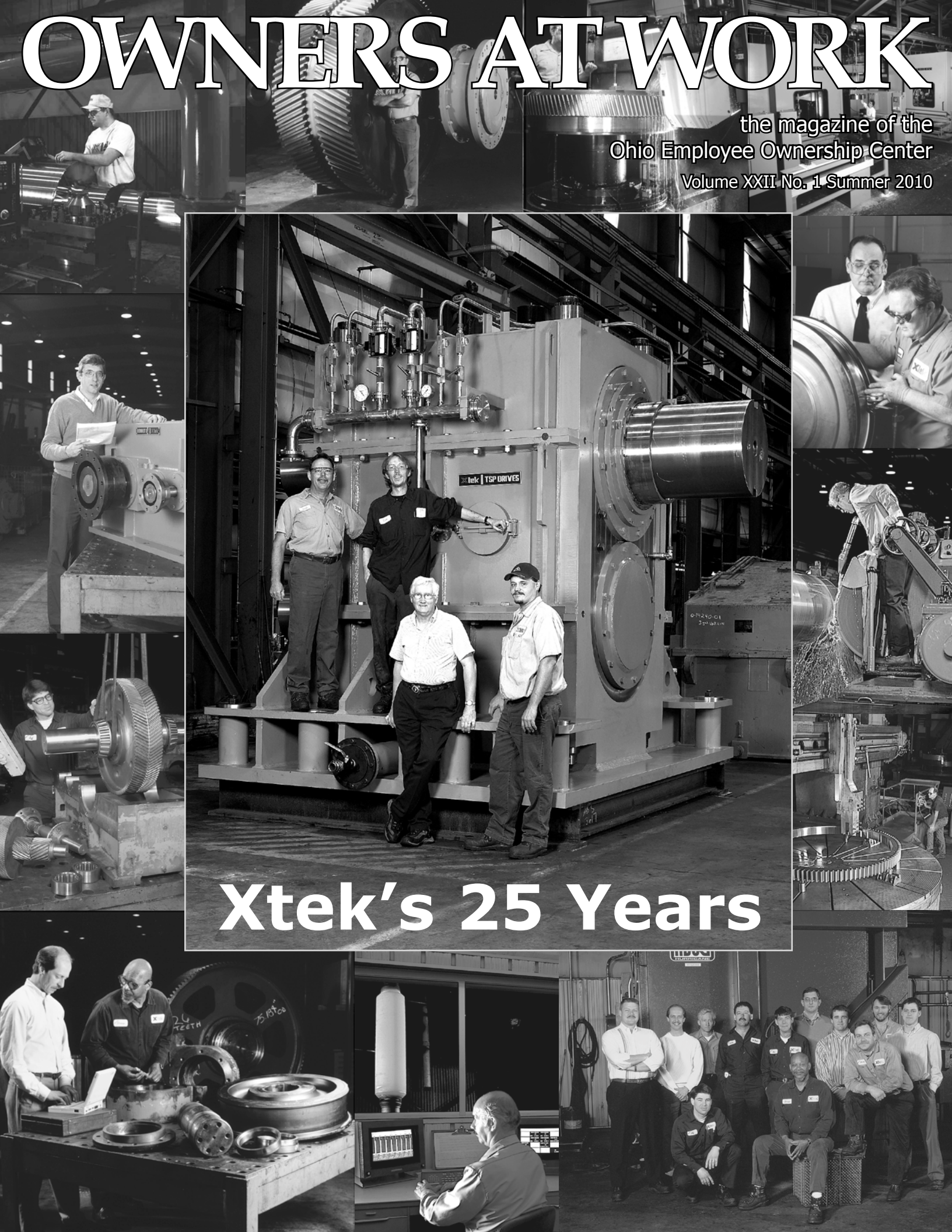


# OWNERS AT WORK

the magazine of the  
Ohio Employee Ownership Center  
Volume XXII No. 1 Summer 2010



## Xtek's 25 Years

## 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, conducts research and assists international efforts to privatize businesses through employee ownership.

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



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### Publisher's Note

*This issue represents one great celebration – a celebration of people going forward with many visions of employee ownership—most importantly, there are the employee owners, but there are also the people who nurture employee ownership and the people who advise and assist in implementing and continuing it. All carry parts of the vision around in their heads and hearts, and even in their wallets and bank accounts. This is pretty amazing, considering that financial events of the prior year chilled hearts everywhere in the world, and many wondered how many employee-owned companies would be weakened or worse. Whatever you choose to call the Crash, the Downturn, or the Great Recession, there's no denying that few firms or individuals were entirely spared.*

*But in spite of all that, employee-owners continued working to make things better for themselves in the great tradition of private enterprise. We mention briefly and recommend for further reading Phillip Swagel and Robert Carroll's research on the success of S-Corp firms compared to all U.S. firms.*

*No firm better exemplifies the resourcefulness and energy of a well-managed employee-owned firm than EBO group, which relentlessly and resourcefully developed new markets and new products that turned its bottom line from red to black. EBO then generously shared the knowledge of how they did it with other Ohio firms. Another great company success story comes from keynoter Kyle Seymour, CEO of Xtek, who confesses many mistakes made in developing the ESOP, but things turned out well in the end. From Rep. Betty Sutton's keynote address to the 24th annual OEOC conference and from Bruce Herman at the NY Department of Labor, we hear that government officials see employee ownership as part of the solution. That is an important part of the vision, too.*

*Finally, to judge by the strong attendance at this year's OEOC Conference, interest in employee ownership remains strong. The day was filled with well-attended panels for employee-owners, including a track on cooperatives, and the day before the conference offered several panels for cooperatives as well.*

### KSU MBAs Seek Internships in ESOPs

**W**ould your company benefit from doing a special project this summer with the help of an MBA or Undergraduate Business Major Intern from Kent State's School of Business? If your answer is yes, contact OEOC staff member Ashley Hernandez at 330-672-3028 or ahernan7@kent.edu .



## CTL's Jessica Donley is Ohio's 2010 Employee Owner of the Year

Jessica Donley, Senior Marketing Coordinator at CTL Engineering, is Ohio's 2010 Employee Owner of the Year for the OH/KY Chapter of The ESOP Association. "Employee ownership is meaningful to me," she explained, "because I feel like I make a difference each and every day and my opinion is valued. We are all in it together good or bad." She has served on CTL's ESOP Communications Committee since 2004, and along with Dawn Pressler and Becky Carroll, creates fun ways to communicate about the ESOP to CTL's 250 employees.

As she advises the communication teams at other ESOPs, "an ownership culture doesn't happen overnight. It's a slow process that needs to be nurtured. Make each event you plan count and try to get the most out of it." CTL Engineering is an 82% ESOP-owned engineering and testing firm, headquartered in Columbus, with nine offices in three states.

## EBO Group is Ohio's 2010 Employee Owned Company of the Year

EBO Group is the 2010 Employee Owned Company of the Year for the OH/KY Chapter of The ESOP Association. The award recognizes EBO Group for its commitment to an employee ownership culture, its leadership and promotion of ESOPs, and its dedication to the vision of The ESOP Association.

EBO stands for 'Excellence by Owners.' The company strives to promote entrepreneurship and teamwork, and provide everyone with opportunities for personal growth and involvement in company improvements and innovations.

Based in Sharon Center, EBO is 100% employee-owned by 67 employee-owners who work together in four employee-owned subsidiaries: PT Tech (clutches and brakes for extreme machines); TransMotion Medical (medical stretcher-chairs); IPESsol (solar mobility devices); and eZEhybrid Drives (electric hybrid drives).

## Palmer-Donavin Wins Group Excellence Award

Palmer-Donavin's ESOP Communication Committee, the winner of the 2010 Group Excellence Award for the OH/KY Chapter of The ESOP Association, has a challenge to educate the firm's 275 employees since the ESOP's 100% buyout of the company in 2007. Headquartered in Columbus, the firm has five branch locations in Ohio and Indiana. Palmer-Donavin is a wholesale distributor of residential building material supplies and heating and cooling equipment.

"Our committee consists of nine people taken from the general population who serve for three years," explained HR Manager, Shawn Richard. "Because the members of the committee are regular employees, I think and hope that employees are comfortable approaching them with questions. We advertise who is on the committee on a regular basis to increase awareness."

Each committee member has to write an annual article for *The Owner's Manual* quarterly newsletter. It includes articles by the sales team and others on current events, customer updates and business outcomes. Other features include "ESOP Mechanics," which ex-

plains various topics like diversification and vesting, and an "Ask a Manager" column.

The committee recently started printing ESOP Bucks that employees earn when they participate in ESOP events and other activities. They can spend their bucks on company hats, lawn chairs, coolers, and gym bags.

## Janotta & Herner Wins National AACE Honors for ESOP Video

Janotta & Herner Inc., a design/build contractor in Monroeville, won first place honors for Audio-Visual in the 2010 AACE awards sponsored by The ESOP Association to recognize outstanding efforts in ESOP communication. Produced by Steve Dendinger of Janotta & Herner, the video highlighted the benefits of the ESOP and was distributed to JHI employees and their families to help them better understand their ESOP.

Using a dairy farm theme because many JHI employees come from rural backgrounds, the video portrays employees as farm hands and milk as their profits. The farm-related analogies and barnyard humor made the video meaningful and fun.

Janotta & Herner is 100% employ-

*Palmer-Donavin accepts Group Excellence Award: From left to right: Robyn Pollina, Greg McMillan, Paul Turner (holding the award), Marshall Dauberman, Wes Millet and Nick Dwertman. (Photograph is provided courtesy of the Ohio/Kentucky Chapter - ESOP Association.)*



# Employee Ownership News

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ee owned and employs 130 people. The ESOP was established in 2000 and the company will celebrate 50 years in business next year. Janotta & Herner Inc. won The ESOP Association's OH/KY Chapter Group Excellence Award in 2008.

## World's First Professorship in Employee Ownership Endowed at Rutgers

The Foundation for Enterprise Development (FED) has committed \$2 million---the largest gift in the history of Rutgers University's School of Management and Labor Relations (SMLR)---to establish the J. Robert Beyster Professorship of Employee Ownership.

