundation for Enterprise Development Essay Contest, "Sharing Wealth by Creating Wealth." He placed third in the contest overall, with the top two places taken by graduate students.

To prepare KSU students for the contest, OEOC staff taught a no-tuition, non-credit course on employee ownership.

For his effort, Bolgari won a total of $1,000 plus an all- expense-paid trip to the NCEO/Beyster Institute meeting in Denver, April 13-15. Bolgari's winning essay is printed in full on page 13.

Proposed ESOP Regulation Alarms Firms and Service Providers

In October 2010, the Department of Labor proposed a regulation that may increase costs of ESOP administration and consequently discourage the formation of new ESOPs and the termination of smaller ESOPs. For more, see the opinion article on p. 14.

ACE Triply Honors OEOC

The Association of Cooperative Educators (ACE) designated a new award, named for OEOC Founder John Logue, who died in late 2009. The award was announced at the annual meeting in Cleveland in July 2010. Logue had won their Cooperative Educator of the Year Award the previous year.

The award recognizes an individual or organization whose educational programs, technical assistance or research acts as a catalyst for change by creating innovative cooperatives that promote a democratic work environment and economic sustainability for people and communities. The OEOC itself was honored with the Outstanding Organization Award, for its contributions to ACE.

Bob Cohen, part-time OEOC Program Coordinator and CEO of Braintree Business Development

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Center, was honored with the Reginald J. Cressman ACE Award Recognizing Commitment to Staff Development. The award recognizes an ACE member who demonstrates outstanding commitment to staff development as exemplified by long-time cooperator Reginald J. Cressman.

Court Rules for ESOP Fiduciaries

Quan v. Computer Sciences Corp, heard by the 9th Circuit Court of Appeals in September 2010, is what is commonly termed a "stock-drop" case. Essentially, an ERISA stock drop case involves plan participants claiming that the plan fiduciaries allowed participants to invest in company stock when the stock was not a prudent investment. Fiduciaries have also been sued for removing company stock from among investment options when the stock later thrived.

The case involved a participant-directed 401(k) at Computer Sciences Corporation (a Fortune 500 technology company with operations in more than 60 countries) that included the option to invest in company stock. In this case, a group of current and former employees sued CSC and the plan fiduciaries after the stock price dropped 12% in one day due to company issues with reporting stock options and its tax accounting practices. However, the stock quickly recovered and the company's viability was never in jeopardy.

The plaintiffs charged (among other things) that the fiduciaries imprudently invested in employer stock and made misrepresentations to participants by failing to disclose information that could impact the stock value. Thus, they failed to satisfy their fiduciary duties to the plan participants under ERISA.

On a motion for summary judgment, the District Court ruled in favor of the fiduciaries on all claims. The plaintiffs appealed to the 9th Circuit, and the higher court also ruled in favor of the defendants. Following the rule adopted in other federal circuits (the so-called Moench rule [62 F.3d 553, 571–72 (3d Cir. 1995)], the 9th Circuit court held that where a plan document directs investment in employer stock (as is the case with an ESOP) the plan fiduciaries are entitled to a presumption of prudence in the investment. To rebut this presumption, the court said, the plaintiffs would need to show that "the company's viability as an ongoing concern" was in doubt. The participants in this case failed to meet that requirement.

The Court also ruled against the plaintiffs on the misrepresentation claim, holding that it was "highly unlikely that a reasonable participant would have been misled" by any statement of the fiduciaries.

In a number of similar cases, the courts have thus far been inclined to follow the Moench rule that plan fiduciaries who are required by a plan document to invest in employer stock are entitled to the presumption of prudence. Plaintiffs have generally not been able to provide enough evidence to overcome this presumption.

This article was reviewed by Ben Wells, ESOP attorney in the Cincinnati OH office of Dinsmore & Shohl. Nothing in this article should be construed to be legal advice or opinion. For answers to your specific questions, consult your ESOP professional.

NCEO Executive Director Corey Rosen Relinquishes Top Spot

Corey Rosen, who cofounded the National Center for Employee ownership in 1981, will step down as Executive Director in April 2011, to be succeeded by Loren Rodgers, who has been with the NCEO since 2005.

Rosen served on the staff of Senator Russell Long when the ESOP concept was shaped for legislation. The NCEO's first office was in his basement in Arlington VA.

He has employed, advised, encouraged, mentored, or recommended many of today's academics, consultants and attorneys. He'll be celebrated at the annual meeting of NCEO in Denver on April 13-15, and will continue with the NCEO as a senior staff researcher.

To honor him, friends and admirers have established the Rosen Ownership Opportunities Fund (http://www.ownershipopportunities.org/).

It will undertake research, education and innovation that will expand ownership opportunities for employees. It will focus on projects that otherwise could not be funded, a fitting tribute to Rosen, whose initial wave of grant applications to fund the NCEO frustratingly yielded no funding at all. The fund aims to increase the number of employee owners in the US and abroad, to encourage best management practices in these companies, and to deepen the understanding of the scope and impact of employee ownership.

ODOD Awards $500,000 for Layoff Aversion, Job Creation

OEOC received a $500,000 grant from the Ohio Department of Development to avert layoffs by assisting Ohio firms with succession planning to keep them viable in their communities, by providing technical assistance to companies and employee groups seeking to determine if employee ownership is right for them, and by assisting companies facing shutdown with prefeasibility studies to determine if employee ownership is a viable option.

Cleveland Foundation Wins $12.9 Million

Jobs and businesses that benefit low-income residents will be the focus of a $12.9 million grant awarded to the Cleveland Foundation in October by Living Cities – a collaborative involving 21 of the world's largest foundations and financial institutions. A priority of the grant is to grow and replicate the Evergreen Cooperatives with more enterprises. Living Cities CEO Ben Hecht praised the effort in the *Plain Dealer,* saying that Foundation's work showed more promise than all other similar programs across the country.

Youngstown's Green Clean Co-Op Celebrates First Year

Five members of the Beatitude House Green Clean Co-Op celebrated their first year of providing residential and institutional cleaning services in the greater Youngstown area, as of September 30. While brightening the homes of a growing list of satisfied customers, members are honing their skills in cleaning, business and customer services. The co-op members were recognized at the Beatitude House 8th annual Cornerstone Dinner on October 17. The Green Clean Co-op is supported by Beatitude House and sponsored by the Ursuline Sisters as part of its mission to help disadvantaged women and children transform their lives. For more, see www.beatitudehouse.org

Ohio Employee Ownership News

Martindale Electric Company Establishes ESOP

In December of 2010, Martindale Electric Company completed a transaction resulting in the creation of an ESOP that will hold approximately 30% of the Martindale stock. Today Martindale employs 37.

The company was founded in 1913 by E. H. Martindale as a tool manufacturer for the electric motor maintenance and repair market, manufacturing electric motors and carbon brushes. Today they are a leader in their industry, providing electric testing equipment, electric etchers, demagnetizers, and various tools and equipment used in a variety of electrical maintenance and metal finishing applications. In addition, Martindale has become prominent in the manufacture of large metal-working saws in both high speed steel and tungsten-carbide, as well as other metal cutting tools.

In the 1950's, Robert Martindale succeeded his father and led the company until 2000. The company philosophy has always been one of high quality and personal service. It is proud of its responsiveness in meeting the demands of its customers and the teamwork of its employees.

In 2004, Martindale successfully acquired an abrasives line, which it previously had distributed, to improve its market position. The company operations have been led by CEO David Wildermuth and President James Satterthwaite since Mr. Martindale passed away. The company was family-owned since its founding, with some third-generation shareholders.

The process of developing ownership succession unfolded over more than two years. In November of 2008, with a suggestion from their law firm and encouragment from Bob Kraft of Kraft Fluid Systems, an ESOP company, Mrs. R. H. Martindale began to consider employee ownership as an exit strategy. Management contacted the Ohio Employee Ownership Center and subsequently met with staff to review the ESOP option. The company applied for and received an Ohio grant to help fund a prefeasibility study, which was performed by Apple Growth Partners.

Key leadership and a small group of employees attended the OEOC Annual Conference in April 2009. While they were encouraged by what they learned, it was obvious that they could not move forward due to the dramatic decline in business during the recession. So for the next twelve months, they "hunkered down to ride out the storm." During that time the company came together and designed a more productive business that would perform well at a reduced level of sales.

In March of 2010, the Martindale Board of Directors authorized management to proceed with setting up the ESOP for December implementation, retroactive to January 1, 2010. They retained Cavitch, Familo & Durkin for legal support, Apple Growth Partners for valuation, and SES Advisors for administrative services.

In July 2010, OEOC staffers conducted an introductory employee training meeting to announce and explain the ESOP. The concept of employee ownership was well received by the employees, but some questions remained about the specific long term impact.

In November of 2010, with the business valuation completed, the Board of Directors authorized the establishment of the ESOP and a loan agreement with Huntington National Bank. Finally, in December, all key transaction documents were signed and offers to purchase shares were made to some current shareholders.

The employees then had additional training to take them through the specifics of the Martindale ESOP. Management reported "lots of good Q& A" and a positive reaction to the company's plan to keep the 401(k) match and gain sharing programs. Directors have authorized contributions to the ESOP for March of this year that will accomplish Martindale's first allocation of shares to the trust.

