

# OWNERS AT WORK

NORTHEAST OHIO EMPLOYEE OWNERSHIP CENTER

Volume 1, No. 1



Spring, 1989

## OHIO LEGISLATURE CREATES EMPLOYEE OWNERSHIP ASSISTANCE PROGRAM

Before heading home for the December holidays, the Ohio Legislature enacted one of the most important pieces of state legislation in the history of employee ownership in our state. House Bill 676, sponsored by Representative Jack Cera (D-Bellaire), passed the Senate on November 18, 1988, by a 32-0 vote. Cera's bill was cosponsored by 24% of the House and 42% of the Senate led by Senator Grace Drake.

The bill creates an Employee Ownership Assistance Program to be administered by the director of the Ohio Department of Development. The program is authorized to assist the expansion of employee ownership throughout the state at all stages from promotion of the idea, to counseling those pursuing the transition from traditional to employee ownership, to working with ongoing employee-owned companies.

Cera supports employee ownership, especially Employee Stock Ownership Plans (ESOPs), which he says "have been a very useful economic development tool." The creation of the Employee Ownership As-

sistance Program will "allow for more successful employee buyouts and more jobs saved in Ohio."

While the bill does not allocate any specific state funds, it does authorize the ODOD to use its current resources to develop, collect and disseminate information about employee ownership to persons in government, business, and labor; to employ professional and technical personnel to assist individuals and groups seeking to establish an employee-owned company (including its feasibility); to assist in obtaining financing of both the purchase and operation of such firms; and, to recommend further legislation which will enhance opportunities for employee-owned corporations in Ohio.

The need for such legislation has become highlighted over the past year and a half since the establishment of the Ohio Employee Ownership Education Project. In partnership with the Cleveland and Gund Foundations, this Project has helped to fund efforts by the Northeast Ohio Employee Ownership Center in Kent and the Cooperative Work Relations Program in Athens to carry out most of the tasks listed in H.B. 676. As the Northern and Southern Centers have been working with employee buyout groups, state officials have found themselves being approached more and more often to provide technical and financial assistance. They now have a clear message from the State Legislature on how to respond to such requests: affirmatively.

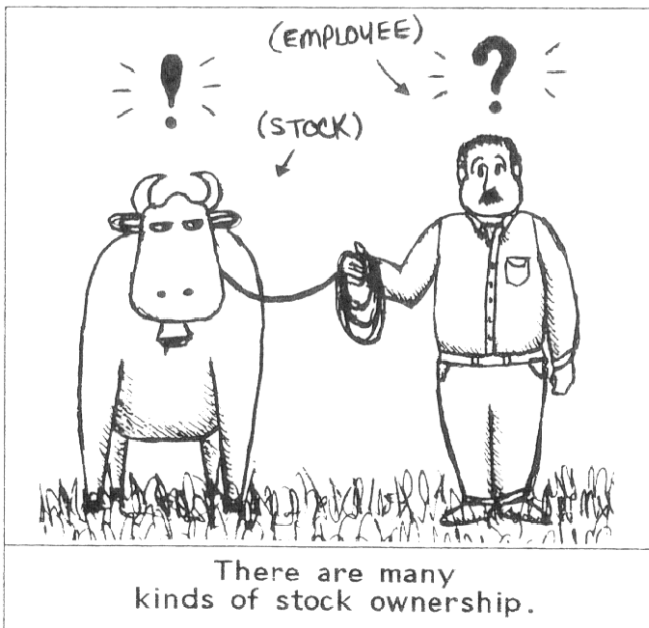
Passage of the bill came through the efforts of many individuals and companies in Ohio's employee ownership community.

See Ohio Legislature page 2

SAVE THE DATE !!!

4TH ANNUAL EMPLOYEE  
OWNERSHIP CONFERENCE  
FRIDAY MAY 12TH, 1989  
HOLIDAY INN/  
CASCADE PLAZA  
DOWNTOWN AKRON  
8:30AM -- 5:30PM

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## Ohio Legislature from page 1

Throughout the year, employees from North Coast Brass and Copper, Bliss-Salem, and Plymouth Locomotive made the long, inconvenient trip down to Columbus to testify on behalf of the bill.

