OWNERS AT WORK

THE NORTHEAST OHIO EMPLOYEE OWNERSHIP CENTER

Volume VI, No. 2 Winter 1994/1995

EMPLOYEE BUYOUT SAVES PRODUCERS SERVICE

Buying a company to avert a shutdown is never quick or easy, but the employees at Producers Service in Zanesville qualified themselves for the *Guinness Book of Records* by carrying out a buyout in a hundred days.

The employees' shutdown nightmare began in early 1994. The company, which provides fracturing and acid treatment services for the oil and gas industry, had put surplus equipment up for sale, but received an offer from a Canadian firm which included their operating equipment as well.

The offer struck Larry Perkins, CEO and the company's largest shareholder, as too good to refuse. Oil drilling in Ohio has been in steady decline since its peak in the early 1980s during the last oil crisis. In 1981, some 6000 wells were drilled in the state; in 1991, only 1160 were drilled and this declined further to about 850 in 1992 and 700 in 1993. Oil field service companies had seen their business fall off as a result, and many had exited or contracted; Producers Services' employment had declined from 35 to 15. The Canadian offer was a way for shareholders to exit with a significant return from what had been a marginal business for some years.

The employees, who learned that their operating equipment was to be shipped to China, were less pleased.

Some of Producers Services' new owners: Kelly Hartman, Debbie Anderson, Dan Pottmeyer, Jim Rose and John Paul (left to right). Behind them is a hydraulic fracturing pumping unit.

SHAREHOLDERS GAMBLE ON THE EMPLOYEES

While most Ohio buyout efforts pit local employees against distant corporate offices and unseen shareholders, Producers Services was largely owned by Ohio residents with other interests in the oil business. The May 23 shareholder meeting was called to consider the Canadian offer but entertained the employee counter-proposal with interest when Dan Pottmeyer, the company's vice-president and buyout leader, suggested using the employees' profit sharing plan as equity. As a consequence, shareholders voted unanimously to give employees sixty days to obtain financing to match the Canadian offer.

Sixty days! Putting together an employee buyout, financing and all, in sixty days would leave your average Wall Street "merger and acquisition" wizard gasping -- especially at the idea of fifteen Zanesville employees raising a little over $2 million (including the sale of the surplus equipment) on their own, without the assistance of an investment banking firm. However, without the professional advice that their task was impossible, Pottmeyer and the employee group pressed ahead as though their jobs depended on it ... which, in fact, they did.

The twists and turns of any buyout negotiation and financing are enough to give anyone grey hair. Producers Services was no exception. The state's 166 loan program was deterred from lending by the peculiar nature of the security for a possible loan: the "fixed" assets offered as collateral were, in fact, eminently mobile, wheeled vehicles. Regional banks were deterred by the decline in drilling and low profits.

Ultimately the deal came together with a combination of employee equity -- every employee agreed to roll his or her profit sharing account into the ESOP, a loan from the First National Bank of Zanesville (with a lower interest rate from the Ohio linked-deposit program), and keeping several existing shareholders as outside owners.

Restructuring the deal enabled the sellers to avoid capital gains taxation

Keeping some shareholders in required restructuring the deal. The employee group matched the original Canadian asset purchase offer. As a consequence, shareholders otherwise willing to stay in faced large tax liabilities. Restructuring the deal as a stock purchase permitted the sellers to cash out and avoid capital gains taxation. Further, it enabled other shareholders to retain a minority position in the employee-owned company without incurring a tax liability. The company and ESOP did a joint stock tender offer for up to 90% of the company's outstanding shares.

On September 2, 100 days after the shareholders agreed to give the employees an opportunity to match the Canadian offer, the loan papers were signed and the deal finalized. Producers Services' employees hold roughly 85% of the company's stock through an ESOP; outside shareholders retain about 15% of the company's ownership.

A Community Effort

The Producers Services buyout would not have happened without active community support. Russ Lloyd, with Basic Benefits, a subsidiary of Zandex in Zanesville (which is partially employee-owned), Muskingum County Commissioner Larry Merry, Mark Litten who does economic development work for the Port Authority and others donated their time to help put the buyout together, and the company board cooperated by extending the deadline. Their previous employee-ownership experience added the conviction that it could be done: Litten had worked on several ESOP buyout efforts as Governor Voinovich's economic development representative for the area, and Steve Kilpatrick, the bank loan officer, notes that among the factors affecting First National's decision to lend was the fact that the bank already had two ESOP loans in its portfolio, and that they saw "teamwork and pride in your job" in both companies.