New ESOPs: Grand River Rubber and Plastics Sold to Employees

Grand River Rubber & Plastics Company in Ashtabula, OH, a manufacturer of lathe cut washers, flat drive belts and tubular products, has been sold to a familiar group—its 205 employees, many of whom are members of the United Steelworkers. The purchase agreements were signed January 5, 2011. The $35 million company is now 100% employee owned. The former owners, President Ric Selip and Vice President Joe Misinec, will continue to manage the company for a transitional period.

The deal has been in the making for the better part of two years. Said Selip, "Now that we have successfully implemented our ESOP, my thoughts go back to our first efforts in 2008. The first place we turned was to the OEOC for counsel, support, and most importantly to help us communicate the ESOP message to our employees. But then the economy tanked and we postponed our efforts until this final push that got it done. One thing I know for sure is that without the strong knowledge base that our employees received during the OEOC training sessions in 2008, we might still be trying rather than celebrating our new 100% employee owned company."

Grand River Rubber & Plastics partnered with PNC's Financial Group, the law firms of Ulmer Berne LLP and Warren & Young, PLL, as well as the accounting firm of S.R. Snodgrass, to create the agreement and ESOP. OAW

Beatitude House Green Cleaning Cooperative members (left to right): Rita Kelley, Maryvel Vera, JoAnne Rizer, B. Vernessa Robinson, and Maria Mercado.

"There Is So Much Future In What We Do"

Saluting Worker-Owned Casa Nueva Restaurant

Karen Thomas

How many restaurants celebrate 25 years in business? Not many. In fact, most fail within the first five years.

What are the odds of survival for a restaurant that features local food and democratic worker ownership – and pays all the people who work there significantly higher wages than the other restaurants in town? Whatever the odds, Casa Nueva Restaurant, Cantina and Bodega, in Athens, OH, has beaten them, earning a profit in every one of the past 25 years. In their first year, they turned a profit on sales of $200,000 and had sales well over $2.5 million in 2010.

At Casa's 25th anniversary worker-owner reunion in August, I talked with some of the 172 current and former members. Speaking to Casa's success over many years, one former member explained, "There is so much future in what we do."

Is there a future in Casa's business model of worker ownership and local sourcing? Is this really an effective strategy for economic development and job creation? And if so, how do they do it?

Casa's business model

Casa Nueva operates a full service restaurant, bar, and casual service deli in uptown Athens, a few blocks from Ohio University. They also produce and market their private-label food products. The business is run by 24 worker-owners on a full-time basis year-round, with two current trial members. It employs 43 part-time associates, including many college students. They operate three shifts, including a morning crew, an evening crew, and a crew of midnight bakers of their popular breads, specialty items and desserts.

Casa buys locally, purchasing over 50% of its year round menu ingredients from local organic growers, family farms and specialty food producers. Casa has supported the startup and success of many local farms and food producers through the Food Ventures Network, ACEnet's Commercial Kitchen incubator, the Athens' Farmers Market, and the Chesterhill Produce Auction. Casa pays wages to the local farmer-partners who provide fresh food supplies year-round. Local artists are featured in monthly exhibitions, and local musicians provide live entertainment on weekends.

Casa practices high-road HR, paying wages starting at $9.00–$10.25/hour across all jobs through its system of tip-sharing, a practice that reinforces the benefits of teamwork. Long-tenured members earn $12 to $19 an hour. Benefits include health, dental, paid personal leave, and the opportunity to become equity owners with completion of 4-8 months/500 hours of education and involvement. Members make a two-year commitment of full-time work, earn profit-sharing on their member share, and participate in governance, planning and decision-making to run the business day-to-day.

Why is this business model important?

The National Restaurant Association (NRA) estimates Ohio's restaurant workforce at 500,000 people in 2,000 restaurants (about 10% of Ohio's workforce). The NRA also cites "sustainability, local sourcing and nutrition" as the top restaurant trend. What would be the impact on our local communities if more Ohio restaurants adopted Casa's business model?

Startup as a cooperative

Casa began when the owner of a former Mexican restaurant skipped town and a group of eight employees kept the place open on a day-to-day basis. As Leslie Schaller, a founding member and current Business Director recalled, "All eight of us ran the business until the bailiff showed up."

Experts from their local state-supported labor-management cooperation center and a cooperative development center helped them with a preliminary feasibility study. The study showed the business was potentially profitable and both organizations helped them develop a business plan.

"We weren't thinking worker ownership at the start, we were just trying to keep our jobs," recalled former member, Rob Somers. "But we got excited about the chance to own a business, and in a revolutionary way."

The group incorporated as a cooperative within a C-corporation and received training in business and teamwork skills. They opened in the same location as a new casa, the Casa Nueva Restaurant, in October 1985.

Start-up financing

The eight worker-owners negotiated a lease and launched a fundraising campaign. Financing came from diverse sources.

- Member equity: Each of the eight founders put up $400 in cash and $750 in sweat equity to purchase their member share and buy the restaurant assets out of receivership.
- Community investors: The largest source of funding came through unsecured loans from community members, happy customers, in amounts of $500 - $2,000, and through smaller contributions, raffles and a highly successful benefit dinner dance.
- Commercial lender: A loan from a local bank provided startup working capital.
- State grant: They qualified for a State of Ohio grant as a majority female-owned business.
- Bartering and vendor loans: Local businesses bartered for services, some made loans, and many donated money and services toward the fund-raising.

By-laws and self-management

A local cooperative development center, the Worker Owned Network, now ACEnet, helped them set up their by-laws and processes to operate as a worker-owned cooperative, based on models developed by the Industrial Cooperative Association in Massachusetts and the Mondragon Cooperative Corporation in Spain. Major decisions are made by the board, whose members are elected by members on a one person, one vote basis. Policy decisions are made by the whole membership, which meets monthly.

Casa started with two half-time managers but changed from a traditional approach as their business grew. Management responsibilities are now shared among ten part-time coordinators. One coordinator, called the Bounty Hunter, coordinates the purchase, preparation, and delivery of local produce. Other coordinators are responsible for systems operations, the Cantina, human resources, purchasing and inventory, restaurant services, food preparation, and finances. Others curate live entertainment, monthly art exhibits, and the website.

Casa has supported the startup and success of many local farms and food producers through the Food Ventures Network, ACEnet's Commercial Kitchen incubator, the Athens' Farmers Market, and the Chesterhill Produce Auction. Casa pays wages to the local farmer-partners who provide fresh food supplies year-round.

Working as a coordinator provides great business management training, according to Candida Stamp, who serves as one of Casa's two Finance Coordinators. "My predecessor mentored me for a year, she explained." Now in addition to my fiscal responsibilities, I present our financials to members, head the financial committee and teach finance classes for associates and directors. "

Member involvement and accountability

Casa's Hiring Committee looks for people with enthusiasm about working in a different kind of job environment. Once hired, a worker can apply for membership and begin a trial period. "We ask trial members to apply by writing a letter stating why you want to be an owner and we post it on the kitchen cooler," explained Stamp.

Members meet each year over three days to develop their annual business plan. Everyone sees the results of their planning and teamwork from the financials, which are posted each week on the kitchen cooler.

"Member accountability is a key issue for cooperatives," said Nancy Buerkel, one of Casa's Financial Coordinators and a member since 1989. "We use committees as an important process for self-management." Each member serves on at least one of the committees for culinary development, front of house, back of house, hiring, training, discipline, evaluation, marketing, finance, and scheduling.

Hard work, good pay, low turnover

Members work 40 hours a week, including weekends, and can sign up for additional shift coverage earning time-and-a-half. Casa's system of tip-sharing is the foundation of their high wage practices. Tips from the restaurant and cantina for each two-week pay period are pooled across all shifts and jobs.

Members earn 50 cents more per hour than part-time associates, plus premiums for hours worked and roles in management. Directors earn an additional 25 cents per hour.

While high turnover characterizes the restaurant industry, turnover among Casa members is low. Only one or two members leave per year, and the median length of members' employment is 5 years, although the mean continues to climb. More than a third of current members have been worker owners over 10 years.

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Casa Nueva Employee Owners make it fresh, and have fun doing it: (from left) Lawrence Greene and Jena Wycuff, Food Manufacturing Division Coordinators; Amanda Winters, one of Casa's extraordinary AM Cooks; Worker-Owner Aggie Gabbard slices bread.

Member Return On Investment

Each member buys one member share, payable upfront or through payroll deduction. In 1985, each member's share cost $400; now it costs $1,800. Each member has an internal capital account which tracks the 5% compounded interest earned annually on the share. When a member leaves, the member share and earnings are paid out over four successive years.

Members also earn profit-sharing, called a patronage dividend, based on their total yearly hours of work. At year's end, 40% of profit is retained, and 60% is distributed to members. Patronage dividends are paid out in two installments--20% for tax coverage and 80% three years after the year in which the dividend was earned.

Training for Business Leadership

"A lot of entrepreneurs shot out of this place and I am proud to be one of them," former member Roman Warmke noted at the 25th anniversary party, "Casa is its own university." About 12% of Casa's 172 former and current members (21 individuals) have started their own businesses. This rate of entrepreneurship activity is 40 times greater than the national average in the U.S. According to the Kauffman Index, only 240 of every 100,000 Americans (0.24%) are entrepreneurs.

Many former members went on to manage other businesses. As former member Eric Lumbra recalled, "My hands-on experience here has paid off tenfold. Here we had to build consensus. Now I work as a Division Manager with 18 people and my management style is consensus building."

How big is too big?

When Casa grew to fifty members, it was difficult to make decisions because the consensus decision-making process was too cumbersome. Members agreed to change from consensus to majority voting at member meetings.