As the bill gathered momentum, its sponsorship grew to include Representatives Jack Cera, Marc Guthrie, Mark Malone, Robert F. Hagan, Robert E. Hagan, June Lucas, Patrick Sweeney, Barbara Pringle, Daniel Troy, Jerry Krupinski, Ross Boggs Jr., Wayne Jones, Joseph Koziura, Michael Verich, L. Eugene Byers, Jacquelyn O'Brien, Rocco Colonna, C. David Hartley, Clifton Skeen, Thomas Seese, John Bara, A. Joe Secrest, Joseph Vukovich, and Francine Panehal, as well

as Senators Grace Drake, Barry Levey, Robert Nettle, Jan Michael Long, Robert Ney, Robert Burch, Roy Ray, Scott Oelslager, Paul Pfeifer, Richard Schafrath, Robert Boggs, Lee Fisher, David Hobson, and Harry Meshel.

Given such strong support among state legislators for a program promoting the development of employee-owned companies in Ohio, the next logical step would be for the State Legislature to allocate sufficient funds to take over the expenses previously financed by seed money from private foundations. While no funding was attached in the House this Winter, there is still a chance that a line item amendment will be introduced in the Senate this Spring.

### THE NORTHEAST OHIO EMPLOYEE OWNERSHIP CENTER

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The Northeast Ohio Employee Ownership Center is a university-based outreach program which offers information and technical assistance to retiring owners, buyout committees, labor unions, managers and community development organizations interested in exploring employee ownership. Funded by grants from the Cleveland Foundation, the George Gund Foundation, and the Ohio Department of Development's Office of Labor/Management Cooperation, the Center offers timely information and ongoing technical assistance in situations where there is a threat of job loss. Staff can help locate competent legal and financial advice, will perform pre-feasibility assessments to determine whether employee ownership is a viable option, and can assist with financing efforts and business plans.

NOEOC also develops resource materials on employee ownership and participation systems, sponsors informational workshops and conferences for the general public, holds training sessions for employee owners, and facilitates cooperation among employee-owned firms throughout Ohio. Since June of 1987, the Center has assisted nearly 30 companies or employee groups in buyout attempts and has trained employee board members from a number of employee-owned firms.

### COOPERATIVE WORK RELATIONS PROGRAM, INC.

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The Cooperative Work Relations Program, Inc., one of six state-supported Regional Centers for Labor/Management Cooperation in Ohio, also serves as the southern center for the Ohio Employee Ownership Education Project. The objectives of the CWRP employee ownership program are:

- \* To contribute to public awareness concerning employee ownership.
- \* To train professionals in employee ownership theory and practice.
- \* To perform pre-feasibility studies for business and industry.
- \* To provide existing employee owned companies with training and information in order to maximize their chances for continued success.

The CWRP views its primary role as a Regional Center for Labor-Management Cooperation as a strength in terms of its capability to educate concerning employee ownership, using this existing framework to reach those most able to benefit from information concerning the subject. Since 1987, the CWRP has provided pre-feasibility assessments to four organizations in Southern Ohio. In addition, the program has prepared a list of consultants, assisted the NOEOC with board of directors training, conducted workshops for the Ohio Department of Development, produced comprehensive training materials and sponsored or co-sponsored three regional conferences.

## CHANGING TIMES AT REUTHER MOLD AND MANUFACTURING

While celebrating Reuther Mold and Manufacturing's first year as an employee-owned company last October, Karl Reuther, the company president, made the following announcement:

It's not been an easy or quick decision...but it's one, like having a worker-owner on our board of directors, that I feel is essential to the best interests of the ESOP -- and to fairness among all of our worker-owners.

Therefore, keeping with my dreams and goals of making our ESOP even better, and in response to this growing mutual trust between us, and in extending to each of our worker owners the respect which they deserve and desire, I am removing perhaps the biggest single symbol that separates the hourly from the salary. I am removing a symbol of distrust... the time card!

The announcement was met with an awkward silence, followed by a delayed applause.

Employees were indeed surprised and uncertain what to expect from such a dramatic divergence from the traditional work procedures. Such a change was implemented at Mansfield Ferrous Castings, but Mansfield is 100% employee-owned; while at Reuther Mold, the employees own only a minority of the company.

Nevertheless, we have never been quite certain what to expect from Karl Reuther since he first approached the Northeast Ohio Employee Ownership Center in September, 1987, to discuss his plans to set up an ESOP which would borrow money to purchase company stock from his father's estate.

This had a clear tax advantage: fifty percent of the proceeds from such a sale constitute a deduction from the gross estate for federal tax purposes. However, since our initial meeting with Karl, we have

come to realize that employee ownership at Reuther Mold, despite being limited to a minority 20%, is intended to do much more than save the owner a few tax dollars.