The Beyster Professorship is SMLR's first endowed professorship and, as far as can be determined, it is the first named chair in employee ownership established anywhere, according to SMLR Dean David Finegold.

Dr. Beyster, who founded hugely successful SAIC Inc. in 1969, established the Foundation for Enterprise Development in 1986 to help promote the concept of broad-based, participative employee ownership and entrepreneurship. He currently serves as chair of the foundation.

## Leading EDGE Names Six Award-Winning ESOPs

Six of the 86 winners of the Leading Edge Awards for 2010 are ESOPs. They are Delta Systems, EBO Group Inc., Falcon Industries, Garland Industries, Plasticolors and Rable Machine. The award recognizes northeast Ohio middle market companies that are highest in compensation, earnings, and local purchasing---all factors that create value for the local economy. Despite the downturn, winners showed resilience and the ability to innovate, grow and create value.

The Leading EDGE featured company this year was EBO Group, a winner in several past years. At the awards dinner, company founder Dave Heidenreich gave the keynote presentation on his companies' strategies for success through employee ownership and success sharing. Dave started an

EBO or Excellence-by-Objective Process in 1984, focusing each employee on ideas for individual and company growth. He established the ESOP in 1990.

## Ross Group Forms an ESOP

Ross Group, Inc., a software development and information technology services firm in Beavercreek, OH, has formed an employee stock ownership plan that will provide the 50 employees with just under 25 percent ownership in the company. According to Mark Ross, company President and CEO, "while a shareholder's need to exit the company created an immediate incentive, the creation of an ESOP also was driven by a long-term desire to provide an exit strategy for the remaining owners as they neared retirement age."

Ross Group has offices in Beavercreek and Atlanta. According to an article in the *Dayton Daily News*, about a third of the university teaching hospitals of veterinary medicine in North America the company's veterinary management software helps manage. It also holds contracts with motor clubs and the U.S. Department of Defense.

## S-Corp ESOPs Flourish in Downturn

A recent paper by Phillip Swagel and Robert Carroll of Georgetown University reports that S-Corp ESOPs have shown exceptional resilience and preserved their stock value notably better than typical U.S. corporations, even showing growth when conventional firms were losing value.

## The ESOP Promotion and Improvement Act of 2010 Introduced in US House

On May 12, 2010, Congressman Charles Boustany from Louisiana and Congressman Earl Pomeroy of North Dakota introduced the ESOP Promotion and Improvement Act of 2010 to the House of Representatives. The bill was referred to the House Ways and Means Committee and also to the House Small Business Committee.

H.R. 5207 proposes to improve the 1042 ESOP tax deferred rollover provisions by permitting sellers to an S

corporation ESOP to use the ESOP tax benefit referred to as the 1042 rollover. The bill would also clarify technical issues related to 1) how proceeds from a sale to an ESOP may be reinvested and 2) the treatment of dividends. The bill is an important step to broaden employee ownership in the U.S.

"ESOPs continue to be a critical component of improving American competitiveness and helping to create jobs here at home, and this bill improves options for employees to participate in these plans," said Congressman Boustany.

## News from the National Center for Employee Ownership

At the NCEO/Beyster Institute Annual Conference in Minneapolis, NCEO Board Chairs Cecil Ursprung and Victor Aspengren announced that the Board had selected Loren Rodgers, presently the NCEO's research director, to become the new executive director starting at the 2011 annual meeting that will be held April 13-15 in Denver. Rodgers will be replacing long-time executive director Corey Rosen. Rosen expects to work part time as a volunteer NCEO staff member.

## Rable Machine Wins OEOC Award for "Growth and Success During the Storm"

Rable Machine in Mansfield was recognized with the 2010 Ohio Employee Ownership Award for their growth and success during the Great Recession. A 100% employee-owned precision machining company, Rable also celebrates 20 years of employee ownership in 2010.

The 75 employee-owners of Rable recognized the need for continuous improvement about 5 years ago and began to diversify their business and develop new customers. They have more than doubled their business and invested over \$5 million in higher technology equipment supported by adoption of lean manufacturing and cellular manufacturing philosophies. By improving quality and customer service, Rable increased sales output per employee by as much as 53%.

A recent achievement is their ISO

# Employee Ownership News

9001:2008 certification to better serve their 100+ customers in aerospace, medical, oil and gas, pumps, air conditioning and after-market motorcycles.

Another recent achievement is the purchase of a larger building in a newer industrial park near the Mansfield airport. They upgraded electrical power service to the facility and significantly improved the product flow to reduce costs through greater efficiency.

Rable was recognized among the "Top 25 in Growth" of northeast Ohio's Leading EDGE Award winners in 2008, as measured by return to shareholders, average earnings and employee compensation, as well as regional business support. They won Leading EDGE Award recognition in both 2009 and 2010 and have also been spotlighted within the machining industry.

Rable's ESOP is the foundation of their continued success in difficult times. Employee owners at Rable share in opportunities for education, involvement in teamwork and mentoring others, in governance and in success through gainsharing, profit-sharing and the ESOP.

## 2010 John Logue Employee Ownership Excellence Award: EBO Group

In memory of OEOC founder John Logue, who passed away in December 2009, the staff of the Ohio Employee Ownership Center initiated the John Logue Employee Ownership Excellence Award to be made annually to the person, organization or company that has made the largest contribution to employee



*The Rable Machine award winners: (l to r) Bob Shutt, Carolyn Long, Scott Carter, Lisa Stevens, Dan Cooper, and Chris Cooper.*

ownership in Ohio during the past year. For 2010, the John Logue Employee Ownership Excellence Award recipient is EBO Group, Inc.

The 69 employee-owners of EBO Group, Inc., in Sharon Center, and its subsidiaries, PT Tech, TransMotion Medical Inc., IPESsol Inc., and eZE-hybrid Drives, own 100% of the company through an ESOP established in 1990. "EBO" stands for "Excellence by Owners."

John Logue's life work was to establish a statewide system of economic development in which employee-owned companies could be created and flourish.

*The EBO Group award winners: (l to r) Ryan Pinkes, Zak McKee, Doug Herr, Herb Hartsoe, Lisa Gaston, Tom Richards, and Keith Nichols.*



ish. EBO Group created its "EBO Process," a system by which employee ownership and innovation can flourish through each employees' focus on individual and company growth. With the evolution of EBO Group's ownership culture, the company has become an incubator for launching entrepreneurial start-up businesses.

The use of employee ownership to facilitate innovation does not end at the walls of the company's offices. EBO Group reached out to local business

development groups and public universities to partner with them in identifying promising new business for the company and its employee-owners.

EBO Group makes a large effort to spread the knowledge they have gained to other ESOPs. They hosted a Network CEO/CFO Dinner about partnering possibilities and spoke at the Network's leadership breakfast about how their ownership culture facilitated innovation. They frequently speak at conferences. They hosted a business roundtable with Congressman John

Bocchieri to educate him about employee ownership. In the process, the non-ESOP owned company representatives at the roundtable also received a strong dose of employee ownership education.

EBO's CEO Keith Nichols is on the Advisory Board of the Ohio/Kentucky ESOP Chapter of The ESOP Association and has been for many years. Company founder Dave Heidenreich is on the Advisory Board of the OEOC and serves on its Executive Committee. **OAW**

# One Way to Kill an ESOP Ownership Culture

## Cash Dividends Instead of Cash Contributions

Bill McIntyre

ESOP research shows that ESOP companies with an ownership culture outperform ESOP companies without an ownership culture and also outperform non-ESOP companies. ESOP companies interested in establishing an ownership culture work long and hard at achieving that goal. Regrettably, some ESOP companies undermine that effort through policies that they may not realize have the effect of killing their ownership culture, resulting in their failure to outperform other companies or possibly even perform worse than other companies.

Keep in mind a common comment made by ESOP companies: "We have a difficult time getting the newer, younger employees to be excited about our ESOP." Do the policies I'm about to describe make that effort easier or much more difficult?

For our example, let's take "POSE

Company," a fictional (POSE is ESOP backward), mature, 100% ESOP-owned company that has already paid off its ESOP notes and now has a fairly steady annual ESOP repurchase obligation equal to the dollar value of 3% of its 300,000 shares outstanding.

In 2010, POSE had another good year with employment up 5% to 100 employees (61 "old employees" who have worked there more than 5 years and 39 "new employees" with 5 years or less of service). The stock price is up 5% to \$20.00 per share.

Through 2009, POSE has recycled shares and made cash contributions to the ESOP exactly equal to the amount of that year's repurchase obligation. The cash contributions are allocated based on W-2 compensation. Accounts of eligible ESOP participants receive an allocation of the cash contribution, including newly eligible ESOP participants who have no shares but do have compensation. Ex-employees who are still ESOP participants receive none of the cash contribution.

The allocated cash contribution is then used to pay the the ex-employees who are receiving their ESOP benefit distributions so that, ultimately, the remaining

ESOP participants receive additional shares and the ex-employees receive cash.

POSE's number of employees and stock price have both been growing at 5% per year for the past several years and are predicted to grow at 5% per year for the next several years. Employee turnover is 10% per year with old employees accounting for only 3% while new employees account for 7% of the 10% total. The company's stock price at the end of 2009 was \$19.05 per share, and the average value of the ESOP account of an employee with 5 years of service was \$8,858 in 2009. Of the company's \$171,450 cash contribution to the ESOP, \$49,721 was allocated to the ESOP accounts of new employees. POSE's

ESOP Communications Committee's annual survey of ESOP participants showed that the company had a good ownership culture.

Management was striving for continual improvement and believed that

the ESOP needed to focus more on rewarding "ownership" since ownership is the essence of an ESOP. For 2010, rather than making POSE's funding of the ESOP repurchase obligation via a cash contribution, management proposed to the board of directors that the funding occur via a cash dividend of \$.60 per share (\$180,000 total). Management argued that the dividend would go to those who had shares, and shares represented ownership, so this was preferable to a cash contribution allocated based on compensation, which had nothing to do with ownership. The board approved the dividend in 2010.