"Our policy of 100% worker ownership became an albatross in the restaurant business," explained Lumbra. "We needed to be nimble so we changed our membership policy." Since 1999 Casa has hired part-time associates. Now 60% of Casa's workforce are non-members. Casa maintains its legal status as a cooperative because the part-time associates work a lot fewer hours than members. Not surprisingly, current economic conditions have encouraged more interest in membership over the past 18 months.

Because of the smaller number of members currently, consensus decision-making was reactivated at member meetings, ensuring that the perspectives of every member are included. Most members think the maximum membership for a cooperative restaurant should be 30 people.

Community partners link for business growth

Casa's growth over the past 25 years is directly linked to their members' commitment to regional economic development. Schaller also works with ACEnet, a local economic development organization, and she led efforts to launch its Food Ventures Program and a fully-licensed commercial kitchen facility incubator.

In 1997, Casa began food product manufacturing and became an anchor tenant in the incubator. Casa's production crew worked one day a week preparing salsas, peppers and other food products used in the restaurant, and storing these products in the warehouse, refrigerators, and freezers that they rent at the facility.

Casa also sells their private brand food products through various community retail initiatives. They are one of 70 local vendors of the Athens Farmer's Market, which sometimes draws more than 3,000 shoppers and generates $40,000 in weekly sales. Casa was also active in developing ways to add value to southeast Ohio's agricultural assets through a "Foods We Love" umbrella branding campaign that involved 80 retailers in Ohio's 32-county Appalachian region.

Casa's high cost strategy

Casa's policy of purchasing locally is based on their commitment to business strategies that improve the economy of their community overall. "Our food costs are higher than industry standard," explained Stamp, "and so is our food quality. Costs are always an issue, but it's a decision we members make each year when we do our projections. This works for us. "

Bob Fedyski, a former member of Casa who now runs the local Chesterhill Produce Auction, explained, "Casa has raised the food literacy in their community, and today the Athens area is a national model. It's practical, it's sustainable, and everyone is winning—the producers and the customers."

Who are Casa's local farm producers?

Casa buys 50% of their supplies from more than 40 local farmers and food producers. Green Edge Gardens and Shade River Organic Farm provide a year-round selection of greens and vegetables. Other suppliers include the King Family Farm for pork, poultry, and eggs; Shew's Orchard and Big Rumen Farm for grass-fed beef; Integration Acres for cheeses and a local fruit called the pawpaw; Herbal Sage for tea blends; and others for local honey and maple syrup. All their suppliers are in Ohio except EcoFish, a sustainable fish producer, and worker-owned Equal Exchange, a fair-trade coffee roaster and distributor coop in New England. A complete list of local food suppliers is featured on the menu and at www.casanueva.com.

Looking to Casa's future

Casa members see a bright future for Casa because of its cooperative structure and its popularity within the local community. Casa's by-laws foster a strong cooperative culture in which lots of different points of view meld together into policies that make the business stronger and promote its growth. Restaurants need to have controls on their operating costs, and at Casa, everyone is responsible for managing costs and making changes on a daily basis as they deal with situations. Members take great pride in working there because they own a part of the business.

Casa's mission and values make it appealing to customers. Southeast Ohio is a struggling economy and customers appreciate Casa's commitment to local sourcing that keeps money in the local economy. They recognize that Casa is an important cog in the whole process of local economic sustainability in the region. **OAW**

Communities Keep Jobs, Build Enterprises with Multi-Stakeholder Cooperatives

Ashley Hernandez

Americans and Canadians have begun to use a new type of enterprise to fight the impact of recession. These enterprises, multi-stakeholder cooperatives, can be structured to allow different types of individuals and groups to share ownership and make different contributions to creating a venture that benefits all the members.

For example, in Ohio and in neighboring Canada, the flight of capital and jobs from communities is a familiar phenomenon, with many towns living with the boom and bust of industries that later disappear altogether. In the 1980s, residents of Sacre Coeur in Northern Quebec changed their economic narrative by adopting this new model of business. When their city's lone sawmill filed bankruptcy for the third time, and the threat of liquidation seemed imminent, the community of 2,000 people banded together and bought the mill, creating a corporation with ownership distributed among two local cooperatives and a conglomerate of local businesses.

Unlike corporations whose driving force is maximizing the profits for shareholders, cooperatives operate for the mutual benefit of the members. The owners are people who need the cooperative's services. Because of their ownership structure, cooperative businesses tend to have a strong concern for community. As cooperative consultant Margaret Lund puts it, "The standard way to differentiate a cooperative from alternate forms of business enterprises is to ask the fundamental questions of: 'who owns it, who controls it, who benefits from it?"

For example, it may be too expensive for a lone dairy farmer to process milk into cheese, but by aggregating capital with other farmers, the group can purchase the equipment, sharing the costs of making cheese, and sometimes using the cooperative to market and distribute the cheese as well. Or people in a town can start a grocery store so they can pay lower prices for organic produce. Cooperatives like the examples above have just one membership class. The cheese coop members are all dairy farmers, and the grocery store coop owners are all consumers.

In the multistakeholder coop, the members may have both shared and conflicting interests, but if they can remain focused on the important goals that they all share, the mutual benefit can be very substantial.

Many find it perplexing that members with opposing interests can also collaborate, but in fact, people do it all the time in everyday life. The multistakeholder cooperative just formalizes and structures the relationship to give the enterprise stability and strength.

Multi-stakeholder cooperatives were pioneered by the Italian cooperative movement in the region of Emilia Romagna. When the downsizing of the mental healthcare service in the 1970s left many sick people to fend for themselves, the people of Emilia Romagna doubted that profit-driven private markets would provide these vital services. With the Italian cooperator's ingenuity, they developed social cooperatives that included workers, consumers, investors and community supporters and provided an array of social services. In 1991, they finalized the Italian law that defines and governs their version of the multi-stakeholder model.

The Oklahoma Food Cooperative, located in Oklahoma City, decided to use the multi-stakeholder approach in order to recreate a local food system for residents. People in the community (consumers) collaborated with local farmers (producers) to form a cooperative that manages a website where consumers can order products directly from producers. Every month, farmer members of the cooperative list their available products on the website and consumers place their orders.

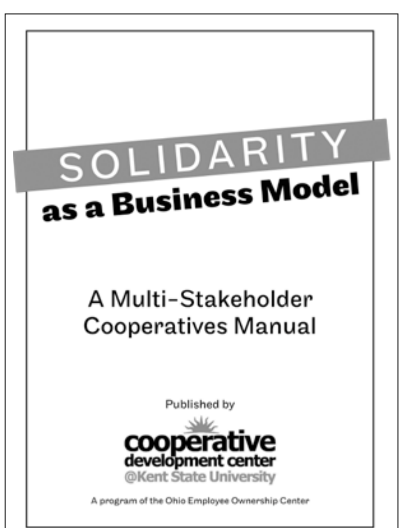
Since producers and consumers are both vital players in this initiative, both parties participate in the election of the board of directors, where a seat is reserved for each class of members —producers and consumers. Ensuring equal representation is one way the cooperative can deal with diverse interests.

Of course, sometimes the different members disagree, but a multi-stake holder model is not about "why can't everybody get along." It is a viable tool for situations where there is a larger collective need that goes beyond one particular interest.

In Sacre Coeur, the entire town had a stake in ensuring that their largest employer would survive. Likewise, The Oklahoma City community having access to a local food system is more important than the price of any product. One cooperative member explains, "We want the farmers to live off of the food they sell and the consumers to be able to afford it."

Since states make most of the laws that affect cooperatives, state law must authorize the creation of such cooperatives and a procedure for registering them. Yet one problem with this novel model is that most states do not have a formal legal structure for multi-stake holder cooperatives. Some cooperatives have established themselves as limited liability corporations (LLCs) while still governing the business as a cooperative. In some states, coop law is flexible enough to allow the formation of something like a multi-stakeholder coop. Legal assistance and an experienced cooperative developer can help to design the structure and governance for a multi-stake holder cooperative that will fit state law.

The Cooperative Development Center at KSU has recently published a multi-stake holder cooperative manual and has been collecting short case studies to help communities and groups that want to explore the concept further. For information call Roy Messing at 330-672-3028. OAW



A New Approach to Outside Offers

Bill McIntyre

Editor's Note: With this article, we continue to explore an often surprising event in the life of an ESOP company - an offer to purchase the firm.

The board of directors of a successful company is knowledgeable about how to run that company -- how to hire competent executives, how to set overall policies that will help the company to prosper and grow, how to evaluate the investment of profits. Offers to purchase, however, are unusual events in the experience of most board members. An outside purchase of an ESOP company might even harm the employee-owners more than it helps them, by eliminating their jobs and all the benefits they receive from employment. There are almost no ESOPs where individual employees own enough stock to compensate them for five years of wages, yet loss of employment might well entail such a cost, or more, to the laid-off employee, who might face some months without work, the loss of benefits including life and health insurance, the costs of a job search, and the expense of relocation.

Despite all these potential negatives, the ESOP trustee is bound by law to consider the interests of the employee owners only as participants in the plan and not as employees per se. But an offer to buy the stock of an employee-owned company is not like an offer to buy the publicly-traded stock of a large company that is held in a retirement fund. A fund trustee can easily accept a good offer on a block of stock and then buy another promising stock that will grow and benefit the participants. The total value to the employee owners of an ESOP that is sold cannot be easily replaced. Many professionals use a rough rule of thumb for considering offers to purchase: an offer can be rejected if it is less than 20% more than the stock valuation, and an offer 20% above the ESOP stock value should be accepted.