The ESOP at Reuther Mold is exceptional in many ways. First, its method of allocation attempts to balance equality of all the workers with reward to those commanding a higher pay. Thirty percent of allocated stock is distributed equally while the remaining 70% is tied to the W-2.

Second, the Reuther Mold ESOP rewards seniority. There is a one time extra allocation for employees with at least five years of service, and for each five years of past service, an employee receives a one year vesting credit. This means that employees with 35 years service are immediately vested.

Third, worker owners at Reuther Mold have full voting rights of all the stock in the ESOP, both allocated and unallocated. They also have a worker owner representing them on the board of directors.

Furthermore, at Reuther Mold, employee ownership goes beyond the ESOP. Karl has worked hard to establish a structure of participation which enhances the employees' sense of ownership.

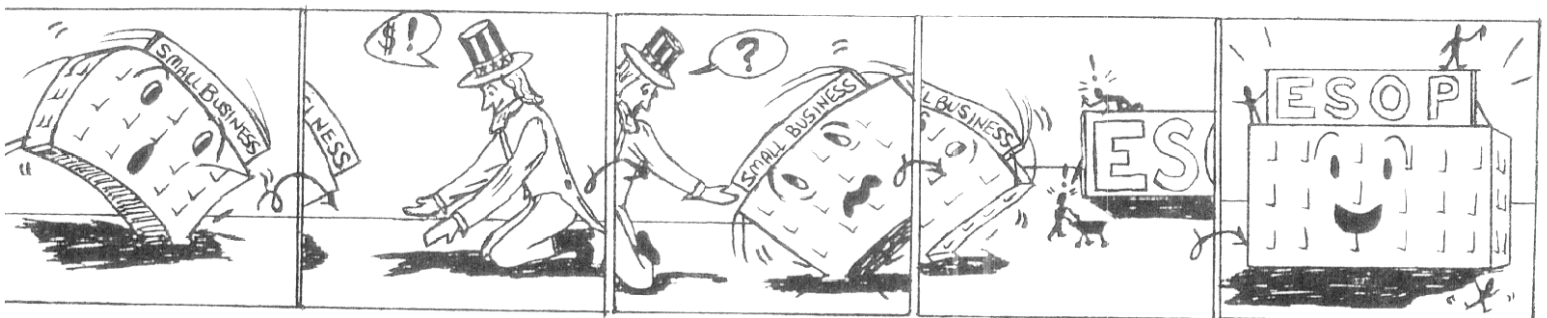
To accomplish this goal, there are two committees. The ESOP committee handles eligibility, disputes, and elections, as well as being another voice for worker owners. The shop committee works with management to optimize company policies, benefits, and working conditions.

Task forces have been set up to enhance stock value and improve stock productivity and the working climate. There are also task forces for new workers and for employees with 25 years seniority.

A third structure which treats Reuther Mold's employees as owners is the monthly newsletter which shares a wealth of information about how the company is doing, both the good and the bad. This sharing

See Reuther Mold page 4

How the ESOP 1042 rollover works.



## BOOKS ON EMPLOYEE OWNERSHIP

**Bringing Your Employees into the Business: An Employee Ownership Handbook for Small Business** by Daniel Bell. Kent, OH: Kent Popular Press, 1988, 112 pp. This handbook explains to owners of closely held companies how employee ownership can help them compete with larger corporations for tax breaks, long-term employees, and low-interest loans. Bell discusses problems unique to small business owners, forms and structures of employee ownership, and tax advantages for companies, employees, banks, estates, and retiring owners.

**Buyout! Employee Ownership as an Alternative to Plant Shutdowns: The Ohio Experience** by John Logue, James B. Quilligan, and Barbara J. Weissmann; foreword by William F. Whyte. Kent, OH: Kent Popular Press, 1986, 104 pp. This study examines 47 attempts to save jobs through employee ownership in Ohio over the last decade. Though most buyout efforts failed, partial or complete employee ownership helped save 20,000 jobs in 18 companies. The authors examination of the Ohio experience show both how employees have succeeded at becoming owners, as well as what are the major red flags which should deter an employee group from pursuing an "undoable" buyout.

**Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex** by William Foote Whyte and Kathleen King Whyte. Ithaca, NY: ILR Press, 1988, 317 pp. The most recent of a wealth of resources on the Basque experience with economic democracy, this comprehensive work goes beyond the standard description of the Mondragon history and structure. The Whytes' book reveals the social and political dimensions surrounding Mondragon's development as well as the philosophical outlook of its founder, Don Jose Maria Arizmendiarieta.