Local banking does make a difference. Speaking November 14 to a local business luncheon sponsored by the Muskingum Industrial Growth Association and Zanesville Labor-Management Committee, Kilpatrick defined the bank's motivation as preserving well paid jobs in Muskingum County, and having a positive relationship with a local company (albeit in an endangered industry with volatile earnings). Paraphrasing Benjamin Franklin, Kilpatrick concluded "A job saved is a job earned."

Public sector economic development experts could not say it better.

John Logue of Kent State's Employee Ownership Center who worked on the buyout gives special kudos to Dan Pottmeyer and the Producers Services employees for their sheer stubbornness. "Pottmeyer and the employee group just wouldn't take 'no' for an answer. They simply drove the process forward regardless of the pitfalls and barriers. Dan's conviction that the deal could be done and that the business would be successful under employee ownership was infectious. If we saw his style of leadership in other buyout situations, there would be fewer jobs lost to plant shutdowns in this state."

"What happened at Producers Services was that the community pulled together," Logue said. "The local shareholders, the local bank, other local businesses, county officials, and the local economic development people helped their neighbors save their jobs."

It sure beats seeing their jobs shipped to China

At the November 14 celebratory luncheon, Pottmeyer was the only Producers Services employee attending. Everyone else was out in the field working. They missed a good lunch, but it sure beats the alternative of seeing their equipment shipped to China.

The Northeast Ohio Employee Ownership Center
Department of Political Science, Kent State University, Kent, Ohio 44242. Telephone: (216) 672-3028 Fax: (216) 672-4063 Email: noeoc@kentvm.kent.edu
Staff: Dan Bell, Stephen Clifford, John Logue, Jennifer Maxwell, Wendy Patton, Karen Thomas, Judy Wearden. Intern: Matt LeBo. Student Assistant: Tammy Pacewicz. 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 Ohio Department of Development's Office of Labor/Management Cooperation and the John D. and Catherine T. MacArthur Foundation and contributions from both Kent State University and the companies that comprise Ohio's Employee-Owned Network, 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, and will perform pre-feasibility assessments to determine whether employee ownership is a viable option.

The NOEOC also develops resource materials on employee ownership and participation systems, sponsors workshops and conferences for the general public, develops training programs for employee owners, facilitates cooperation among employee-owned firms throughout Ohio, and assists international efforts to privatize businesses through employee ownership.

Owners At Work (ISSN 1046-5049) is published twice a year by the Northeast Ohio Employee Ownership Center (NOEOC). Letters, articles, requests for permission to reprint and subscriptions (which are free) should be sent to the editor.
The NOEOC receives funding from the Ohio Labor/Management Cooperation Program, Ohio Department of Development.

***Owners At Work* is printed by Orange Blossom Press, a worker-owned cooperative.**

Ohio Employee Owners Visit Russian Counterparts

Ohio's Employee-Owned Network companies know that networking is the best source of new ideas and approaches for successful employee ownership. In the same spirit four Ohioans networked with employee owners in Russia during two weeks in June. Mosfurnitura, a Russian employee-owned manufacturer of office furniture, hosted the representatives of Network companies in Moscow. The group ran programs on employee ownership for managers, workers, and their worker education committee at each of Mosfurnitura's Moscow manufacturing plants.

The mission of the Worker Exchange Visit was to share the experience of Ohio employee owners with their Russian counterparts. In turn, the group learned firsthand about the challenges Russians face with the rebirth of capitalism through worker ownership.

A Paycheck is All That Matters

"We are simply surviving," began Leonid Leibov, the General Director of Mosfurnitura and our host, in his opening address at a two-day conference held at the firm in conjunction with the visit, "but we are not developing." Leibov proposed the trip in January of 1994 during a visit to Moscow by Karen Thomas and Dan Bell of the NOEOC. He hoped that American workers could inspire Mosfurnitura's workers to look beyond their paycheck woes at the long-term potential of private enterprise. In two previous visits to Ohio, Leibov saw firsthand the enthusiasm of workers at employee-owned firms.

Leibov envisioned that a series of face-to-face meetings between Ohio and Russian employee owners would generate excitement and interest in worker ownership and on the job involvement. Mosfurnitura, a pioneer in the privatization process, was one of the first businesses in Russia to setup a joint stock company under Gorbachev's first privatization initiatives and is 100 percent employee owned.