Beyond the rough rule, however, boards and ESOP trustees need analytic tools to make the best possible decision within the law. Bill McIntyre presents a way to analyze an offer based on the value of the company to the prospective buyer. This approach gets closer to the perspective of the employee owner -- what is the benefit s/he will derive from the company in the future, the benefit that the buyer hopes to receive if the offer is successful?

Being an ESOP trustee can be challenging, and one of the most challenging times is when another company makes an offer to purchase the ESOP stock at a price considerably higher than the stock price set at the last ESOP valuation. While an ESOP trustee is not required to accept such an offer, the trustee is a fiduciary who is required to act solely for the benefit of Plan participants (and not for the employees, even though they may be exactly the same people). From that perspective, it is often very difficult to justify rejecting an offer that is more than 20% above the current ESOP stock price, even though some of the employees may lose their jobs and all the benefits that go with it.

I offer here an alternate approach for ESOP trustees to consider outside offers for ESOP stock. This approach would provide more flexibility for ESOP trustees without requiring any change in law or regulations, and it might allow the rejection of many offers that seem at first glance to be "an offer the trustee can't refuse," but upon further review, are offers that can easily be refused. This will make it easier for ESOP companies that want to remain ESOPs to do so.

As an example, let's consider ABC Company, a 100% ESOP-owned company, with a current ESOP stock price of $10 per share. ABC ESOP participants and employees want to remain an ESOP "forever." However, XYZ Company, a competitor, makes a bona fide offer of $14 per share to ABC's ESOP trustee committee.

The trustees are aware that ABC's people want to remain an ESOP, but they don't know how they can reject the offer without violating their fiduciary responsibility to Plan participants.

Further, the trustees realize that XYZ will terminate many of ABC's employees if it purchases ABC. At a minimum, the trustees estimate that XYZ will lay off 80% of the sales and marketing department as it already has sales representatives in the area; 75% of the accounting and finance department, including the CFO, as it already has people performing those functions; and the CEO, as it doesn't need two CEOs.

This is not a fun decision for the trustees. Unfortunately, unless the company is a certified "B" or benefit corporation (There will be more on B or benefit corporations in the next issue of *Owners at Work*.), they cannot take into account what will happen to ABC's employees. They can only consider that ABC's ESOP participants will collect a "bonanza" by selling their stock to XYZ at $14 per share.

Nevertheless, I would recommend that the trustees perform some additional calculations in their analysis of the offer.

Trustees: Determine the Value of Your Company to the Acquiring Company

The trustees should calculate what the stock price of ABC would be for XYZ assuming that XYZ implemented all of the cost-saving actions identified by the trustees. They would likely need the assistance of their valuation advisor to perform this analysis.

Let's assume that there are 1,020,000 shares of ABC ESOP stock and the following income statement for ABC Company by itself and after the sale to XYZ (numbers are in thousands):

	ABC Alone	ABC After Sale to XYZ
Sales Revenue	**$10,000**	**$10,000**
Less: Cost of Goods Sold		
Materials	3,700	3,700
Labor	1,200	1,200
Depreciation	500	500
Overhead	1,000	1,000
Subtotal COGS	**6,400**	**6,400**
Gross Profit	**3,600**	**3,600**
Less Operating Expenses		
Engineering/R&D	500	500
Sales/Marketing*	700	140
Accounting & Finance^	600	150
HR & Admin.	400	400
Depreciation	300	300
Executive±	200	-0-
Subtotal	**2,700**	**1,490**
Profit Before Tax	**900**	**2,110**

*80% eliminated
^75% eliminated
±Eliminated by XYZ

EBITDA is a popular figure to use in determining the value of a company. It stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. It approximates cash flow generated by operating the company. Valuation advisors analyze the current market, then determine a proper multiple of EBITDA to estimate the value of a company. In this example, I'll use six, a commonly used multiple.

EBITDA of ABC Alone = $900,000 Profit Before Tax + $800,000 Depreciation = $1,700,000.

EBITDA of ABC after sale to XYZ = $2,110,000 Profit Before Tax + $800,000 Depreciation = $2,910,000.

Using the multiple of 6X EBITDA, ABC Company's total value is $1,700,000 X 6 = $10,200,000. Dividing by the 1,020,000 ESOP shares of stock, that gets to ABC's valuator's stock price per share = $10.00.

Because of its cost savings, the value of ABC Company to XYZ is $2,910,000 X 6 = $17,460,000. Dividing by the 1,020,000 shares owned by the ESOP, the value of ABC (to XYZ) is $17.12 per share.

	ABC Alone	ABC After Sale to XYZ
EBITDA	1,700	2,910
Multiply by	x6	x6
Value of ABC	10,200	17,460
÷ # of Shares	÷1,020	÷1,020
ESOP Stock Price per Share	**$10.00**	**$17.12**

But XYZ offered only $14.00 per share.

Valuation is an approximation, and things don't have the same value to different purchasers. The valuator estimated the ESOP stock value of ABC Company as a stand-alone enterprise. My alternative valuation estimates the value of the company to XYZ after it makes some planned changes.

The offer of $14.00 per share doesn't look quite so exciting any more. A fair price for XYZ to pay would be $17.12 per share, and its offer of $14.00 per share is inadequate. It can safely be rejected by the ESOP trustees.

The approach described here seems like an excellent approach for ESOP companies and trustees to use when considering whether or not to accept an offer that exceeds the current ESOP stock price, but I have not heard of anyone actually using it, even though it should allow ESOPs that want to remain employee-owned to be able to do so.

Comments on the appropriateness, practicality or legality of this approach are very welcome. **OAW**

A Veteran and a Novice Look at ESOPs

An Interview with Attorney Tim Jochim: ESOPs Are the Best American Business Model

OaW: Share with us how you learned about employee ownership and ESOPs.

My introduction to ESOPs was an interview of Louis Kelso by Mike Wallace on 60 Minutes in 1976. At the time I was teaching economics at the University of Akron and attending law school at night. The distribution of capital ownership and its effect on productivity has been always been a dominant and critical issue in economic thought. Over the years, I have come to believe that the ESOP is the best American business model because it most closely fits our culture of ownership and participation--it is our competitive advantage as a nation.

OaW: Explain how employee ownership and ESOPs fit into the larger U.S. economy.

Kelso spoke of employee ownership in terms of "universal capitalism." After reading two of Kelso's books, *The Capitalist Manifesto* and *Two Factor Theory: The Economics of Reality*, I did some research on the reactions, if any, of economists I respected. Two at the top of my list, Milton Friedman and Paul Samuelson, both Nobel Prize winners, had something to say: Friedman called it "crackpot capitalism" and Samuelson called it an "amateurish fad."

However, the comments of Friedman and Samuelson were addressed to the underlying economic analysis, or lack of it, in Kelso's books and not to ESOPs as a business model. Further research indicated that my main man, John Maynard Keynes, was the first modern economist to address employee ownership in a meaningful way (I should have known). In 1941, Keynes correctly determined that World War II had ended demand deficiency and he proposed a mandatory employee investment wage fund ("EIWF") to limit consumption and build capital. The EIWF was industry-based rather than company-based.

OaW: Why is the ESOP business model America's competitive advantage?

The late Senator Russell Long of Louisiana got it right. He knew that ESOPs would work here in the U.S. because he understood what motivated people. He knew that the U.S. economy would benefit greatly by allowing U.S. workers to have a piece of the action. He also knew that you needed "a little sugar to get the horse into the barn" given that ESOPs were not the usual way of doing business.

Accordingly, he was the driving force behind inclusion of ESOPs in the Employee Retirement Income Security Act (ERISA) and in the Internal Revenue Code.

ESOPs work for the reasons Senator Long believed they would work. Americans are motivated by ownership, and they will work their hardest and best if their ESOP is properly structured and supported with communication, training and participation that allows them to share in the understanding and control that an owner has. Over the past three decades, a body of empirical research has developed to support majority ESOP companies as a business model superior to conventional companies. This evidence includes the work of Steven Freeman of the University of Pennsylvania and Joseph Blasi and Douglas Kruse of Rutgers University [see page 21].

Over the last 10 years, federal fiscal policy (taxation, spending, and tax subsidies) and federal regulatory policy have fostered increased inequality of income and wealth in the U.S. ESOPs should be a major part of the national debate to reduce such inequality. We need a new Keynes to remind us that inequality was a major cause of the Great Recession just as the old Keynes instructed our grandparents.

Tim Jochim is Chair of the Business Succession & ESOP Group at the law firm of Kegler, Brown, Hill & Ritter Co, L.P.A., Columbus, Ohio, and is a national authority on business succession, employee stock ownership plans (ESOPs), corporate finance and corporate governance. He is a former adjunct professor of corporate finance at the Capital University School of Law (Columbus) and has published extensively on ESOPs, including Employee Stock Ownership and Related Plans (Greenwood Press). OAW

Top Undergraduate Essay in "Creating Wealth by Sharing Wealth" Contest

Alexandr Bolgari

The Roots of Violence
Wealth without work,
Pleasure without conscience,
Knowledge without character,
Commerce without morality,
Science without humanity,
Worship without sacrifice,
Politics without principles.
Mahatma Gandhi

This wonderful quote by Gandhi summarizes prevalent sources of conflict in the world since the creation of the human society. The principles of employee ownership address at least two of them: "Wealth without work" and "Commerce without morality." In our globalizing world, especially in the times of economic turmoil, workers are most vulnerable to changes in market conditions, technological advances, and shifting business practices. Employee ownership can preserve jobs, increase efficiency, improve social responsibility of businesses, and distribute wealth within the society.