Unfortunately, employees newly eligible to join the ESOP in 2010 have no shares and would receive zero cash from the cash dividend declared. That means they would have no cash to pay to the ex-employees receiving their ESOP benefit distributions, and it means that the new-in-2010 employees would receive no shares of stock, either. Those new-in-2010 ESOP participants would receive nothing in their ESOP account – nothing!

On the other hand, POSE's old employees are quite happy with the switch

**Continued on Page 9**

**How the Have and Have-Not Situation is Created: Five-Year Comparison of Average ESOP Account Values – Cash Contributions vs. Cash Dividends**

|   | Average ESOP Account Value |               |
|---|----------------------------|---------------|
|   | 2009                       | 2014          |
| ESOP Funding Mechanism previous 5 Years | Cash Contribution          | Cash Dividend |
| New Employee with 1 Year of Service     | \$1,600                    | \$-0-         |
| New Employee with 5 Years of Service    | \$8,858                    | \$-0-         |
| Old Employee with > 5 Years of Service  | \$87,154                   | \$112,191     |

# Xtek: Our Rocky Road to Success

Kyle Seymour, CEO, Xtek, Inc.

Keynote Address

2010 Ohio Employee Ownership Annual Conference

Xtek has been an ESOP for 25 years. It has been a rocky road to success with a lot of lessons learned along the way. They say you learn more from your failures than your successes. If that is indeed the case, Xtek is probably the most learned company in the ESOP world. I hope that by sharing things we've learned along the way, your path to success will not require so much learning. Despite the rocky path, I am convinced that when an ESOP works the way it's supposed to, there is no better way to run a company, there is no better governance function or form, and being the CEO of an ESOP company is the greatest job on Earth.

Xtek is a manufacturer of hard mechanical components that go mostly into steel rolling mills. We make components for the mechanical drive train for the rolling stands, the overhead cranes in the rolling mill, and the lifting equipment used to lift the pieces and move them around. We were formed in 1909 as a small family-owned company. Our forte was bicycle bearings, and we still have some of the basic processes today that we developed back then. We started in a small plant in Carthage, Ohio, and today, we have five plants around the world, including plants in Cincinnati, Ohio; Hammond, Indiana; York, Pennsylvania; and a plant in the Czech Republic.

The founding Brooks family owned the company until 1985, when they sold to a buyout firm called Wesray. A year later, Wesray formed the ESOP and sold most of the company to it. We paid off our ESOP loan in 1994, and became 100% ESOP in 2001 when we converted to an S Corp. Today, we're just under \$100 million sales, mostly in the steel industry. Bill McIntyre said earlier that about 70% of ESOP companies come from owner

succession. So, it's good to put all this in the context of, why, among the choices an owner has, s/he would pick an ESOP as the avenue of ownership succession?

The principal reason that an owner is attracted to an ESOP option is because the owner can monetize his or her assets, with minimal taxes, and maximum post-sale control. No other form of sale comes close to this. Often, an owner will claim that s/he is doing it as a reward to loyal employees, but that is more reflective of the owner's emotional state rather than his or her rational reasons. For a business owner, who may have spent a lifetime building the company, the process of selling can be a significant emotional event. Selling to the employees might be easier than other alternatives an owner might have, but it is still not easy, and because the owner feels s/he is giving something up, s/he expects to get something in return. Firstly, an owner would like the employees of the company to appreciate the sacrifice made in relinquishing the company and allowing the employees to take it on over time. Secondly, the owner would like the employees to start seeing the business and the world the same way s/he does. In short, an owner would like the employees to think and act like an owner. Through an ESOP, you can accomplish that.

So, here you are an owner who has decided to sell to an ESOP. What do you do now? Conventional wisdom says you benchmark best practices, you understand what works best in an ESOP, you learn from different people who've done it, you get a committee together to try to make everybody understand what it means to be an owner, what the responsibilities are, what the benefits are. Finally, you get everyone excited and pumped up about ownership. Right? This is the process that many companies follow. Unfortunately, this approach is often doomed to fail.

This happens for a lot of reasons, but our experience suggests that the main reason is that people forget to answer a few simple questions: When do employees start thinking and acting like owners? Under what conditions does that happen? And why does that transition take place? While I am sure there are many possible answers to these questions, we have boiled it down to a couple of key criteria that we've observed over the course of time with our company.

First, an employee has to have a meaningful financial stake in the company. If the financial stake isn't there, they're thinking like employees 99.9% of the time, and they'll act like employees and not like owners. If you think about it, when an owner sells his company to an ESOP, the trust owns the shares in the company, but those shares are normally encumbered by the ESOP loan and they are not

**Continued on Page 8**



allocated to participants. What really matters to a participant is the balance of shares in an employee's account. On Day 1, it's zero, and it takes time to build up a balance. There is little a company can do about this phenomenon except experience over time the building of shares for an employee.

Second, an employee has to have meaningful control, input, or influence over the strategic or operating decisions of the company. Remember that one of the key reasons why an owner chooses the ESOP model is so that s/he can maintain maximum post-sale control. It is not natural for an owner to solicit employee input when making a decision, nor to relinquish control to employees, so it takes a conscious effort to do so.

While true ownership requires that both of the criteria be met, it is possible to achieve good results by really focusing on the second criterion, and most companies that succeed early in the process of ownership really work hard on that one.

Building a meaningful financial stake through an ESOP takes time, and this implies a life cycle to the process that I call the ESOP Maturity Continuum. The first phase of this continuum goes from time zero to the point at which the stock actually allocated to employee accounts reaches a majority of the ownership of the company. That's the startup phase. The second phase, which I call the wealth transfer phase, starts from there and it goes to the point where the stock is 100% owned by the employees and the shares are fully allocated. The final phase, which I refer to as the mature ESOP phase, is everything beyond. I just want to briefly talk about those phases.

In the startup phase, the employees have little stock in their accounts, high leverage necessitates tight control, and governance is new to employees. They don't know much about it yet. It's new, it's mysterious, and there's not a lot really changed. Generally employee expectations in this phase are very low. That is unless you overtly act to try to elevate them, which is what the vast majority of companies seem to do. We certainly did it.

We had a big party the day we launched our ESOP. We put out a brochure and had training sessions about the joys and responsibilities of ownership and generally celebrated the occasion with great fanfare. We elevated expectations very high, and then, reality set in. In fact, right after the party, we had an operating crisis. One customer went on strike and another went bankrupt, and all of a sudden, everything's a mess. We handled the crisis in the same way we always had and did a generally poor job of communicating what we were doing. The expectations of ownership that got set so high with the kickoff suddenly came crashing back to reality.

The only thing we did well in an ESOP sense during this phase was to get a good administrative structure in place. If you do nothing else in the startup phase, that is one of two key things you should focus on, make sure you get a good plan document and good administration in place. Then, secondly, communicate more or differently than you did before. If you hadn't been putting financials on the board, put them up. If you used to

put them up, talk about them. Have something that is visibly different to people than what they're used to, so that through behavior, you're signaling that something has changed. Don't over-hype ownership early on because it will lead to expectations that can't be met. At Xtek we post financials and operational metrics every month, and I do all-employee meetings every quarter. Consistent, effective communications work wonders. Whatever you do now, do something different after you become an ESOP. Let people see visible change.

The second phase is what I call the wealth transfer phase. This is the most complicated phase and the easiest to screw up. The employees now have a majority of the company stock in their accounts. Yet, there are other owners. There are conflicts. There's complexity. There are secondary stock sales. There are things happening (such as equity based incentive plans) that potentially dilute the holdings of the employees. If you don't do things properly, the paranoia will build among the ESOP participants at a lightning pace.

At Xtek, basically, we did not recognize our entry into this phase and did not change in any way to adapt to it. We had an independent Board but no-pass through

*"They say you learn more from your failures than your successes. If that is indeed the case, Xtek is probably the most learned company in the ESOP world."*

voting. We stopped allocating stock to employees after the ESOP loan was paid off, so new employees had no way to participate in the ESOP. At the same time, we were using stock options for management incentive plans. Finally, we had turnover in our trustee and valuation firms even as we were doing secondary stock sales by management to the ESOP. All of these things in total gave the ESOP participants a very sour taste for the ownership experience.

A couple lessons learned from this: In this phase, you have to recognize that things have changed. As that meaningful stake builds, people are going to look at things differently, scrutinize more, be more questioning. Here, the most critical thing is to get an independent governance set in place, independent board, independent trustee, independent valuation firm, independent audit firm. And try to stay with that so it doesn't appear like you're self-serving in the process. Secondly, this is a good time to start giving people a voice. Pass-through voting is not that scary. It may seem that way, but it's not. It's a good thing to do in this phase, so people start to have a say and start to have a vote. We put a lot of committees together to do things like select the 401(k) provider, for example. We did that with an employee



committee to start to get that input and influence into the governance process.

The last phase is where it all comes together and makes it all worthwhile. In fact, at Xtek, everything I've said you should do in the earlier phases, we didn't do until we were already into the mature ESOP phase, but doing them allowed us to catch up very quickly and start to make the ESOP really effective. In this phase, most of the original owners are cashed out. The shareholders' interests are highly aligned with the employees, and that's a neat thing that doesn't really exist anywhere else. Employee owners make the most patient and long-thinking shareholders you can ever have. They don't obsess over quarterly earnings and they truly love re-investments in the business. They want to see it, even when they understand that taking on debt tends to temper the stock prices. I have always been amazed by how mature and understanding people were about even big strategic investments. You just have to explain it clearly and help them to see the picture as you see it. It's always been amazing to me that it worked out that way, but it has. Even after all the stupid things we did in the prior years, it's still the case.

This is the phase where you start to really enjoy ownership, where it really starts to make sense, where people start to feel it because employees do have a meaningful financial stake and a say in governance. This is where it starts and now is the time to really hype ownership and to expect people to think and act like owners.