**The Ohio Buyout Handbook: A 'How to do it' Guide for Workers Becoming Owners** edited by John Logue. Kent, OH: Kent Popular Press, 1987, 96 pp. Since 1979 at least a dozen Ohio companies that would have otherwise closed have successfully restructured as employee-owned businesses. This practical handbook lays out in a step-by-step fashion how to use employee ownership to avoid shutdowns.

Reuther Mold from page 3

of information encourages workers to take on more responsibility for the overall management of the company.

In addition to these structures, a number of activities and symbols have been developed which help build a sense of ownership among the workforce.

At the initiation of the ESOP, the company celebrated with a dinner dance. Another dinner celebration was held on the first anniversary. Reuther Mold also sent winners of an ESOP essay contest to the NCEO conference in San Francisco to mingle with other worker owners and bring back more ideas.

Symbols are important, too. The Reuther Mold logo proudly announces that the company is worker-owned and symbolizes people working together. Another proud symbol was the Christmas lighting display which let passers-by know that this is a worker-owned company.

It was in the spirit of promoting positive symbols and doing away with negative symbols that Karl Reuther chose to do away with the time card. The change has met mixed reactions.

Administratively, the absence of time cards created a few headaches for the person in charge of payroll. While there has not been any significant cheating, parallel records must now be kept to keep track of absentees. The lack of a time card also puts more responsibility on the employees; if they forget to fill out their job card, there is no backup on which to base their paycheck. "With this increased responsibility, employees are getting more into the company as they are keeping track of what they do," observes John McQuaid, the employee representative on the board of directors.

Employees with more years of service received the change with less enthusiasm. Resistance to any change is natural. Yet the change has allowed supervisors to treat employees as adults instead of policing them. "That's how people are accepting it. I've seen more volunteer time being put in," comments supervisor Ron Kightlinger. "People are becoming more conscientious." He has seen people getting more involved, not only in their own jobs, but in giving suggestions to their fellow workers.

The ESOP, and the structures of participation which have accompanied it, are making Reuther Mold and Manufacturing a more dignified place to work. And as Karl always concludes, at least for him, it is now also a fun place to work.

## REVIVING SMOKESTACK AMERICA: EMPLOYEE OWNERSHIP AT BLISS-SALEM

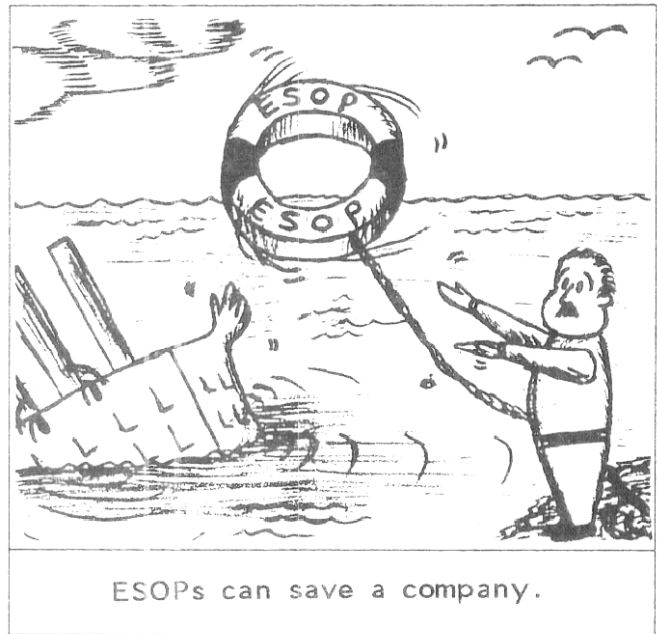
The story of E. W. Bliss in Salem is typical of what has happened to many Ohio firms in heavy industry -- except for the ending. Bliss, which was founded in 1857, was a highly successful manufacturer of metalforming equipment, including hydraulic and mechanical presses, and rolling mills for the steel, aluminum, brass and copper industries. It acquired the Buckeye Engine Company in Salem in the early part of the century. The company and the Salem plant prospered in the post-World War II era, adding subsidiaries in France, Germany, and Australia to its American plants. It did so well that it was bought by Gulf and Western, one of America's premier conglomerates, in 1967. At that time, the Salem plant employed about 600.