Since Karl Marx developed his ideas, in *Communist Manifesto* and then in *Das Kapital*, a multitude of his adherents have criticized the capitalist economic model for unfairness and exploitative practices. The core Marxist argument is that owners of the "means of production" exploit the workers, which leads to the paradox that the true "producers" of wealth are not its direct beneficiaries. This argument is not groundless and the proof for it can be found in ever increasing income disparity between the rich and poor. Employee ownership copes with this issue by empowering the workers of an enterprise to become actual beneficiaries of the wealth that their company generates.

Another advantage of this business model is that although it addresses the classic Marxist criticism outlined above, it preserves the benefits of the market economy – high growth rates and competition. Through delegating the power to work for their own interest to the employees, the business can gain a highly motivated workforce. Every worker has a personal reason to maximize his efforts if the company is built on the principle once formulated by Dr. Robert Beyster: "Rewards would be fair. Everyone would share the ownership of the company based on their contribution to our success."

Increased interest in participation from employee-owners, however, must be combined with other changes in the company's business practices. First, employee-owners must receive adequate business training, which would educate them in business practices and market economy, train them to use their influence competently, create a sense of partnership among the participants of the trust, and ultimately give a clear understanding of their power to impact the company's growth. Secondly, it is essential for the management to improve transparency of company's performance, strategies, and goals in order to satisfy the employees' desire to know their company better. If the aforementioned objectives are achieved, workers increase the company's prosperity by demonstrating increased effort and improved efficiency in their daily duties. In turn greater prosperity for the company will mean increased shared wealth for all employee-owners. Therefore "sharing wealth" through employee-ownership, accompanied by increased transparency of business practices and democratization of capital ownership in the society, leads to wealth growth for a myriad of people.

Finally, employee-owned companies often take a beneficial social role in their business practices. Businesses are the most influential force in the U.S. and thus are entrusted with certain social responsibilities in the implementation of their power. In an employee-owned company the interests of the people are at the forefront of business interests. Such a company is much more likely to support the community as well as the owners. This is because in many cases the employee-owners represent a significant portion of the community. Therefore, a short-term business interest is unlikely to supersede the long-term interests of people, which in turn will help the sustainability of the business. Also, the increased transparency of the employee owned company leads to greater accountability for its business practices.

Employee ownership presents the best of two worlds. For the proponents of greater social equality it enables the workers to own the enterprise and means of production, and for the adherents of Adam Smith it operates within the boundaries of the free market under the premise of self-interested competition, increasing productivity and the effectiveness of the workforce. Employee owned companies can also pride themselves on pursuing responsible business practices and high standards of social responsibility, which is a benefit for the society as a whole. The employee ownership model is an invaluable asset in this country, … and should be supported with government incentives for owners to employ this business formula more often. *(Editor Note: See related article on page 3).* **OAW**

Alexandr Bolgari

Valuators Should Not Be Fiduciaries

Bill McIntyre

The U.S. Department of Labor (DOL) has proposed a regulation requiring valuation advisors who recommend ESOP stock prices to ESOP trustees to be considered as ESOP fiduciaries. Currently, the valuation advisor is not an ESOP fiduciary, but simply makes a report to the trustee. The ESOP trustee sets the ESOP stock price and is the fiduciary.

The proposal has created concern among ESOP companies and service providers that it will imperil the continued existence of established ESOPs and discourage the creation of new ones, depriving their mostly middle-class employee owners of the opportunity to participate in, contribute to, and benefit from ownership of the enterprises where they are employed.

This proposed regulation should NOT become law.

How Is This Proposal Bad for ESOPs? Let Me Count the Ways ...

1. It's not necessary. Corey Rosen, Executive Director of the National Center for Employee Ownership, reported the results of an NCEO study that researched lawsuits involving ESOP valuations between 1990-2010. They found only 17 cases. With 10,000 ESOPs each requiring an annual valuation, 200,000 ESOP stock values were determined during the 20-year period, and only 0.008% of them ended up in court. That's strong evidence that there is no problem.

Rosen and NCEO also researched the rate of default of ESOP companies on their ESOP loans. Excessively high valuations for the initial purchase of stock by the ESOP would contribute to the default rate. The NCEO study found that "the default rate on ESOP loans [was] about 0.2% per year, compared to estimates of 3% to 6% for leveraged buyouts in general." Again, ESOP valuations are not a problem. (For the full text of the NCEO response to the DOL on this proposal, go to http://www.nceo.org/main/page.php/id/29/).

2. The price of valuations will increase. Radd Riebe, Managing Director of Stout Risius Ross in Cleveland OH, stated that, due to the increased risk and to the cost of fiduciary insurance, this regulation "certainly will have a significant pricing impact, probably more like a 2X increase in price." Riebe's assessment is consistent with the pricing increase estimates appraisers provided to Rosen.

3. Some valuation firms may no longer provide ESOP valuation services. Rick Schlueter, President of ComStock Valuation Advisors in Newport-on-the-Levee KY, warned that it may be difficult for some valuation firms to obtain fiduciary insurance at any cost and that those firms unable to obtain insurance would likely exit the industry. Further, Riebe believes that smaller firms will exit the ESOP valuation business because fiduciary insurance will be too expensive, leaving the field to the larger, more expensive firms.

4. It will cause confusion and inconsistency in the behavior of valuators as fiduciaries. The DOL did not define the fiduciary responsibility of valuation advisors, leading to a wide variety of possible interpretations of a valuator's role as fiduciary. Davin Gustafson of Apple Growth Partners in Akron OH is particularly concerned about these issues:

a) If a valuator is a co-trustee of the ESOP, how much due diligence must it perform?

b) Does a new valuation advisor who uses a different valuation methodology from the previous valuation advisor have a fiduciary responsibility to file a suit against the previous valuator for failure to fulfill their fiduciary responsibility?

c) How can a trustee fire a co-fiduciary?

d) Who is ultimately in charge if the trustees and valuation advisors are co-fiduciaries?

5. It will create a conflict of interest for valuation advisors. Schlueter noted that as a co-fiduciary of the ESOP, valuation advisors would be required to perform solely for the benefit of Plan participants and their beneficiaries; i.e., they would be required to be advocates for Plan participants. How, then, could they possibly meet the requirement to be independent, outside, objective analysts for purposes of determining ESOP stock price?

6. It will result in fewer ESOPs. Higher valuation fees will raise administrative costs for ESOP companies, making it even more difficult for smaller companies to justify ESOPs.

7. It will result in less wealth creation for middle class Americans. Multiple studies show that ESOP participants accumulate greater retirement wealth than employees at non-ESOP companies. Fewer ESOPs mean lower retirement savings for middle-class Americans.

What Is the DOL Really Trying to Accomplish?

1. Does it want better ESOP valuations? The stated purpose of the proposal is better ESOP valuations.

2. Does it want more qualified ESOP trustees? It wants ESOP trustees to be more qualified and, more specifically, it wants more independent, external trustees. Merri Ash, Vice President with First Bankers Trust Services, Inc., in Philadelphia PA, believes that the issue is "broader than the DOL only being concerned with bad valuations as it is concerned about ESOP participants not having anyone who is qualified performing fiduciary responsibility on their behalf."

3. Does it just want to make life easier for itself? Multiple times in the proposal the DOL states its frustrations and misallocation of resources due to the current five-step procedure required to declare a valuation advisor to be a fiduciary and be held liable. This proposal avoids that process by simply defining valuation advisors as fiduciaries.

4. Does it want more parties with "deep pockets" as targets for lawsuits? This is admittedly a cynical viewpoint; however, for a struggling, smaller ESOP company with an internal ESOP trustee, the valuation advisor may be the only nearby entity with "deep pockets."

5. Does it want to eliminate ESOPs? Some people in the ESOP industry note that this proposal originated from the Employee Benefits Security Administration (EBSA) agency within the DOL, an agency that has historically been anti-ESOP. With the reams of studies and books available about the good that is accomplished through ESOPs, one hopes that this is not the goal of the DOL.

Some alternative solutions that would accomplish the DOL's stated goals

1. Do nothing. There is no real problem, so no action is necessary.

2. Ban "bad actor" valuation advisors. Enforce the existing IRS provision allowing this.

3. Require certification of valuation advisors.

4. Require education of internal ESOP trustees. Education programs are offered for ESOP trustees through NCEO, The ESOP Association, the OEOC, and numerous service providers.

5. Require fiduciaries to follow the rules laid in the Consent Decree in the DOL v. Couturier case [2:08-CV-02732–RRB–GGH] and enforce the requirement. This Consent clearly spells out the steps a fiduciary should follow:

a) "retain[ed] an appropriate independent appraiser and financial advisor,

b) carefully investigate[d] the independent appraiser and financial advisor's qualifications,

c) [made] certain that reliance on the independent appraiser and financial advisor's … valuation report … [was] reasonably justified under the circumstances. …

d) read the valuation report … and supporting documents;

e) understood the valuation report … and supporting documents;

f) identified, questioned and tested the underlying financial data and the underlying assumptions;

g) verified that the conclusions are consistent with the data and analyses;

h) verified that the valuation report … was internally consistent and made sense; and

i) if necessary, hired additional expert support to assist the ERISA fiduciaries in understanding and addressing any problems with the valuation report … and supporting documents"

(Thanks to Neil Brozen, Managing Director of BTC ESOP Services South Dakota, for suggesting the steps a fiduciary must take.)