To wrap it up, be cognizant of where you are on the maturity continuum. Set goals and try to align your practices to the things that make sense given where you are. Always be mindful of what makes people tick and what causes their feeling of ownership to be there or to be absent, and be realistic about it, particularly in the early stages. Lastly, do not try to change your culture to an ownership culture. The more you try to change it, the more resistant it will be. Instead focus on changing your behavior as a leader, and demonstrate the value of ownership through your own actions. Show employees through your actions that something has changed for the better because of their new position as owners. If you do that, the culture will evolve into an ownership culture. It may take some time, but it will evolve there and once it does, like I said at the beginning, there is nothing better than running an ESOP company. Thank you! **OAW**

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**Continued from Page 6** to the dividend in 2010. They had shares, so the \$180,000 cash dividend was allocated to their ESOP accounts, and they used that cash to purchase additional shares from the ex-employees receiving their ESOP benefit distribution.

Also, just like the old employees, ex-employees who still were ESOP participants and had shares of stock in their ESOP accounts, would receive \$.60 per share dividend for every share in their account.

So, ex-employees benefit nicely but new employees receive nothing. Hmm...

Yet, management was so pleased with the old employees' reactions that they decided that the cash dividend as a funding mechanism for the ESOP would be a permanent change.

Thus, the 2010 scenario would repeat itself in 2011: newly eligible ESOP participants in 2011 as well as those who became eligible in 2010 would receive nothing in their individual ESOP accounts in 2011.

This scenario would also be repeated in 2012, 2013 and 2014. New ESOP participants would receive nothing in their ESOP accounts. By the end of 2014, with growth and turnover, POSE would have a total of 122 employees but only 65 would be old employees and 57 would be new employees with 5 years or less of service. And those 57 new employees would have nothing in their ESOP accounts.

POSE has created a classic "have" and "have-not" situation with its ESOP. 53% of its ESOP participants own 100% of the stock and 47% of its ESOP participants own zero.

Imagine the difficulty for POSE's ESOP Communication Committee members trying to spread the message that the

"ESOP is good" to new employees when they've been receiving zero benefits for several years. The likely response of new employees would be, "Sure, the ESOP is good for old employees, but it's worthless for new employees."

In all likelihood, in just a few years, POSE's ownership culture would be torn apart by using cash dividends instead of cash contributions to fund the ESOP.

Furthermore, the disillusionment of new employees with the ESOP would likely lead to a reduction in performance, growth, and profitability and to a lower ESOP stock price.

**SOLUTION:** Fund the ESOP with cash contributions. If POSE really wants to reward ownership, funding the ESOP 50% via cash contributions and 50% via cash dividends would be a good compromise as both new and old employees would be rewarded for their ESOP participation, and new employees would have an incentive to become old employees.

**CAUTION:** If POSE was to have the company pay the ex-employees their ESOP benefit distributions by redeeming and retiring their ESOP stock and not re-contribute those shares to the ESOP (stock redemption instead of recycling), the results would be similar to those described above. Stock redemption can possibly be another killer of ownership culture.

## Lesson

Never forget that company performance depends on BOTH ownership of shares and practices of management that promote participation and involvement. A company striving to maximize its performance with a great ownership culture is not well-served by ESOP policies that obstruct or destroy those efforts. **OAW**

# "Can We Have Enfranchised Workers and a Successful Business?"

Betty Sutton, Ohio 13th District, U.S. House of Representatives  
Keynote Address

2010 Ohio Employee Ownership Annual Conference

John Logue was a lifetime champion of the democratic workplace. He touched many lives, including my own. John made a difference, and he inspired others to make a difference. When John passed, the Ohio Employee Ownership Center put up on the website a tribute describing his life. I was struck when I looked at what was said there, but most specifically, there is a line that says, "He was not born a wealthy man nor did he die as one. Contented instead with the modest security of a professor's life, he sought to help others create a similar security for themselves." To me, that is inspirational.

Employee ownership, worker empowerment and democracy in the workplace are all issues dear to my heart. At one time, I did a little work as an attorney representing workers throughout Northeast Ohio. So, I also have that kind of perspective when I go out and fight for policies that will work with and for all of us. And as John's work illustrates, employee ownership gives workers a way forward when their workplaces are closing—we've seen that. And employee ownership allows for family businesses to continue operating after the last family member retires. But best of all, employee-owned businesses are successful businesses. Studies have shown, the more avenues for participation for employees in a company, the better the company's performance. In majority employee-owned companies, employees receive wages that are 5 to 12% higher than the median hourly wage in comparable companies. They receive higher benefits, including a better retirement plan. One study showed that the value of retirement plans is 150% higher in ESOP companies than non-ESOP companies. Employee-owned companies also benefit the local community. So, it goes beyond just those who are directly involved. An ESOP is less likely to lay off people when the economy slumps and less likely to ship jobs overseas. That has been a great concern to me and to so many families throughout Northeast Ohio and beyond who have suffered because of the loss of jobs shipped overseas.

One study found that in 2009, one of the roughest years for the economy since the 1930s, 66% of ESOPs grew or stayed the same. That's pretty impressive! Higher wages, better benefits, less layoffs, more jobs in this country and the ability to weather economic storms, all sounds pretty good to me. Centers like the Ohio Employee Ownership Center have a positive impact on the number of employee-owned companies in the area and ensuring that those employee-owned companies utilize best practices.

Ohio is, of course, one of three states to have a state-supported employee ownership program. It is also the oldest to continually operate such a center. The thinking that employee ownership represents is inspiring to me and is emblematic of the work that I do in Congress. For example, I also face this kind of thinking that we can either do this or we can do that,

that we can either have enfranchised workers or we can have a successful business, but not both. I have to fight against this in Congress in much the same way that you fight against that mentality as you create solutions that work for employees, as well.

In March of 2009, when I introduced the CARS Act, more affectionately known as "Cash for Clunkers"—yeah, who knew [laughter]—I did it to shore up jobs in the auto and related industries and to improve the environment by providing incentives for consumers to purchase more fuel efficient vehicles, giving them savings well into the future. But some people said, "There are too many goals to the legislation: To shore up thousands of jobs and restart idle factories, to help consumers purchase more fuel efficient vehicles and to improve our environment. That's just too much." But we accomplished these goals.

Through the CARS program, nearly 60,000 people were put back to work. We saw an environmental gain of 60% in the cars that were purchased. We increased fuel economy in a way that will save consumers an estimated \$700 to \$1,000 a year.

As I said, I am sure that you face that kind of fight all the time—the voices out there that say you can't help workers and help the economy, that you can't allow employees to have a voice in the running of the business and be a successful business—but your very presence here today illustrates that you have rejected the false choice of either/or thinking. Finding innovative ways to solve our nation's problems is what's going to take us into the 21st century. One example we've already heard of here today is the Evergreen Cooperatives in Cleveland.

The Evergreen Cooperatives rejected the either-or mentality. Evergreen realized that not only do people need jobs, but also they need the ability to build personal wealth and



the ability to contribute to the community. Evergreen works from the philosophy that jobs alone do not eradicate poverty, that in order to succeed, people also need a say in how their workplace operates. And when workers are the owners, they not only have a say in how their workplace works, but they have a stake in ensuring that the business is profitable. They know that when the company does well, they do well, and when the company doesn't do well, they don't do well, and that can be an incredibly powerful motivator. Unlike more conventional work environments, where the CEO is the top brass and the shareholders are the only people who see the profits, at Evergreen and at so many other ESOPs and coops, the workers, who are the owners, see the profits as well. Evergreen has fostered the growth of three worker-owned coops in the Cleveland area, including a commercial laundry that serves the needs of a number of facilities in the area. These are for-profit companies providing needed services, with the workers at the helm.

Evergreen has also started Ohio Cooperative Solar to provide weatherization and solar panels to businesses across the state. Ohio has adopted an alternative energy portfolio standard mandating that by 2025, all electricity sold in the state will come from alternative energy resources. Clearly, the solar thermal market will be there as this is accomplished. Finally, Evergreen is embarking on a new worker-owned food production greenhouse in Northeast Ohio. That greenhouse will employ more than 40 people, while allowing them to earn equity in the company—creating jobs, helping the local economies and improving our environment. I really can't think of a more winning business.

ESOPs and coops have continued to expand across the country. Recently, the United Steelworkers partnered with Mondragon, the very successful Spanish cooperative. Businesses that Mondragon has started or taken over have a phenomenal 97% success rate. Together, USW and Mondragon

will work to expand worker cooperatives in the manufacturing sector in this country. They will adapt collective bargaining principles to the worker coop model, coupled with successful business practices. I just hope that their first venture will be in Northeast Ohio, preferably the 13th Congressional District!

Part of ensuring that ESOPs are successful and are able to grow means ensuring they have access to capital. Employee-owned businesses are often small, and need working capital.

So, recently, I cosponsored legislation to streamline the Small Business Administration lending process. HR4598, the Express Loans Improvement Act of 2010, allows banks to more quickly process SBA-guaranteed loans and get money into the hands of small businesses faster. It will also increase the loan value amount from \$350,000 to \$1 million, which more accurately reflects the needs of small business, and it increases the guarantees for SBA lenders. Congress needs to take these steps, along with many others, to ensure that small businesses and ESOPs have the access to the capital they need.

As a member of Congress, I want you to know that I look forward to working with you to support employee ownership and to support two pieces of legislation to encourage and expand employee ownership that Senator Bernie Sanders of Vermont and Senator Sherrod Brown of Ohio have introduced in the Senate. Neither of these two bills has been introduced in the House yet, but that's about to change because I will soon introduce companion legislation.

The work that you do to ensure that employee ownership is successful, you should know, makes a tremendous difference. It's an inspiration to me, and it's a shining example of what we can do when people join in common cause.