In the latter 1970s and early 1980s, the American metal industry was hit hard by new foreign competition, lagging investment, a domestic recession that brought near-Depression conditions in steel, and, in the early 1980s, an overvalued dollar. Instead of riding out the downturn, Gulf and Western sold Bliss's foreign subsidiaries and closed or sold the American operations, disposing of the final two domestic plants -- including that in Salem -- to Carlisle Capital in 1983. Under Carlisle, losses continued and employment plummeted to about one hundred, and Carlisle went to the union -- Steelworkers local 3372 -- for wage concessions in Spring 1985.

Up to this point, the Bliss story is typical: successful firm bought by conglomerate, drained, sold, downsized to skeleton crew who are asked to work at sharply reduced wages. The Salem plant seemed slated for shutdown.

What happened next is what made the Bliss story different. When Carlisle opened the books to begin concession bargaining, the union experts who examined them concluded, in the words of union local president Tom Moyer, that the Salem plant was being drained so thoroughly that "it wouldn't make money if the workers worked for free." Instead of bargaining concessions, United Steelworkers District Director Paul Rusen suggested to employees that they consider buying the plant.

Carlisle was willing to entertain an employee offer, and a year of analysis, haggling, hiring a new management, and seeking financing ensued. Financing the buyout demanded cooperation between the union, Carlisle, the city of Salem, the



State of Ohio, and commercial banks; all ultimately put in money. In December 1986, 18 months after Rusen first made the suggestion, the Salem plant -- now rechristened Bliss-Salem -- passed into employee ownership.

Asked to explain the buyout at the time it was in progress, Bill Paxton, who currently represents salaried employees on the board of directors, offered a simple explanation: "Our guys bowl together, play golf together, go to church together. They had a very good relationship -- until outside owners took over." Reviving that community was one of the aims of the buyout.

### How Bliss-Salem is structured

Bliss is employee owned, but, as readers of this newsletter know, employee ownership can be many things. Here's how Bliss is structured.

Eighty percent of the shares in Bliss-Salem are owned by the company's Employee Stock Ownership Plan (ESOP). The remaining 20 percent is reserved for a stock option purchase plan for management and key employees; this option is tied to performance.

ESOP shares are allocated to employees on the basis of hours worked; thus all full-time employees in effect share equally in the ESOP regardless of pay. Shares are credited to employee accounts annually as the loans are paid off over seven years.

See Bliss page 6

Bliss from page 5

While employees will be able to elect the entire board of directors when the loans have been paid off, until that happens, the seven-member board is comprised of three inside directors (the CEO, one nominated by Local 3372, and one nominated by the salaried employees) and four outside directors (one nominated by the Trustee of the Bliss Steelworkers Pension Plan and three by the Board of Directors or any company employee).

While the board sets long-term policy and oversees management's performance, Bliss's employees have a more immediate channel of influence as well: the Joint Strategic Decision Board. Despite its unwieldy title, the JSDB, which meets at least once a month, deals with a variety of current problems in company operations and plans. Composed of representatives from the union, salaried employees and management, the JSDB treats all sorts of operational issues except those that involve collective bargaining; that remains the province for negotiations between the union and the management. Bargaining, however, is carried out in an environment where the union team has full information on the state of the company -- after all, the local president sits on the board.

#### The anatomy of a turnaround

The record of two years of employee ownership at Bliss is impressive. Employment has doubled to 220, sales have doubled, the order backlog has increased

by 900 percent, and the new company, after a rough start, has fought its way into the black. Currently pending is a major foreign order which, if finalized, will substantially increase sales.

The credit for Bliss's turnaround is shared among all groups involved. The support of public authorities -- the city and the state -- was vital in putting the buyout together. The willingness of Carlisle to sell made it possible. The employees put together a new management team, hiring their CEO, Jim Wareham, from outside but generally promoting from within. This was a rare case of where union workers hired management, instead of vice versa, and Wareham proved remarkably successful in capturing orders in the improving market and in locating new business in new markets. The union took an initial wage cut to make the buyout feasible and joined in making work practices more flexible by reducing the number of job descriptions from more than 80 to 16. At the same time, grievances plummeted.

Employee ownership at Bliss is no bed of roses. Managers still manage and workers still work with all the conflict that that entails. "One hundred years of adversarial culture can't be changed by uttering the magic word 'ESOP'," Wareham comments. But managers manage and workers work within a new context -- that of a shared commitment to the company that they all own.