All the alternate solutions avoid the negative consequences that would occur with the implementation of the DOL proposal. OAW

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Network News

Lean Manufacturing at Delta Systems Keeps Jobs in Ohio

Delta Systems, Inc. marked its 30th anniversary as a manufacturer in Streetsboro with award-winning recognition throughout 2010 for quality and innovation. Delta won the 2010 Quality Leadership Award, sponsored by Quality Magazine, and 9th place on their Quality 100 list. The company also won the Evolution of Manufacturing Award, sponsored by Smart Business Cleveland, for innovation in the global marketplace. And in May, Delta became one of the 2010 Leading Edge Award winners for their contributions to Northeast Ohio's economy.

"Our goal is to compete against low cost countries as a domestic manufacturer," explained Mark Fechtel, Delta's VP of Operations, at the CEO and CFO Networking Dinner, hosted by Delta's president Lissa Barry and their top management team. The event started with a plant tour highlighting their lean manufacturing approach. "'Lean' is a fundamental business strategy," Fechtel noted, "through which we have addressed our immediate business problems successfully."

Excellence is a team effort and many of Delta's 180 employees are involved in production team certification training. They also participate in ownership through an ESOP started in 1994 by company founder, James Barry. Delta designs and manufactures switches, electronics and FreeRein® wireless control systems, and provides turnkey contract manufacturing/EMS services. Delta serves a number of markets including: medical instrumentation and equipment, marine, outdoor power equipment, golf and turf, construction, bus transportation and a variety of other markets. Its certifications include ISO-9001:2008 standard with design and ISO-13485:2003. For information see www.deltasystemsinc.com.

Palmer-Donavin Employee-Owned and Debt-Free

In 2009 Palmer-Donavin began offering the Dave Ramsey Financial Peace University (FPU) to their employee owners. FPU is an intensive 13 week financial planning class that helps people better understand their personal finances. One of the core principles taught in the class is paying off your debt as quickly as possible.

Following the classes, employees began asking questions about their corporate debt structure. As a result, the Communications Committee published a debt thermometer each quarter to communicate how much outstanding ESOP debt the company had.

"We are happy to report that in May of this year, we were able to practice what we teach. Palmer-Donavin in now ESOP debt free and truly 100% employee owned!" announced Palmer-Donavin's Communication Committee in The Owner's Manual newsletter.

Palmer-Donavin's 275 employee-owners are wholesale distributors of residential building material supplies and heating and cooling equipment, with headquarters in Columbus and branch locations elsewhere in Ohio and Indiana. The ESOP was established in 2007.

Perry Corporation Will Celebrate 25 Years of Being an ESOP and Growth in 2011

Perry Corporation, one of the top independent office technology dealers in the country, is celebrating 25 years as an ESOP in 2011. Based in Lima, the firm was started by Rex Perry in 1965. In 1985, as part of his owner succession strategy, he sold 70% of his stock to the employees through an ESOP. Perry Corporation became 100% employee owned in 1996.

Since then, Perry has expanded with six branch locations and a wholly owned subsidiary. Recently, a communication team was started to meet the challenges of expansion by opening communication

(Left) Paul Korcuska, Production Manager of Electronics, Delta Systems, Inc., Streetsboro provides a company tour for CEO and CFO Networking Dinner participants; past and present. (Right) Reuther Mold worker-owners and their families participate in the balloon launch at the company's 60th Anniversary celebration.

company-wide and supporting employee recruiting and retention.

The ESOP committee members, representing all locations, bring enthusiasm and creativity to their owner education role. The 2010 Annual Shareholders Meeting featured their ESOP video with a tropical theme and interviews with Perry retirees expressing their gratitude for the ESOP. They also organize "lunch-n-learns" and the newsletter. In the words of committee members:

"While Perry's overall benefits package is like a Ford truck — dependable and good, our ESOP is a Cadillac—it's a cut above the rest. Ownership in the company you work for is amazing! An employee doesn't pay out of pocket for their allocation and the taxes are deferred. Our employee owners want to see the company be successful. During tough economic times, employee owners offer cost cutting ideas and ways to market, retain customers, and get new ones. In short, they care more. You just feel the difference. It's a win-win for employee and employer."

"Being a team is really what employee ownership is all about. Our committee sometimes feels like controlled chaos as we work to offer the information people need, but we help employees truly feel like owners. We see lines of communication opening up and hope all employees see how they affect the bottom line and impact our stock value in some way. It is definitely worth the effort."

Perry's committee completed the "Employee Ownership Basics" certificate program for members of Ohio's Employee-Owned Network during the fall of 2010. In the words of committee members: "The Network has helped us become stronger as a whole and more educated about ESOPs and how they work. In the training sessions we had the opportunity to work together on real-world scenarios, which gave us insight on how decisions can affect the bottom line and stock price. We have gathered information and ideas from other ESOP committees to implement in our own committee."

Reuther Mold Celebrates 60 Year Milestone

On behalf of the 50,000 residents of Cuyahoga Falls, Ohio, Mayor Don Robart saluted the worker-owners of Reuther Mold at their celebration in September marking 60 years in business and thanked them for "providing a stable base of employment in our community and great community citizenship. This is a remarkable milestone given the state of the economy and the extent of foreign competition." The company began in 1950 building molds for the auto industry. Today Reuther Mold provides molds for the aircraft industry and others, CNC precision machining for diverse customers, and has ISO-9000 certification. "We are the people who built this business," said current president Karl Reuther, "and it's up to us to continue this legacy of excellence."

Stow-Glen is 100% Employee-Owned Community of Care

Stow-Glen Retirement Village in Stow, OH became a 100% employee owned community of care on September 15, 2010. Its 250 employees offer skilled nursing, intermediate nursing, assisted living (5 levels of care), and independent living services to over 300 residents and also provide adult day care, home health care, STNA training & testing and catering services. See www.stowglen.com for more news and information about Stow-Glen, their history and their ESOP. OAW

Perry Corporation's Hawaiian Luau at their Annual Shareholders Meeting, June 2010. Pictured from left to right are Sam Dervisevic, Becky Taylor, Jessica Bussell, Ryan Bloom, Phil Winner, Chris McConnahea, Kevin Middleton, and Mark Gardner.

The Leadership Team Breakfast Roundtable was hosted by Columbia Chemical. Pictured from left to right are Marie Schenkel of RJ Martin; Marianne Dance and Martin Gall, Columbia Chemical; Mel Miller, of Janotta & Herner; and Chris Aguilar of RJ Martin.

OEOC News

Cooperative Development Center Supports Employee-Owned and Other Cooperatives

With a USDA Rural Cooperative Development Grant, the Cooperative Development Center at Kent State University assists cooperative development in rural communities. (The CDC at KSU, formerly named the Northern Ohio Center for Cooperative Ownership, launched in the fall of 2009.)

Developing Employee Owned Cooperatives

The Center promotes employee-owned cooperatives by providing technical assistance, advisory services, and complete feasibility studies with up to 100% reimbursement. Training is offered via seminars, webinars, and participation in general small business events. For those contemplating conversion of a conventional business to a cooperative, there is a manual on selling a business to an employee-owned co-op.

Targeted exploration of opportunities

The Center links rural producer cooperatives with anchor institutions in large urban areas (locally owned/locally grown). It conducts research and generates studies or "toolkits" for specific areas of interest. Last year the center completed a study on Manufactured Housing Cooperative Parks in Ohio and developed a Multi-Stakeholder Cooperative Manual (see the OEOC website for a copy (http://www.oeockent.org/index.php/library/doc/484/raw). It will be continuing its work on manufactured housing cooperative parks in Ohio and completing a study on cooperative models in low income communities.

Response to general cooperative development needs

The Center also offers general support and technical assistance to existing and developing cooperatives. The Center will be working with a variety of start-up cooperatives this year. The Northeast Ohio Green Food Co-op is developing a multi-stakeholder cooperative that will link high quality local food producers and consumers in the Mahoning Valley; Northeast Ohio fish farmers are exploring a cooperative to improve supply purchases and fish sales; a local food cooperative is planning to expand its operation and clientele; and sheep farmers are considering a cooperative to aggregate and process their milk for efficient production of cheese.

The Center is collaborating with Kent State University's Center for Business Entrepreneurship and Innovation on the last two projects, with KSU business students developing business plans and learning more about cooperatives.

The Center is ready to assist in the development and growth in cooperatives, an activity that appears to be gathering steam in the United States. To find out more, contact Roy Messing at rmessin2@kent.edu or Ashley Hernandez at ahernan7@kent.edu, or call 330-672-3028.

Bob Cohen Joins OEOC as Program Coordinator

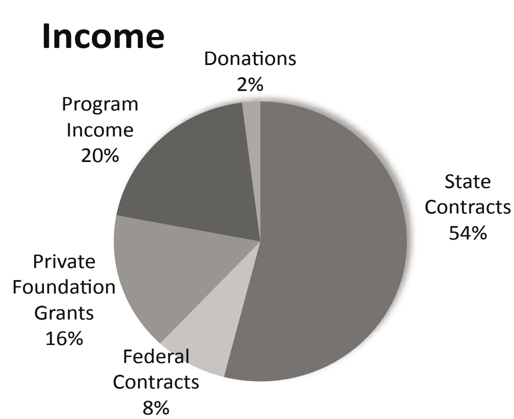
After two years as an outside consultant for the OEOC, Bob Cohen joined the OEOC as an ongoing part-time employee in December of 2010. In addition to assisting with the educational component of the succession planning program, Bob provides technical assistance for the Cooperative Development Center at Kent State University.