Thank you again for inviting me to be with you this morning. I look forward to all of the successes that this room will produce in the weeks and months ahead and look forward to working with you to help. **OAW**

## Friends of the Center - Honor Roll

### Individual

Jim Anderson  
Kate Cullum  
David Ellerman  
Karen Gibson  
Julie Graham  
Tim Logue  
Steve Newman  
Karstin Olofsson  
Carla Rautenberg  
Willard Rodgers  
Rubicon Valuation  
Abby Scher  
John Shockley  
Jay Simecek  
Fred Simon  
Ralph Stawicki, Sr.  
Rick Vermillion  
Richard Weigel  
Hoyt Wheeler  
Elliot Zashin

### Bronze

Anonymous  
Karen Ard  
Joyce Baugh

Steve Clem  
Common Wealth  
Comstock Advisors  
Crowe Horwath LLP  
Steven Dubb  
Robert Fishman  
Michael Friedman  
Robert Ginsburg  
Tom Hensley  
John Hoffmire  
John Hoornbeek  
Don Jamison  
Kelso Institute  
Bob Kraft  
Sherman Kreiner  
Riley Lochridge  
Larry Mack  
Joseph Marx  
Mathews ESOP Company  
Kenneth May  
National Center for Employee Ownership  
Deborah Olson  
South Mountain Company  
Floyd Trouten  
Hoyt Wheeler  
Karen Youngstrom

### Silver

Anonymous  
Buckeye Corrugated  
Raymond Carey, Jr.  
George Cheney  
Columbia Chemical Corp  
Crowe Horvath LLP  
Carl Draucker  
Mary Giganti

### Platinum

Great Lakes Brewing Co  
Dave Gustafson  
Dave Heidenreich  
Bill Melton

**Thank You for Your Support!**

# The 24th Annual Ohio Employee Ownership Conference

## Going Forward with a Vision

Nearly 400 people registered for the 24th Annual Ohio Employee Ownership Conference April 30th at the Hilton in Fairlawn, Ohio, an impressive turnout given the current economic uncertainty. After welcoming remarks from Leah Anglin-Walsh, Ohio Department of Development, OEOC Program Director Bill McIntyre paid tribute to OEOC founder, visionary and longtime Director John Logue, who passed away unexpectedly in December 2009. This year's conference featured three keynote speakers: U.S Representative Betty Sutton, Ohio's 13th District; Jack Dover, Senior Advisor to U.S. Senator Sherrod Brown; and Kyle Seymour, CEO of Xtek, Inc. You can read their edited remarks elsewhere in this newsletter or view their speeches on the OEOC's website at <http://oeockent.org/>.

Following the general session, the morning round of concurrent workshops gave folks a choice of seven panels featuring employee owners as well as professional service providers. The panel on the *ABCs of ESOPs for Employee Owners* featured Joel Davis, Principal Financial Group; Carl Grassi, McDonald Hopkins; and Scott Miller, Enterprise Services. The panel was moderated by Gregg Cramer, Greater Akron Chamber. Folks attending the panel on *Best Practices in Governance* heard Bill Beattie of Bardons & Oliver, Anita Stanners of Kraft Fluid Systems, Kyle Seymour of Xtek, and Jack Veale of PTCFO share advice on good governance in an employee-owned firm. Ed Schmitt, Riesbeck Food Markets, served as panel moderator.

The topic of *Creating Winning Teams and Committees* was ably handled by Herb Hartsoe, EBO Group; Debi Kozak, Joseph Industries; Matt Bush and Wendy Gnap, The Ruhlin Company; and Carl Trisdale, Thomson-

Shore. The panel was moderated by Floyd Griffin, Patio Enclosures. The technical panel titled *The Great Recession's Impact on ESOP Valuation, Financing & Restructuring Existing Loans* was moderated by Merri Ash, First Bankers Trust Services, and featured Kim Abello, JP Morgan Chase; Mary Josephs, Evergreen Private Capital Advisors; and Rick Schlueter, ComStock Valuation Advisors. The panel of Brian Hector, Morgan, Lewis & Bockius; Rosanne Aumiller, Barnes Wendling, CPAs; and Robert Massengill, SES Advisors, discussed *Minority vs. Majority ESOPs: Issues and Opportunities*. Serving as moderator was Alex Freytag, Ownership Thinking. The theme panel on *Visions for the Next Decade of Employee Ownership* featured John Hoffmire, Center for Business and Poverty, and Tony Mathews, Beyster Institute, along with Roy Messing, OEOC. Moderating the panel was Doug Corwon, Federal Mediation and Conciliation Service. What do you do when your company is too small for an ESOP? Alicia Cordell, Casa Nueva Restaurant & Cantina, and Mark Stewart, Shumaker, Loop & Kendrick, discussed that issue on the panel titled *Selling your Company to your Employees: The Worker-Owned Cooperative*. The moderator was Rod Kelsay, Mid-American Cooperative Center.

Lunch featured a presentation by Bruce Herman, New York State Department of Labor, on *Extending the Ohio Model into New York*. Also at lunch, Rable Machine received an award for "Growth and Success During the Storm," while EBO Group received the very first "John Logue Employee Ownership Excellence Award."

The rest of the day featured discussions ranging from ESOP technical issues to issues of ownership culture to worker cooperatives. Jay Sim-





ecek and Olga Klepikova, Ohio Employee Ownership Center, led a session titled *Better Problem Solving Will Improve Your Bottom Line*. The panel on *Ideas & Strategies for Communication and Education* featured Martha Kimura, ACRT; Mary Bing, PRC; and Steve Dendinger, Janotta & Herner. The panel was moderated by Marge Mellinger, Delta Systems. *Making a Difference/Lessons Learned in the Downturn* saw leaders from three companies discussing the challenges of the recent downturn in a wide range of areas from Board roles to managing the triple bottom line. The panel included Jeff Conrad, Will-Burt Company; Bob Martin, Jr., Marie Schenkel and Chris Aguilar, RJ Martin; and Matt Paul and Jeana Wy-cuff, Casa Nueva Restaurant & Cantina. The discussion was moderated by John Habanek, The Great Lakes Construction Company.

An *ESOP Legal & Fiduciary Update* was moderated by Michael Moldvay of Bober, Markey, Fedorovich & Company, and featured panelists Tim Jochim of Kegler, Brown, Hill & Ritter; Ben Wells of Dinsmore & Shohl; and Vaughn Gordy, GreatBanc Trust Company. Folks attending the panel on *The Evergreen Cooperatives: Starting New Employee-Owned Cooperatives in Cleveland* got an inside look from Mary Ann Stropkay, ShoreBank; Steve Kiel, Ohio Cooperative Solar; and Ted Howard, Democracy Collaborative. The discussion was moderated by Jim Anderson, OEOC and CEO of Evergreen Cooperative Laundry. The panel on *Selling Your Company to Your Employees: Employee Stock Ownership Plans (ESOPs)* was designed to help employers learn whether ESOPs can be a tool in helping them exit the business. Representatives on the panel included Mary Giganti, Waldheger Coyne; Davin Gustafson, Apple Growth Partners; and Dave Moffat, PRC. The panel was moderated by Sue McKittrick, Ohio Department of Development. A technical panel on *ESOP Benefit Distribution Rules* featured Van Olson, Van Olson Law Firm; Pete Shuler, Crowe Horwath; and Florence Zabarsky, Zabarsky & Associates, and was moderated by Cecilia Loftus, ESOP Economics.

Following an afternoon coffee break once again sponsored by SES Advisors, the last round of concurrent panels began. *The*  
*E m p l o y e e*

*Owners Forum: Making Employee Ownership Real* provided participants the opportunity to talk about the responsibilities and benefits of employee ownership. The discussion was facilitated by Karen Thomas, OEOC. Folks interested in *Age 55 Diversification* heard from Deborah Groban Olson, Law Offices of Deborah Groban Olson; Wendy Lankes, RK Schaaf Associates; and Tina Fisher, SES Advisors. The discussion was moderated by Steve Wilt, CAPTRUST Financial Advisors. A panel on *Planning for Growth, Change & Success* featured the CEOs of two of Ohio's most successful ESOP companies, Jim Ruhlin, The Ruhlin Company, and Jeff Evans, The Will-Burt Company, along with attorney Robert Brown of Boylan, Brown, Code, Vigdor & Wilson. The panel was moderated by Robert Taylor, Falcon Industries. A panel on *ESOP Issues in a Down Economy* was moderated by Tom Potts, Fiduciary Trust Services, and featured Jim Steiker, SES Advisors; Barbara Clough, Blue Ridge ESOP Associates; and Richard Tanner, Ownership Advisors. The co-op track at the conference was completed with a panel called *The Mondragon Cooperatives: Lessons for Ohio and the USW Partnership*. It featured Mikel Lezamiz of the Mondragon Cooperative Corporation in Spain along with Rob Witherell of the United Steelworkers Union. The panel was moderated by Steve Clem, OEOC.

Following the formal program, at the closing reception, the discussion continued in a relaxed atmosphere. At the end of the day, our position as the best one-day ESOP conference in the country was maintained! We thank everyone who helped make the conference the largest employee ownership event in the region, and we look forward to seeing even more folks next year as we celebrate the 25th Annual Ohio Employee Ownership Conference on Friday, April 29, 2011. Mark your calendar. **OAW**

*Highlights from the conference: (left) Rob Witherall, United Steelworkers (seated) and Mikel Lezamiz, the Mondragon Cooperatives, talk about the planned partnership between their two organizations; (center) Jeff Evans of The Will-Burt Co., Bob Taylor of Falcon Industries (standing), Jim Ruhlin of The Ruhlin Company, and Robert Brown of Brown Code Vigdor & Wilson, discuss planning for growth and success; (below) Jack Dover, Senior Advisor to Senator Sherrod Brown, talks at the morning general session.*



# Mitigating the Great Recession with Employee Ownership

Bruce Herman, Deputy Commissioner for Workforce Development, New York Department of Labor  
Luncheon Keynote Address  
2010 Ohio Employee Ownership Annual Conference

I was at the International Labor Office in Switzerland earlier this week because they were interested in hearing about New York's experience involving the shared work program. It's been extremely useful for our state, and I think it's also relevant to a lot of businesses here in Ohio.

In New York, shared work or work share—the more technical term is short-term compensation—allows employers to reduce workers' hours. Say people go from 100% time to 80%, then they go on 20% unemployment insurance. That helps mitigate the compensation loss for the employees. From the employer's perspective, it is a good situation because employers shed workers reluctantly in times of economic stress. They feel they have to do so to reduce costs, but then there's considerable cost associated with hiring and training new workers when things get better.

The shared work program in New York had been around for a number of years, but it was underutilized. We marketed it aggressively, and as a result, over 2,000 New York businesses and over 50,000 New Yorkers have participated in the program. It saved thousands of jobs.