## EMPLOYEE OWNERSHIP: STRATEGY FOR ECONOMIC STABILITY

Over 9 million working men and women in the United States have become employee owners over the last decade and a half. The idea of sharing ownership with employees has become one of the fastest growing trends in American business. The increasing interest grows out of a combination of the significant tax breaks associated with Employee Stock Ownership Plans (ESOPs) and evidence that employee ownership may be a factor in improved performance. After all, when workers are co-owners the pride of ownership is shared by the entire work force as are the benefits of ownership.

Not only do the individuals in the firm gain from employee ownership, but the broader community shares in the positive effects that a viable locally-owned business has on the local economy: jobs are retained and created, capital is anchored in the community and the future of the facility's

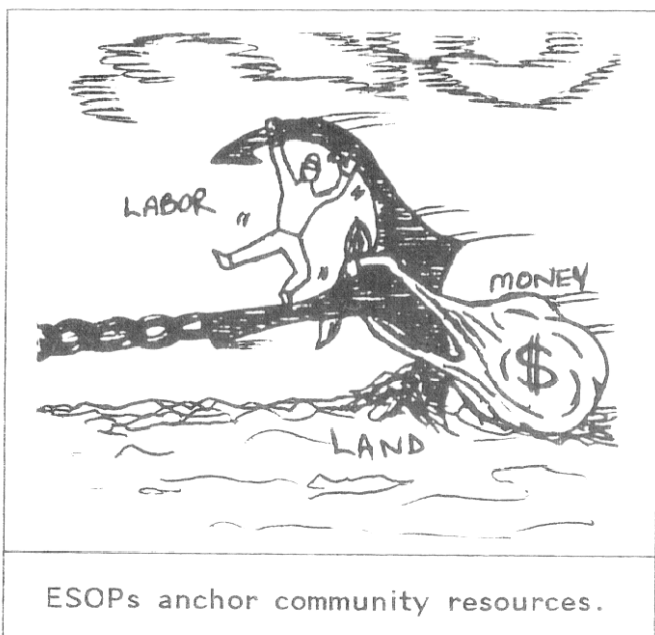
operation is solidly in the hands of those who live in the community.

#### Saving Jobs

Northeast Ohio is one of the birthplaces of the modern American employee ownership movement. The mid-70's efforts by the community to rescue the Youngstown steel mills through worker ownership after they were shut by Lykes Corporation and US Steel were among the first to try using employee ownership as a local strategy to maintain employment and build strong local economies. Although these first attempts of employee buyouts to avert shutdown were unsuccessful, they inspired others. Today, some of the most impressive examples of job retention through employee ownership in the country are located in our region including Bliss-Salem in Salem (see page 5, column 1), and North Coast

See Strategy page 7





#### Strategy from page 6

Brass and Copper in Euclid. In these two plants alone nearly 700 Ohioans, who might otherwise be in unemployment lines are working. We estimate that over 20,000 Ohio jobs have been retained since 1977 through employee ownership.

Although these employee buyouts to avert shutdown are the most dramatic examples of how worker ownership can help communities, the less publicized employee purchases of profitable ongoing operations -- which are growing at a faster rate -- also make a long term contribution to the local economy. Entrepreneurs, employees and local community leaders are increasingly finding that employee ownership is a win-win proposition in a variety of circumstances. An employee purchase of a facility can address short term economic needs of the seller and the buyer while in the long run stabilizing a local business.

#### Departing Owners

When an owner of a closely-held business is ready to retire, the options for disposal of the business are limited. In the absence of an heir who is interested in managing the operation, even highly profitable small businesses are left with no ready market for their stock. Potential buyers, if there are any, are unlikely to be committed to the local operation and may not perceive its full value; larger corporations may want to absorb the market, move machinery to another location and dispose of the remaining assets in a business. Liquidation, sale to a competitor or

sale to an out-of-state corporation are all unattractive endings to a lifetime of entrepreneurship.

A market for the stock is waiting just inside the plant gates: the employees. By selling to employees -- either through an ESOP or a worker cooperative -- a departing owner can (1) realize the fair market value of his or her business, (2) defer taxation on the capital gain from the sale (assuming the funds are reinvested in domestic securities), and (3) be assured of business continuity.

Employee ownership can be used as a strategy for estate planning as well. Owners estates that sell a business to employees can exclude half of the proceeds from taxable income.