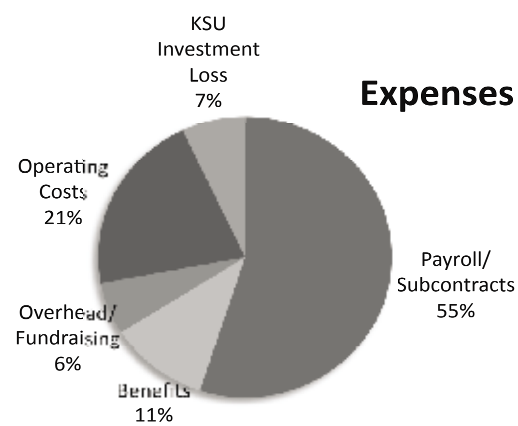
Since 2004, he has been the CEO of the Braintree Business Development Center in Mansfield, one of Ohio's Thomas Edison Technology Incubator Programs. Braintree provides a number of forms of assistance for small businesses. He is also on the faculty of The Ohio State University where he has taught the course "Introduction to Cooperatives" since 1990. In 2010 he received the Reginald Cressman Award for Staff Development from the Association of Cooperative Educators.

Bob received his PhD in Higher Education from Ohio University and has degrees from the University of Akron, Franklin University, and The Ohio State University. OAW

OEOC Sources and Uses of Cash

Fiscal Year Ending June 30, 2010





Income	1,001,253
Expenses	1,040,880
Net Surplus	-39,627*

* Kent State University, which is the OEOC's fiscal agent, announced that it had incurred $100 million in investment losses during FY09 and that it was allocating a portion of those losses against operating departments in FY10. The OEOC's share was $70,000.

Evergreen Coops Are Taking Root and Growing

Jacquelyn Yates

In October 2009, the Evergreen Cooperative Laundry (ECL) was launched to be the greenest and most efficient health care laundry in the region. From the first, its primary goal was employment for residents from some of Cleveland's most impoverished neighborhoods in decent, long-term work, a goal that has long eluded policy makers.

Cleveland's situation was far from unique, but ECL and its sister coops opened a new line of thinking about reducing poverty.

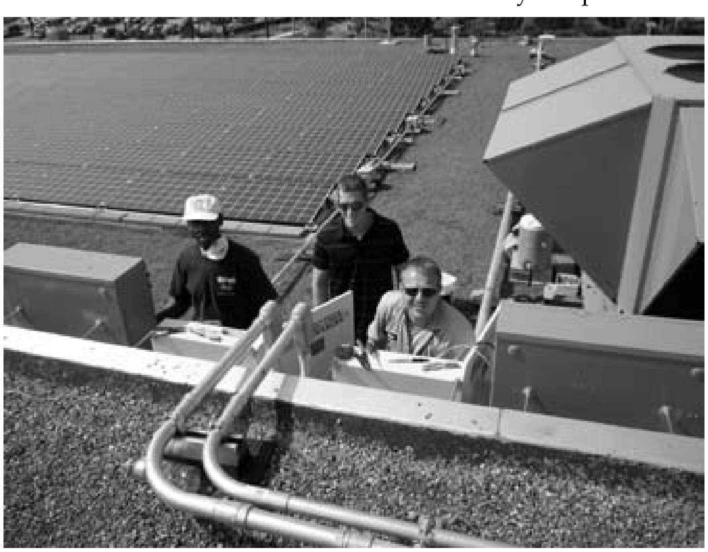
That new concept was to help neighborhood residents become owners of their own viable, for-profit businesses, an approach very different from the "provide education and training and leave the details to market forces" that has been the mainstay of anti-poverty policy for three-quarters of a century.

Much research and planning had gone into the initiative, and the long-term plan was to establish a network of employee-owned cooperatives with the primary goal of increasing employment, something that would require business success among the cooperatives.

At the opening ceremony, there were lots of confident smiles and lots of crossed fingers, as many hoped and wondered if the new approach would work.

The laundry started with borrowed capital from several sources, an experienced CEO lent from the OEOC staff, and five employees. As a cooperative, it was exceptional in that it received a large amount of capital as loans, rather than starting as most cooperatives begin, with a small amount of capital contributed by members.

A second cooperative, Ohio Cooperative Solar (OCS), was launched to install solar panels and perform weatherization, with the goal of increasing employment while helping Cleveland to become one of the "greenest" cities in the country. At the opening, President Barbra Snyder of Case Western Reserve University announced the intention to have OCS install solar panels on the roofs of some CWRU buildings. There were also commitments from the Cleveland Clinic and University Hospital.



Employee-owners of Ohio Cooperative Solar install solar panels at Case Western Reserve University.

An important part of the long term plan was to establish a development fund to create additional cooperatives.

What has happened in little more than a year?

Evergreen Cooperative Laundry now has 21 worker owners. The first five became members of the cooperative on July 12, 2010. Ohio Cooperative Solar has grown to 28 employees, including 12 who are members.

The original, transition board that nurtured and fostered the coops represented lenders and donors who advanced assistance and money to launch the coops before either had even one employee. It was this original board that named the first employee-members of the coops.

With the first employee members, the laundry and OCS initiated their transitions to becoming full-fledged multistakeholder cooperatives. The current members will invite other members to join the coop in the future. And initial directors have been named.

To prepare to run and manage their businesses, the worker owners and employees are now receiving extensive training in personal finance, business education, leadership, team building and coop management. One of their first trainings was in developing group consensus in selection and nomination of prospective members.

Bylaws and articles for the two coops were approved in July 2010, and signed in August, 2010; more on the governance of Evergreen Cooperatives will appear in a future article.

Other new coops have formed or will do so soon. The one most in the media spotlight just now is Green City Growers, which will be a year-round large scale greenhouse supplying fresh greens to local hospitals, produce distributors, and retail outlets. The coop recently received a grant of $400,000 from Urban Partnership Bank. Construction is expected to begin in the spring with employment targeted to reach 40 worker-owners. A community newspaper, Neighborhood Voice, began publishing last fall.

Under consideration is the conversion of some existing businesses into coops (if the owners are interested). Also under discussion is the possibility that existing ESOP companies might find opportunities for expansion in the neighborhood.

It's beginning to look like the Evergreen Cooperatives just might achieve a goal cited in one media story from December 2009: to have 10 businesses in place, providing 500 jobs, by 2014. It is hoped that 70% of the coop members will reside in a newly defined Greater University Circle neighborhood, which includes the traditional University Circle neighborhood with its universities, cultural institutions and hospitals, along with portions of the Cleveland's Fairfax, Wade Park-Glenville, Hough, Little Italy, and Buckeye-Shaker neighborhoods, as well as the Cleveland Clinic and the Veterans Affairs Medical Center.

Evergreen has captured the interest of many in the cooperative movement. One cooperative organization, the Association of Cooperative Educators, held its annual conference in Cleveland last summer, and Jim Anderson, the Laundry's CEO, has addressed more than a dozen cooperative meetings. **OAW**

Protect Your Culture of Ownership with Reasonable ESOP Entry Dates

Bill McIntyre

One problem that many ESOP companies have is difficulty in getting their new employees excited about their ESOP. When ESOP companies spend much time in training and orienting new employees about the job, the company and the ESOP, they are often mystified that the effort seems to have minimal impact on new employees' attitudes about their ESOP. Why is this? One part of the answer is that other company practices can undermine those well-intentioned efforts. One of them is a little-known provision of the ESOP Plan document known as "Entry Date."

Let's look at how this happens.

First of all, we should clarify the distinction between an employee being eligible to be an ESOP participant by satisfying the plan requirements for eligibility and an employee actually entering the ESOP. It is common practice for an eligible employee to actually enter the ESOP only at the "Entry Date" that occurs after he or she becomes eligible.

After a required period of service, it is very common to designate January 1 and July 1 as entry dates. The existence of official "Entry Dates" is often not very well-known by participants, nor is it well-explained to new employees.

Adding to the confusion, many companies recognize new ESOP participants in a ceremony or celebration, based on their eligibility to become ESOP participants. The Entry Date is not discussed with the participant, even though an eligible ESOP participant is not actually in the ESOP until the Entry Date that occurs after the employee has become an eligible participant. Several months can pass when the employee thinks that s/he is eligible to receive stock allocations, but in fact is not in the ESOP at all. That is an unhappy experience that need not happen.

Let's consider the example of Harvey, who started work on July 15, 2010. On July 15, 2011, Harvey meets all the requirements (typically at least 12 months of employment, 1,000 hours worked and age 21) and becomes eligible to become an ESOP participant. On August 1, 2011, at the monthly company meeting, Harvey is introduced as being the newest ESOP participant. He receives applause from his co-workers. On October 15, 2011, all new ESOP participants for the July-September quarter are honored at the regular ESOP training and lunch organized by the ESOP Communications Committee. Harvey quite naturally assumes that he is now in the ESOP. But he isn't. And because Harvey's company has a December 31 year-end allocation and ESOP Entry Dates of January 1 and July 1, Harvey will have to wait a long time before he gets his first report of ownership. This reality appears to him slowly.