Shared work is a program that other states can implement. There are some federal guidelines, but like many things in America, no national system. Presently 17 states have variations of the shared work program. I would encourage Ohio and other states to look at it. In Pennsylvania they are moving to create a shared work program. It's a viable tool. In countries that have it as standard operating procedure—Germany being the most notable—it is credited with reducing the unemployment rate by a full percent during the recession. The recession in Germany was not as deep as it was in the United States, and they're coming out of it much quicker. The Germans credit much of that to maintaining the workforce through shared work.

I left Geneva and the ILO workshop early, because I had a commitment to the Ohio Center for Employee Ownership, to all of you and to John Logue, to be with you today.

Last year, I asked John to work with us in New York State so we could recreate a capacity and be of greater assistance to ESOPs in our state. Fifteen years ago New York had the premier center for employee ownership in the

country. Housed in our Economic Development Department, it was funded primarily by a contract through the Department of Labor. That went away when the governor changed, because the Employee Ownership Center was considered the last guy's program and not the new guy's program.

When we were beginning to do the work to resurrect the New York center, John reminded me that it was a bit of 'back to the future,' because the New York center had actually helped in the creation of the Ohio center, which has flourished while the New York center went away. We have been reintroducing the ESOP concept and that capacity in our state.

There are over 300 ESOPs in New York State. With John, Bill and others from the OEOC, we connected with their experiences in a series of workshops and seminars in almost every major city and some of the minor cities. We involved the local ESOPs. They were often well known businesses in the community, although it was sometimes less well known that they were employee owned. They told their powerful stories about commitment to the community, creating and spreading wealth. It is clear that many jobs and businesses would not be in that community, would probably not even be in New York State, if they weren't ESOPs.



We're also trying to create a layoff aversion early-warning system modeled after what Pennsylvania has done. We launched a program we call ASSET, which means Assist, Stabilize, Secure, Empower and Turnaround, in New York City and Long Island where the greatest concentration of population and business activity is located. We're trying to get ahead of distressed situations in businesses through an early-warning dashboard that taps into new databases and relationships with local economic development, financial issues and people who are often aware of situations of distress long before a WARN notice is issued.

As you know, Federal WARN legislation says firms are required to provide notice when they are about to undergo significant downsizing or layoffs. It's a very important tool, and we could use it more effectively if we get more notice.

Our experience has been that once we get the WARN notice, it's often too late to salvage the business and save those jobs. New York State has pushed the WARN legislation further, and we require 90 days notice rather than 60 days for firms that have 50 employees or more rather than 100 employees or more. Senator Sherrod Brown has introduced similar legislation in Congress. We do our best to respond to the dislocations by providing services

for dislocated workers, but it's frustrating to get involved in situations where that's the only thing you can do. With six months or even a year prior notice, more could be done to stabilize the business.

The ESOP option is a very important component in the tool kit. It's very difficult to apply the ESOP program effectively in situations of severe distress when the business is really on the threshold of collapse. However, by creating a layoff aversion early-warning system and having ESOPs as one option, we think we are moving in the right direction and we're looking to get more support from the federal government to do that.

We're returning to our history because we know from experience that tapping into the entrepreneurial talent of working people is a great opportunity and has great benefits in our communities and throughout our country.

I want you to understand my commitment to the work that you're engaged in and New York State's growing commitment to that work. I don't know if we'll be successful because success is never guaranteed, but I do know that we must continue to try. Together, we will maximize opportunities and the possibilities for success. We should do no less and take pride in knowing that we have done all we could. Thank you. **OAW**

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## My ESOP Has Terminated When Do I Get My Money?

*Bill McIntyre*

Unfortunately, with the country enduring the Great Recession, some ESOP companies have not survived, and their ESOPs have been terminated. Also, some ESOP companies have been sold and the ESOP has been terminated as part of the sale. We've received several calls from ex-employees of those companies wondering when they'll receive their ESOP benefits.

There is no specific deadline as to when a final ESOP distribution must be made. Typically, an ESOP trustee will not allow a distribution until the IRS has ruled that the ESOP has been officially terminated. To do otherwise would put the ESOP trustee at risk. Sometimes, the IRS process takes a couple of years to make a determination with respect to a specific ESOP.

There are several steps that an ESOP must follow before it can make final distributions to ESOP participants. An IRS Form 5310 "Application for Determination for Terminating Plan" must be filed. The ESOP's final tax return must be filed. In the case of a sale, there are often events subsequent to the transaction date that affect the sale price and must be taken into account; for example, a reduction in sale price for the discovery of listed assets that are missing or inventory that is obsolete but still

on the books. Final allocation calculations must be determined. The treatment of unallocated shares must be determined.

Of course, if an ESOP company declares bankruptcy, it's highly likely that the ESOP stock is worthless. If a company is forced to liquidate, it is required to pay off its creditors before it can pay its owners. Typically, there's not enough money to pay off all the creditors, which means there's nothing left for the owners, the ESOP participants.

However, even if the ESOP stock is worthless in the case of bankruptcy, many ESOPs have cash in ESOP participants' individual accounts, and the participants are entitled to receive that cash. If the company is bankrupt, the cash in the ESOP must be used to pay the fees for the ESOP attorney, trustee and administrator in terminating the ESOP, so there sometimes is no cash left over for the ESOP participants in bankrupt ESOP companies.

The message: If an ESOP is terminated because the company was sold or entered bankruptcy, employees should not expect a quick payout of their ESOP benefits; and, in the case of bankruptcy, there may not be any ESOP benefits. **OAW**

# Network News

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## Two ESOPs Join Forces

Employee-owned CTL Engineering, Inc., headquartered in Columbus, announced the acquisition of a Cincinnati employee-owned company, Industrial Communications and Sound. The presidents of both companies agree that the employee owners of CTL and ICS will be the greatest beneficiaries with greater opportunities for career growth into different fields and increased stock value over time due to increased cash flow from the combined entity.

The merger creates synergy for both companies to provide more services to their clients. CTL Engineering is a full-service consulting engineering, testing, inspection and analytical services company, while ICS specializes in audio-visual and security systems solutions and professional customer support.

"By providing a variety of services under one roof, clients will spend less time looking for alternative vendors and establishing contracts," said C.K. Satyapriya, CTL's president. Allen Volz, the president of ICS, agreed, "Our clients will benefit from the multiple locations offered by CTL."

## PRC Has Unique Culture and ESOP Allocation Process

PRC's unique culture was shaped by the entrepreneurial spirit of their company's founders and their respect for others. Because employees were concerned that their special culture would change as the company grew, company president Dave Moffatt and Communication Committee members led employees in a process to define the essence of their way of working together and codify it into a culture statement.

Each employee wrote notes on "six things we value about our company" and "six things we'd like to change." Responses were grouped and translated into value statements, symbolized by a culture tree, and the tree was printed on a large poster for all to see at the company picnic. Throughout the day of the picnic employees wrote what was important to them on leaves of the tree. The comments have been shared with employees nationwide and are displayed with the poster in their lobby.

At their "Lunches with Lee" educational program, small groups of employees met with PRC CFO,

Lee Miller, for lunch and financial information sharing. The company provided each person with a lunch and a glossary of financial terms.

"This year we are organizing monthly birthday celebrations for small groups of employees with President Dave Moffatt," explained committee chair Mary Bing. "Employees are encouraged to ask questions and share ideas for improving PRC's products or services, increasing efficiency or productivity and working together more effectively. This is their chance to tell the president what they will do when they become president...and eat cake!"

PRC, headquartered in Wooster, became 100% employee-owned in 2008. The company's founders established their leveraged ESOP in 2003 as a succession strategy. As the loan is paid down, ESOP shares are allocated by a point system based on years of service and compensation: 1 point for each \$100 of compensation and 10 points for each year of service. The firm, which now has about 140 employees, is a worldwide leader in augmentation communication technology that helps people with severe disabilities gain independence.

## YSI Has Record Performance

Despite many challenges, YSI had a record year in 2009, exceeding \$90 million in sales, a 15% increase over 2008. Sales growth along with solid increases in operating income and an increase in positive cash flow resulted in a 13% increase in their ESOP stock value.

This remarkable success was achieved by delivering new products, acquiring a new subsidiary, expanding global distribution, and strengthening relationships among internal teams and customers.

YSI acquired Design Analysis Associates (DAA), based in Logan, Utah, in June 2009, adding a complementary line of products in the outdoor monitoring market. New product successes included the RiverSurveyor™, GOES radio, new anti-fouling options, upgraded Professional Series handheld options and improved optical sensor technology. The company also expanded global distribution in China, added subsidiaries in India and Brazil, and expanded staff in Australia.

YSI, headquartered in Yellow Springs, has over 300 employees worldwide engaged in water resource instrumentation and environmental monitoring quality systems. The company is 30% employee owned though an ESOP established in 1983. YSI was the 2009 Company of the Year in the Ohio/Kentucky Chapter of The ESOP Association.

## ACRT Communication Team Creates 25th Anniversary Game

Employee involvement contributed substantially to ACRT's success as a utility vegetation management service. So how did the company celebrate its 25th anniversary? The ESOP communications committee developed a game that promotes more and broader involvement in continuous improvement of the firm, and more than half of the employee-owners have already played it!

ACRT opened its doors 25 years ago with fewer than 50 employees. Headquartered in Akron, the firm now employs more than 400 professionals throughout the United States and is a recognized leader in its field.

It established its ESOP in 1999 and became 100% employee-owned in 2003, practicing equal distribution to everyone and fully vesting employees after five years.

"We are looking to the future, and are dedicated to making the next 25 years as great as the first," said Mike Weidner, ACRT president and CEO. "As an ESOP company, everyone is motivated to always put their best foot forward to ensure quality service for the future growth of our company."

"Employee involvement is the cornerstone of our success - all of our owners have a voice," Weidner said. "This game is just another way we are facilitating and encouraging our team to develop improvement initiatives that will carry us into the future."

Operations Manager, Pat Paternostro, who began his career with ACRT 18 years ago as a field forester, recalled the early days. "As an ESOP, ACRT gives a voice to employees, so anyone can make a difference and help the company succeed." For more information on ACRT, visit [www.acrtinc.com](http://www.acrtinc.com). **OAW**



# The Buyer of Your Business You May Not Have Thought About...

Chris Cooper

When contemplating a sale of their business, many business owners automatically assume it will be to family members or to an outside third party buyer.