Ohio is home to over 100 firms where departing owners have sold to employees. Some of the better known are: Fastener Industries in Berea, Reuther Mold and Manufacturing in Cuyahoga Falls ( see page 3, column 1), Fluid Regulators in Painesville, and Dimco-Gray in Centerville.

Transactions between employees and departing owners don't make the front page of the local newspaper. Perhaps if we had a longer range perspective they would. By using employee ownership the departing owners have stabilized the jobs, kept the ownership of the business in local hands and received an attractive tax break for themselves and the new company. These quiet transactions may be the most beneficial to the community in terms of long term economic prosperity. In preserving the healthy, small, well-established firms -- where most new jobs are created -- the building blocks for a strong future are in place.

#### Profitable Divestitures

Another long term strategy for stabilizing jobs is an employee purchase of a profitable plant or a division that is being sold by a large corporation. When the seller is disposing of the asset because it does not fit the overall corporate strategy, the likelihood of retaining its profitability as a locally-owned business is high.

That is what the employees (hourly, salaried and local managers) at Republic Storage Systems in Canton thought when LTV put their plant up for sale in 1986. Unsure what the future would bring with the outside purchasers who were interested in owning their facility and confident that if they owned the plant they could maintain its historic profitability, the nearly 600 employees placed a bid and purchased the plant. Since that time the employee owners

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Strategy from page 7

have met the challenge and benefitted from owning a first rate locker and storage systems manufacturer.

Clearly, the employees at Republic Storage did not have economic development on their minds when they chose to purchase the profitable plant in Canton. But they were interested in one of the most important elements of economic development: jobs. By securing the existence of 600 jobs in Canton, the new worker owners unknowingly contributed to the future health of the local economy. Maintaining tax revenues, increasing the purchases and investments of the individual employee owners and indirectly stabilizing jobs

throughout the community, are all positive by-products of the employee purchase.

\* \* \*

Employee ownership is not a cure-all solution to the economic problems that Ohio is likely to face in the coming decades. But it does represent one of the tools that can be used to secure jobs and to provide a market for departing owners' stock. Employee ownership has the long term advantage of helping to maintain a strong locally owned and controlled economy. In addition, it can be a mechanism which maintains and improves the productive capacity of the businesses which form the economic base of our communities.

## EMPLOYEE-OWNED COMPANIES EXPLORE COOPERATION

Last year at about this time, a number of representatives from various Ohio employee-owned companies made use of one of the NOEOC conference workshops to begin a discussion about how they might benefit from cooperating with each other. They agreed to follow-up with a meeting of the CEOs to develop this goal. On November 29, 1988, managers from 10 employee-owned companies came together at KSU to take this discussion a step further.

The first concrete result to come out of the November meeting was the development of a catalog listing the products and services provided by each employee-owned company. It makes sense for employee owners to buy from each other when all other things are equal. So far twelve companies have added their one page descriptions to the catalog which is being coordinated at our Center.

In addition to the catalog, those present at the November meeting agreed to provide personnel and resources for committees to explore cooperation in the areas of ESOP administration, export, insurance, and training.

These committees met together on April 14th with representatives from eight firms: Bliss-Salem, Elwell-Parker, Fastener Industries, James B. Oswald Company, Joseph Industries, Plymouth Locomotive, Republic Storage Systems, and Reuther Mold and Manufacturing. While the insurance committee members agreed, after some discussion that the risks and histories of each were too different to pool their insurance purchasing power in a practical way, the other committees did find areas for cooperation.

Those on the training committee have agreed to survey other Ohio employee-

### IN MEMORIAM

The NOEOC staff would like to express our deepest sympathies to the family and co-workers of Jim Rush for their loss. His extraordinary wit, determined style and leadership in the employee ownership community will certainly be missed. As the CEO and Chairman of the Board at Dimco-Gray, Jim Rush guided this 100% employee-owned company through the first two years of existence. Jim made a significant contribution to making Dimco-Gray in Centerville one of Ohio's shining examples of an employee ownership success. Our staff has benefited from his insightful ideas and strong commitment to making employee ownership work. His memory will always serve as an inspiration to us.

owned firms about the types of training they need, who would be the target audience, and whether they prefer on-site training or joint sessions with employees from other companies. The ESOP administration committee is exploring the possibility of coordinating a forum on technical issues such as repurchase liability where participants from different companies can pick the brains of a few experts. The export committee also found great potential for a joint venture. They will be contacting the Wisconsin Exports Cooperative for more information and also making calls

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Cooperation from page 8

to other employee-owned companies to encourage more interest.