On April 30, 2012, the company has its Annual Participants' Meeting to announce the new stock price, review results and distribute individual ESOP account statements as of December 31, 2011. Harvey expects to receive his first individual ESOP account statement at the meeting. But he does not receive a statement.

At first, he thinks someone made a mistake, because he has worked at the company for 1 ¾ years and has been an ESOP participant since the previous July.

Someone on the company's ESOP Administrative Committee explains Harvey's situation to him. Yes, he was "eligible" to join the ESOP on July 15, 2011; however, the next Entry Date after that was January 1, 2012; and that date is after the last day of the Plan Year, December 31, 2011, when allocations are set for all ESOP accounts. Since Harvey had not "entered" the ESOP on December 31, 2011, he received no allocation. The ESOP Administrative Committee member says he is "very sorry" that Harvey misunderstood the ESOP procedures.

Naturally, Harvey feels betrayed. This ESOP "thing" that he had been hearing about is supposed to be good, but, now it seems to him that it was set up to maximize the length of time before he's allowed to benefit from it.

When will Harvey receive his first ESOP individual account statement? Not until the annual participants' meeting on April 30, 2013, nearly 3 years after he joined the company. By the time Harvey receives his statement, all his enthusiasm and sense of ownership may have drained away.

How can ESOP companies avoid this situation?

One common alternative is to have June 30 and December 31 as Entry Dates. Then everyone who becomes eligible sometime in the year will enter the ESOP before the annual allocation. If this had been the case for Harvey, he would have been eligible for an allocation. But he was only an ESOP participant for just one day. If Harvey's company allocates ESOP contributions based on compensation, and Harvey's eligible compensation is only that compensation after he had entered the ESOP on December 31, then his allocation would likely be so small that Harvey might have felt better if it was zero. Harvey might regard receiving something like a $5.27 allocation as more insulting than receiving nothing at all.

To avoid the sense of loss that arises from a misunderstanding and erodes trust between employees and the company, there are some reasonable solutions. ESOP companies can include all compensation for the year for all participants eligible to share in the ESOP allocation. This represents the philosophy that "they contributed all year, they should receive an allocation based on their whole year's contribution." Alternatively, ESOP companies could include all compensation from the date on which the employees became eligible to join the ESOP. This represents the philosophy that "they were a participant on that date, so the allocation should be based on their compensation after that date." Or most simply, ESOP companies can remove the "Entry Date" issue by making the Entry Date be exactly the same as the Eligibility Date. This simple revision to the ESOP Plan could be approved by the board of directors, eliminating needless confusion and unpleasant surprises that can do a lot of damage to a new employee's sense of shared ownership in the company. OAW

Book Review

Douglas Kruse, Richard Freeman and Joseph Blasi, editors. ***Shared Capitalism at Work***. University of Chicago, 2010. ISBN-13 978-0-226-05695-1. Cloth $99, E-Book $7-$99.

This could be the book that pushes forward a business revolution and takes employee ownership mainstream.

The takeaway idea: companies that practice shared capitalism (which includes employee ownership) perform as well or better than conventional firms because employees have a financial stake in their company and a work environment that enables them to act on that financial interest.

Practitioners and participants have long appreciated the resilience and versatility of the shared capitalism model. The extent of that appreciation, however, may surprise some: almost half (47%) of U.S. employees participate in some form of shared capitalism (cooperatives, ESOPs, stock options, stock purchases, profit-sharing or gainsharing). About one-sixth (18%) own company stock, most often through ESOPs or 401(k) plans.

The conventional wisdom of business is founded on the belief that without management to "work" the capital and closely supervise the employees, a firm cannot prosper. And since their supervision seems so central to the success of the enterprise, management claims a substantial share of profits.

By contrast, the shared capitalism paradigm assumes that trained and empowered employees with a financial stake in the company will do all that aids performance, allowing front-line supervisors to concentrate on keeping production flowing and leaving upper management free to strategize for profit and growth.

Of course, the preceding characterizations are oversimplified and gloss over the reality that there are many successful conventional firms and that not every firm with shared capitalism is a heaven of harmony, but the reader will quickly catch the drift: shared capitalism is a different paradigm of the enterprise, one that challenges the conventional wisdom of business.

Strong evidence is needed to be taken seriously in any challenge to conventional wisdom. The evidence has to meet the tough standard of academic research, statistical significance, which requires a very low probability of error, no more than one in 20. That takes large datasets. Researchers with small datasets have been exploring the advantages of shared capitalism for decades, but the lack of statistical significance was frequently a problem.

There are substantial obstacles to overcome in assembling a large dataset. The leading researchers must bring together employers willing to allow data collection, funding for the project, skilled experts to implement the survey, and thoughtful scholars to make sense of it all.

The editors of *Shared Capitalism at Work* deserve high praise for assembling all the requisites and completing a survey of more than 40,000 respondents from 14 companies that practice shared capitalism. Earlier, they collected smaller datasets from the General Social Survey (a representative sample of the population). The GSS surveys enable comparison between those who are involved in some form of shared capitalism and others who are not. The 40,000 responses illuminate the attitudes of individual employees in firms with shared capitalism.

Each chapter opens with a thorough review of prior research. The survey questions and variables created from them are clearly described, and the authors typically develop evidence that moves from simple statistics to regression coefficients. They attend to plausible objections to the findings with careful data analysis. A variety of researchers explore numerous interesting questions, far more than we can attend to here.

In *Shared Capitalism,* researchers explore the impact of participatory management or high performance work systems (HPWS). HPWS includes training, job rotation, teamwork, empowerment of employees in decision-making, and rewards and recognition for outstanding achievement or effort. They find that it is a vital companion of maximum performance, even though it is "a bundle of practices," structured differently in different firms.

Employees with shared capitalism are more likely to say that "their [total] compensation is higher than market." And they report that their fringe benefits are better than market (p. 272). On average, ESOP balances increased by about $8,400 per year of service (p. 360).

Generalizing from analyses of the survey results, the editors conclude, "The single overriding empirical result in this volume ... is the combination of compensation (fixed plus variable pay) and labor policies (high performance work systems with employee involvement) that seems to be the key feature of shared capitalism's success (p. 22)."

In addition, there is a great deal of material in Chapter 3 to inform employee owners eligible for diversification. What is the right amount of wealth to invest in one company? Portfolio analysis of the survey data reveals that a little over one-fifth of those who hold employer stock probably have too much invested in the company (p. 121), and they suggest that 10-15% of total wealth invested is not too much, and for ESOP participants, a somewhat higher threshold is acceptable.

There will be some disappointments for those who advocate shared capitalism as a way to redistribute wealth. Because most benefits of shared capitalism are distributed on the basis of earnings, those who earn more also benefit more. However, there are some interesting details. Managers benefit from stock options far more than others (p. 362), but long-tenured employees may accumulate more stock over a career, which slightly reduces the gap between managers and nonmanagers (p. 360).

Lower-wage employees, in the bottom 40% of wealth owners nationwide, own less than 1% of all the wealth in the U.S., but among the employees of companies with shared capitalism, they hold almost 4% (p. 370). This may amount to only a modest redistribution of wealth, but it is several times more than they could expect to own if they didn't work in a company with shared capitalism.

The researchers in this volume build a convincing picture of how companies can afford competitive pay, better fringe benefits, and contributions to shared capitalism: they are simply more efficient. Employees who participate in shared capitalism are more likely to monitor their fellow workers and more likely to act on what they observe, especially if they participate in an employee involvement team. Obvious monitoring by coworkers offers shirkers a chance to improve, and willingness to report shirkers allows management to eliminate poor workers. Consequently, companies save on supervision (pp. 271-272). Surprisingly, antishirking behavior is likely even when the employees don't trust management (pp. 84-96).

All in all, *Shared Capitalism at Work* is a magnificent piece of research, written well enough for parts to be accessible to all readers with an interest in the subject, and sophisticated enough to satisfy academic researchers.

- Jacquelyn Yates

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Winter 2011 Volume XXII No. 2

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Ohio's Employee-Owned Network
Spring 2011 Events

Leadership Team Breakfast Roundtable: "Strategic Planning for Health Care Reform and Employee Involvement in Managing Healthcare"
Fri., March 25 Cincinnati /Blue Ash

HR/ESOP Communication Roundtable, 3-6 P.M.
CEO/CFO Peer Roundtables, 3-6 P.M.
Network Company Dinner, 6-7 P.M.
Company Showcase Reception, 7-9 P.M.
Thurs., April 28 Akron/Fairlawn

25th annual Ohio Employee Ownership Conference
"Working Together, Saving Jobs"
Fri., April 29 Akron/Fairlawn

CEO and CFO Networking Dinner
Hosted by The Oswald Companies
Wed., May 18 Cleveland

Southwest Ohio Forum
Wed., June 8 Cincinnati/Blue Ash

To register, call the OEOC at 330-672-3028
or email kthomas@kent.edu

Check out the OEOC's website

www.oeockent.org

Let us know what you think!

Other Events of Interest

April 13-15, 2011
NCEO & Beyster Institute - Employee Ownership Conference
Denver, CO
Call 510-208-1300 for details

May 12-13, 2011
The ESOP Association - Annual Conference
Washington D.C.
Call 202-293-2971 for details

August 12-14, 2011
The Employee Ownership Foundation - Employee Owner Retreat
Chicago, IL
call 330-672-3028 for details

October 4-7, 2011
National Cooperative Business Association - Annual Meeting and Cooperative Conference
Minneapolis, MN
Call 202-638-6222 for details