Business owners have a lot of pride in the businesses they have built, and they often feel that one of the greatest gifts they can bestow on their children is to transfer the business to them. This is what has been called the “someday this will all be yours” syndrome. But the reality is that most children do not want to take over the family business. They may have separate careers of their own that they are loathe to give up, or they may not have the previous generation’s skills and abilities to keep the business profitable and successful.

Confronting the reality that the children don’t want to take over can be a surprise for many business owners. Consequently, a business owner might look to an outside buyer as the next logical choice. This action may be more likely if they hear an acquaintance bragging about the high selling price they realized when they sold their own business last year, without any mention of debts, outstanding fines, and fees they may have had to pay out of the proceeds. Owners may believe that they have multiple suitors ready and willing to buy the business, but they can find the deals evaporating when “minor” details like financing are discussed. Or they may think that selling to an outside buyer is the least stressful form of business transfer, when in actuality they may be unprepared for the amount of legal and financial due diligence, and general business polishing, required to get their business ready to sell.

Business owners can suffer from what is termed “seller’s remorse,” and be unprepared for changes to the business (loss of jobs, closing of the business, changing the name, etc.). This is especially so when new owners make radical changes to the business the seller has spent a lifetime building, a business that provides jobs for family, friends and neighbors, and finances valued benefits for the community. A lifetime of goodwill and reputation can evaporate very quickly. Lastly, some business owners may be looking to cash out some equity, but may not be ready to retire from the business. Selling to an outside buyer may not give them that option.

The positive news is that there are additional options for the business owner in selling to the employees. These fall into two categories: sales to some employees (management/key person buyouts) and sales to most or all employees through Employee Stock Ownership Plans

(ESOPS) and worker owned cooperatives. These strategies share some common benefits:

- 1) Selling to the employees doesn’t necessarily mean selling for less. In fact, the net proceeds from selling to the employees may be higher than selling to an outsider.
- 2) Selling internally usually reassures creditors, banks, customers, and others that there will be some continuity of leadership and skilled management. This can increase the likelihood of getting a deal done, obtaining a fair price, and the ongoing success of the business, which is especially important if the selling owner is getting paid out over a period of time.
- 3) Business owners are generally independent by nature, and usually like the fact that the business is independent as well. Selling to the employees allows the company to remain independent, at least in the near term.
- 4) Selling to the employees rewards some or all employees for their efforts in making the business a success.
- 5) By selling to the employees, owners can remain involved in the business for as long as they want and as much as they want.
- 6) And they can continue to enjoy much of the same regard and respect that they earned from individuals and the community over the years, because employee buyers are likely to care about the business’s reputation and contributions to the community.

In addition to the above general benefits, a sale to employees through an ESOP or co-op can result in some significant tax breaks for both the seller and the business. Chief among these are deferral of capital gains for the selling owner, with the potential of a capital gains-free transfer of wealth to the next generation (ESOP and co-op), ability to deduct both interest and principal on the loan transaction (ESOP), and the potential for the business to become a 100% income tax-free corporation as it moves forward (ESOP).

Obviously, there are a lot of details to be worked through. Some of those can be found on the OEOC website, [www.oeoockent.org](http://www.oeoockent.org). While not applicable for every company and situation, selling to employees can be a powerful tool for the business owner.

*A slightly different version of the is article appeared in the BizBox Blog on Slate.com. Thanks to my colleague Roy Messing for suggesting the topic of this article. OAW*

# Ohio's ESOP Top 50

## Ohio's Richest and Largest ESOPs and Stock Bonus Plans

Ohio boasts some large and rich plans as well as many small ones. International giant Procter & Gamble dominates all three lists. It's among the top ten for wealth, number of participants, and value per participant, with assets of over \$15 billion, almost 45,000 participants, and an average value per participant over \$350,000. The roots of its employee stock ownership go back to 1890. Some small firms, however, have done very, very well for their employee owners. For example, tiny Producers Services, with 31 participants, reports a plan value amounting to nearly \$700,000 per participant. Producers Services was scheduled to be closed in 1994. The firm's rebirth was featured in *Owners at Work* in 2004 (pp.12-14).

Also worth noting is the growth of wealth in the plans. Among plans reporting in 2002-2004, the top ten plans were valued at more than \$30 billion. By 2007, that figure had become more than \$36 billion.

There were 335 plans with more than 3 participants holding employer stock in 324 companies. The total value of their net assets amounted to over \$45 billion, representing growth of more than triple the rate of inflation from 1994 to 2007. The median plan value was over \$3 million, and the median value per participant was nearly \$75,000.

The number of ESOP plans in Ohio has remained about stable, but this may be due to an increase in other kinds of employee ownership. Our top 50 don't include every kind of employee ownership in the state. Some companies have employee ownership through a 401(k) plan that doesn't report participants' holdings of employer stock. Other companies have direct stock ownership, not through an ESOP or a stock bonus retirement plan, but through direct purchase, stock awards and stock options. Employee ownership through coops also isn't included. It is small, but expected to grow.

Data for this report were drawn from publicly available IRS Form 5500 reports, as compiled by Larkspur Data Resources. Most reports were from 2007, with a handful from early 2008. Companies known to be sold, closed or known to have terminated their ESOP at the time of publication were eliminated. For companies with more than one plan, the wealth of all plans that covered most employees was combined, but only if they all had the same federal Employer Identification Number. But since IRS data don't report which employees belong to each plan, and employees might belong to more than one plan, numbers of participants in companies with more than one plan were not combined. We report only the number of participants in the company's largest plan. In calculating value per participant, there's no way to tell the value of individual accounts, but since most contributions are based on W-2 earnings, some employees will have more and some less than the average. **OAW**

### Ohio's Top ESOPs and Stock Bonus Plans By Net Assets

|    |                                     |                  |
|----|-------------------------------------|------------------|
| 1  | Procter & Gamble Company            | \$15,051,438,158 |
| 2  | American Electric Power Corp.       | \$3,185,634,989  |
| 3  | Macys Inc (2 Plans)                 | \$3,025,414,000  |
| 4  | Parker Hannifin Corporation         | \$2,868,210,171  |
| 5  | Eaton Corporation                   | \$2,798,897,294  |
| 6  | FirstEnergy Corp                    | \$2,568,483,305  |
| 7  | Goodyear Tire and Rubber (3 Plans)  | \$2,054,185,966  |
| 8  | KeyCorp                             | \$1,775,743,779  |
| 9  | Sherwin-Williams Company            | \$1,594,775,613  |
| 10 | Timken Company (5 Plans)            | \$1,110,240,674  |
| 11 | Fifth Third Bank                    | \$1,008,240,427  |
| 12 | Timken Company                      | \$763,078,281    |
| 13 | Swagelok Company                    | \$665,169,360    |
| 14 | Cintas Corporation                  | \$564,630,644    |
| 15 | Diebold Incorporated                | \$426,720,640    |
| 16 | Applied Industrial Technologies Inc | \$397,998,534    |
| 17 | Polyone Corporation                 | \$322,496,237    |
| 18 | Steris Corporation                  | \$272,272,537    |
| 19 | Advanced Drainage Systems Inc       | \$265,059,399    |
| 20 | The Lincoln Electric Company        | \$265,052,490    |
| 21 | Ferro Corporation                   | \$206,770,402    |
| 22 | Jones-Hamilton Company (2 Plans)    | \$449,536,995    |
| 23 | Garland Industries Inc              | \$141,180,456    |
| 24 | Chiquita Brands International Inc   | \$125,560,336    |
| 25 | Third Federal S & L (2 plans)       | \$104,509,106    |
| 26 | Davey Tree Expert Company           | \$93,382,226     |
| 27 | Allied Mineral Products Inc         | \$91,706,105     |
| 28 | Fairmount Minerals Ltd              | \$87,589,172     |
| 29 | Messer Inc                          | \$84,555,773     |
| 30 | Burke, Inc (2 Plans)                | \$77,983,176     |
| 31 | Great Lakes Cheese Co Inc           | \$71,006,565     |
| 32 | Messer Construction Co              | \$68,420,157     |
| 33 | DPL Inc                             | \$65,265,653     |
| 34 | Park National Corporation           | \$58,118,440     |
| 35 | Fastener Industries Inc             | \$55,548,278     |
| 36 | JM Smucker Company                  | \$49,739,342     |
| 37 | Heidtman Steel Products             | \$44,661,238     |
| 38 | Floturn Inc                         | \$43,329,649     |
| 39 | Automated Packaging Systems Inc     | \$42,916,906     |
| 40 | DLZ Corporation                     | \$40,960,511     |
| 41 | Perry Corporation                   | \$39,401,968     |
| 42 | Lancaster Colony Corporation        | \$38,771,748     |
| 43 | Xtek Inc                            | \$35,696,406     |
| 44 | Marfo Company                       | \$34,605,116     |
| 45 | Will-Burt Company                   | \$30,241,329     |
| 46 | Nordson Corporation                 | \$27,877,361     |
| 47 | Cyril-Scott Company                 | \$26,569,324     |
| 48 | YSI Incorporated                    | \$23,264,562     |
| 49 | Richard Goettle (2 plans)           | \$22,858,471     |
| 50 | Seneca Medical Inc                  | \$22,062,780     |