Ohio's employee-owned companies have already been participating jointly in forums on participation and communication, as well as training sessions for employee-owner/board members. The work of these committees can only strengthen the emerging network of employee-owned companies committed to business innovation, participative management, and interfirm cooperation.

There appears to be consensus among most of the companies involved in these various network activities that the addition of more employee-owned firms would be a positive thing. If your company would like to get involved in some of the network's activities, you can begin by calling Dan Bell at the Northeast Ohio Employee Ownership Center. The phone number is 672-3028.



## EMPLOYEE BOARD MEMBERS STUDY THEIR UNIQUE ROLE

A number of employee-owned companies in Ohio have their employee owners represented on the board of directors by one of their peers. While the employee perspective can add a lot to the process of setting company policy, most hourly workers have had little preparation for representing their constituents in this new role.

With a grant from the Ohio Urban University Program, our Center has been able to develop an innovative, and probably first of its kind, training program for hourly employees who sit on their company's board of directors. In January, 1988, a group of employee-owner/board members from five Ohio companies put together a list of topics that they needed to know more about in order to better fulfill their responsibilities.

From this list, the Center has been able to produce five training sessions to date: Financial statements and terminology, financial analysis and planning, measurement and control systems, ESOP issues, and board management and administration. These workshops have included 33 employees from Antioch Publishing, Bliss-

Salem, Dimco-Gray, Elwell-Parker Electric, Fastener Industries, Fluid Regulators, Mansfield Ferrous Castings, North Coast Brass and Copper, Republic Storage Systems, Reuther Mold and Manufacturing, and Transue and Williams Stamping.

At each session, outside professionals and specialists are brought in to discuss the role of employee-owner/board members based on their own knowledge and experience. While in some cases these people have made presentations, more often they form part of a discussion panel. The heavy emphasis on interaction between the panelists and employee participants usually stimulates the sharing of concrete experiences as the participants begin to take collective responsibility for answering their own questions.

In addition to the information which is acquired at these sessions, participants benefit from the exposure to employees from other companies. They are encouraged to contact each other between sessions to share ideas and concerns. Such activity can only strengthen the network which is developing within the community of employee-owned companies.

## 4TH ANNUAL N.O.E.O.C. CONFERENCE WILL EXPLORE BENEFITS OF EMPLOYEE OWNERSHIP FOR BUSINESSES, LABOR AND THE COMMUNITY

A one-day regional conference for those interested in exploring Employee Stock Ownership Plans (ESOPs) and worker co-operatives will be held on Friday, May 12, 1989 from 8:30AM to 5:00PM at the Holiday Inn/Cascade Plaza in downtown Akron, Ohio. Special guests include Captain Roger Hall, Vice President of the Airline Pilots Association; Mark Greenstein, an attorney at the U.S. Department of Labor who helped author their proposed rules for "adequate consideration" of the value of employee-owned stock; Virgil Thompson, President of the Independent Steelworkers Union at Weirton Steel; and Corey Rosen, Executive Director of the National Center for Employee Ownership.

Workshop topics will include a variety of subjects: "beginners" courses on basic tax advantages and legal structures of worker-owned enterprises, roundtables on participation and communication for employees of existing ESOPs and co-ops, public and private sector financing, the role of trade unions in ESOP firms, worker ownership as a response to plant closings, employee ownership for the retiring entrepreneur, and recent changes in Federal tax and benefit regulations. Other panelists will include CEO's, consultants, community development professionals, and

bankers. Most panels will include workers, managers or owners from profitable employee-owned firms.

The Conference fee (\$30 if pre-registered by phone or mail before May 8th, and \$60 at the door) includes hot buffet lunch, free parking, refreshments and materials. Group discounts are offered, and scholarships are available for low-income and unemployed participants.

Co-sponsoring organizations include the City of Akron, Akron Regional Development Board, Catholic Commission of the Southern Region, Common Wealth, Inc., National Center for Employee Ownership, National City Bank--Akron, National Cooperative Bank, Ohio AFL-CIO, Office of Labor/Management Cooperation of the Ohio Department of Development, Ohio Council of Churches, Reuther Mold and Manufacturing, Republic Storage Systems, United Paperworkers International Union Region 8, United Rubberworkers International Union, United Steelworkers of America Districts 27 and 28, and Women's Entrepreneurial Growth Organization.

For registration materials or more information contact Mark Davidson, Dept. of Political Science, Kent State University, Kent, OH 44242, (216) 672-3028.

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