**Ohio's Top ESOPs and Stock Bonus Plans in Number of Employee Participants**

|    |   |         |
|----|---|---------|
| 1  | Macys Inc (largest plan)                      | 109,944 |
| 2  | The Procter & Gamble Company                  | 42,131  |
| 3  | KeyCorp                                       | 37,900  |
| 4  | Cintas Corporation                            | 36,036  |
| 5  | The Sherwin-williams Company                  | 33,696  |
| 6  | Parker Hannifin Corporation                   | 32,360  |
| 7  | Eaton Corporation                             | 30,545  |
| 8  | Fifth Third Bank                              | 26,840  |
| 9  | American Electric Power Corp.                 | 25,992  |
| 10 | FirstEnergy Corp                              | 20,813  |
| 11 | Goodyear Tire & Rubber Company (largest plan) | 13,768  |
| 12 | Huntington Bancshares Incorporated            | 12,136  |
| 13 | Timken Company (largest plan)                 | 9548    |
| 14 | Diebold Incorporated                          | 8938    |
| 15 | Polyone Corporation                           | 5078    |
| 16 | Applied Industrial Technologies Inc           | 4780    |
| 17 | Davey Tree Expert Company, The                | 4774    |
| 18 | Swagelok Company                              | 4289    |
| 19 | Steris Corporation                            | 4131    |
| 20 | Advanced Drainage Systems Inc                 | 4013    |
| 21 | Chiquita Brands International Inc             | 3964    |
| 22 | Cardinal Health Inc                           | 3793    |
| 23 | Provident Financial Group Retirement Plan     | 3540    |
| 24 | Lincoln Electric Company                      | 3440    |
| 25 | Ferro Corporation                             | 2781    |
| 26 | Park National Corporation                     | 2082    |
| 27 | Nordson Corporation                           | 2043    |
| 28 | DPL Inc                                       | 1811    |
| 29 | Great Lakes Cheese Co Inc                     | 1753    |
| 30 | Stark Truss Company Inc                       | 1450    |
| 31 | JM Smucker Company                            | 1432    |
| 32 | Heidtman Steel Products                       | 1258    |
| 33 | Riesbeck Food Markets Inc                     | 1063    |
| 34 | Third Federal Savings & Loan (largest plan)   | 987     |
| 35 | Lancaster Colony Corporation                  | 925     |
| 36 | First Place Bank                              | 851     |
| 37 | DLZ Corporation                               | 850     |
| 38 | Patio Enclosures Inc                          | 808     |
| 39 | Automated Packaging Systems Inc               | 672     |
| 40 | K O I Enterprises Inc                         | 633     |
| 41 | United Community Financial Corp               | 597     |
| 42 | Seneca Medical Inc                            | 488     |
| 43 | Chilcote Company                              | 467     |
| 44 | First Defiance Financial Corporation          | 448     |
| 45 | ACRT Inc                                      | 430     |
| 46 | Messer Inc                                    | 429     |
| 47 | Messer Construction Co                        | 404     |
| 48 | The Cyril-scott Company                       | 376     |
| 49 | Carestar Inc                                  | 365     |
| 50 | Garland Industries Inc                        | 352     |

**Ohio's Richest Participants  
Total Plan Value/Number of Participants**

|    |                                  |             |
|----|----------------------------------|-------------|
| 1  | Neil M Cornrich & Associates Inc | \$2,373,653 |
| 2  | AHG Inc                          | \$2,255,201 |
| 3  | Producers Service Corporation    | \$690,383   |
| 4  | Strategy Group For Media Inc     | \$515,262   |
| 5  | Richard Goettle Inc              | \$408,926   |
| 6  | Garland Industries Inc           | \$401,081   |
| 7  | Jones-Hamilton Co                | \$362,989   |
| 8  | Procter & Gamble Company         | \$357,253   |
| 9  | Fairmount Minerals Ltd           | \$320,839   |
| 10 | Ketchum & Walton Co              | \$310,003   |
| 11 | The Richter & Phillips Company   | \$268,417   |
| 12 | Allied Mineral Products Inc      | \$265,047   |
| 13 | Buckeye Rubber And Packing Co    | \$252,362   |
| 14 | Strategic Media Placement Inc    | \$250,802   |
| 15 | S G Morris Company               | \$250,041   |
| 16 | Jones-Hamilton Co                | \$243,894   |
| 17 | Marfo Company                    | \$241,994   |
| 18 | Deco Tools Inc                   | \$216,755   |
| 19 | Richard Goettle Inc              | \$216,402   |
| 20 | U Brothers Brokerage Inc         | \$212,380   |
| 21 | Fastener Industries Inc          | \$208,828   |
| 22 | Messer Inc                       | \$197,100   |
| 23 | Family Chiropractic Inc          | \$192,737   |
| 24 | Philpott Rubber Company          | \$187,290   |
| 25 | Akron Hardware Consultants Inc   | \$185,813   |
| 26 | Perry Corporation                | \$184,986   |
| 27 | Burke Inc                        | \$179,908   |
| 28 | Messer Construction Co           | \$169,357   |
| 29 | Ohio Valley Supply Company       | \$168,047   |
| 30 | Great Lakes Construction Co      | \$162,719   |
| 31 | Sea-Land Chemical Company        | \$157,771   |
| 32 | Swagelok Company                 | \$155,087   |
| 33 | Kraft Fluid Systems Inc          | \$154,455   |
| 34 | Floturn Inc                      | \$149,413   |
| 35 | Webster Industries Inc           | \$144,448   |
| 36 | WMOG Inc                         | \$134,581   |
| 37 | Hickman Williams & Company       | \$134,180   |
| 38 | Bowers Insurance Agency Inc      | \$132,301   |
| 39 | Roush Equipment Inc              | \$126,719   |
| 40 | Paul J Ford And Company          | \$125,578   |
| 41 | Pile Dynamics Inc                | \$123,678   |
| 42 | FirstEnergy Corp                 | \$123,408   |
| 43 | American Electric Power Corp     | \$122,562   |
| 44 | Goldsmith & Eggleton Inc         | \$121,994   |
| 45 | Vi-Cas Manufacturing Co Inc      | \$121,474   |
| 46 | Carbo Forge Inc                  | \$120,829   |
| 47 | Specialty Equipment Sales Co     | \$120,702   |
| 48 | Edward Howard & Company          | \$119,507   |
| 49 | First Niles Financial Inc        | \$116,192   |
| 50 | R E Kramig & Co Inc              | \$116,057   |

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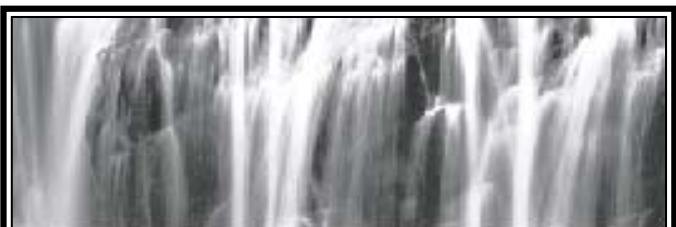


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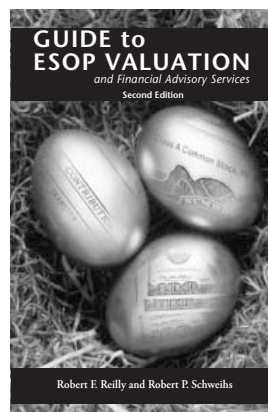
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Robert F. Reilly and Robert P. Schweih



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The price is \$59.95 plus shipping. For more information, including a full table of contents and purchasing information, please visit [www.willamette.com/books.html](http://www.willamette.com/books.html).

For questions about this book, or for information about our ESOP services, please contact our national ESOP practice leader, Mike Hartman, at [mrhartman@willamette.com](mailto:mrhartman@willamette.com), or (404) 475-2311



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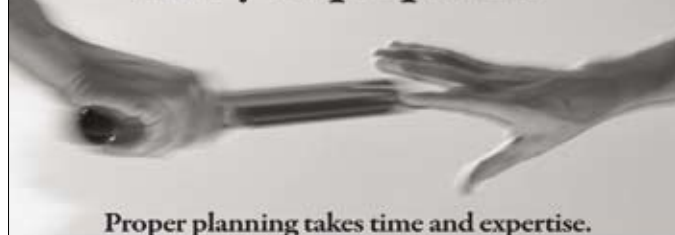
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**The Small Business  
Succession Planning Program**  
at Kent State University

The Small Business Succession Planning Program is your non-profit resource for assistance in exiting your business in a timely and efficient manner.

Log onto [www.oecokent.org/cose](http://www.oecokent.org/cose) for information and resources, including:

- Schedules for upcoming seminars and webinars
- On-demand library:
  - Video clips, recorded webinars, and articles on succession planning sorted by topic
  - Full text of "An Owner's Guide to Business Succession Planning"
  - Directory of professionals offering succession planning services
- Information on consultation services
- and more!

115 McGilvery Hall  
Kent State University  
Kent OH 44242  
330-672-3028  
[oecokent.edu](mailto:oecokent.edu)

**OEOC**

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## OWNERS AT WORK

**Summer 2010** Volume XXII No. 1

Ohio Employee Ownership Center  
113 McGilvrey Hall  
Kent State University  
Kent OH 44242

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### Ohio's Employee-Owned Network Fall 2010 Events

CEO & CFO Networking Dinner,  
Hosted by Delta Systems  
September 14

Board of Directors Forum  
September 15

ABCs of ESOPs  
September 9, Toledo,  
September 23, Cincinnati  
September 30, Northeast Ohio

ESOP Communication & Teamwork  
September 10, Toledo  
October 1, Northeast Ohio

How Do I Affect the Bottom Line?  
September 24, Cincinnati

ESOP Fiduciary & Administration Forum  
October 21, Northeast Ohio

ESOP Fiduciary & Administration Forum  
November 18, Southwest Ohio

*To register, call the OEOC at 330-672-3028  
or email [kthomas@kent.edu](mailto:kthomas@kent.edu)*

Check out the OEOC's new website

**[www.oockent.org](http://www.oockent.org)**

Let us know what you think!

#### Other Events of Interest

**July 27-30, 2010**  
**Association of Cooperative Educators (ACE)**  
**Cleveland, OH**

see [www.ace.coop](http://www.ace.coop) for details

**August 12-14, 2010**  
**The Employee Ownership Foundation - Employee Owner**  
**Retreat**  
**Chicago, IL**

call 330-672-3028 for details

**August 31, 2010**  
**The ESOP Association OH/KY & Indiana Chapters -**  
**9th Annual Tri-State ESOP Conference**  
**Louisville, KY**

email [karrie@esopchapters.com](mailto:karrie@esopchapters.com) for details

**October 19-21, 2010**  
**National Center for Employee Ownership - The ESOP**  
**Company Symposium**  
**Philadelphia, PA**

Call 510-208-1300 for details

**Visit our website at [www.oockent.org](http://www.oockent.org)**