Despite their early privatization, Diane Kruis reflected, "They do not yet realize what ownership could be worth to them. People are thinking in the present -- about better pay and getting their money out. And ... there are no laws preventing workers from selling their stock out in the streets."

Lots of Economic Energy but Few Laws

Though businesses in Russia are struggling for lack of legal

"We are simply surviving, but we are not developing."
Leonid Leibov, General Director, Mosfurnitura

protections and capital, the group noted that Moscow is bursting with economic activity. Street vendors sell a variety of goods on nearly every corner and in many of the city parks.

The lack of laws which support and protect employee ownership was shocking to the Ohioans. Ed Schmitt observed, "ESOPs in the US are highly regulated compared to the joint stock companies of Russia. They (Russians) lack the tax incentives and the stock trusts like we use; there are no protections for either the companies or the employee owners."

The Russian Outlook

After years of isolation from each other, the group encountered straightforward curiosity from their Russian peers. Initial questions focussed on life in the U.S., including pay, benefits, housing, and vacations.

"Russian companies provide housing to their workers and even vacation spots."

Darrel Tackett commented after the trip, "I was surprised that Russian companies provide housing to their workers and even vacation spots. They have not had to think for themselves, things were guaranteed. They still want predictability."

The machining equipment Tackett saw in the plants he visited was often better than the machinery in American shops, but the attitude and outlook of workers was not. He felt that the Russian worker's mentality will make it tougher for employee ownership to work, "It will take an evolution." Tackett concluded.

Not Ready for Worker Teams

The Russians told Diane Kruis that Americans could never understand the difficulties they face in changing their workplace culture. "This situation is not unique to Russia," countered Kruis, "the workers at my company want better pay too."

She described the daily challenge of helping employee owners realize that in order to get higher wages the company has to be more profitable. As she put it, "the only people who can make the company more profitable are the workers." It is important that employee owners have a say.

As the workers told Kruis, management does not listen to them. After commenting that American workers say the same thing, she explained how she teaches employees to dig for the facts in solving problems. It is difficult for management to refute the facts.

Kruise, training manager at Mantaline, explained during each company visit that employee ownership provides a tremendous opportunity for employee education. It's a real opportunity for workers to learn something new.

Role of Unions

When the union leaders and others at a newly-privatized textile plant in Moscow told Tim Brown that they were waiting for a stability in incomes before attempting to create a culture of employee ownership, Brown told them the story of Textileather. As the union president, he led the buyout which rescued their money-losing plant and transformed it into a highly profitable operation.

Brown told the Russians that everyone, the workers and management, had to take pay cuts in exchange for stock -- just to keep the doors open. Though everyone expected the business to lose money after that, productivity increased 25% and scrap rates decreased 15%. "In the past our work-force used to come to work and sleep. After the ESOP people woke up and now cannot seem to get enough information on the company. We educate and inform all."

Brown, along with the other three Network representatives, participated in a day-long meeting with about 100 members of the Federation of Independent Trade Unions of Russia (FITUR). The trade unionists were especially interested in Brown's perspective as the ACTWU local President at Textileather. "Why do workers want to own shares?" they asked. Brown explained that the stock in each employee's ESOP account became their only pension after they bought the company. So far the stock values have been rising dramatically and Textileather also began a profit sharing plan which now pays quarterly bonuses equaling about 25% of the employee's paychecks.

Russian 101: *"Big Mac and fries"*

Why do you need a union if you are employee owned? Can't the shareholder's meetings take over for your union? In response to these questions, Brown explained that the new company was set up with a joint governing structure composed of the union leadership and management. Describing the mix of union leaders, management, and outsiders on the board of directors, Brown called it a "balance which creates reciprocal fairness". Representatives of both groups also serve on policy making committees which address issues such as hiring and wages. Brown added, "now when we sit down together, all of us have the same information."

"What is the relationship between workers and managers? and What is the process of resolving complaints?" Brown explained that both are getting better all the time. Before the ESOP Textileather had about 150 grievances a year, now the average is about 15.

Looking Back

These Ohioans will not soon forget what life in Moscow was like, especially the custom of shutting down the city's hot water plants for maintenance during the summer. But even an icy shower every morning provided group members with the opportunity for greater intercultural understanding. As Ed Schmitt commented, "when we first arrived I saw a hopeless-looking bunch of people. After a couple of days of cold showers, I understood."

Homesick? What the group lacked in basic comforts was compensated for in several late-evening pilgrimages to Moscow's McDonald's restaurants. They looked like home, they smelled like home, and they spoke our language -- a Big Mac and fries.

The representatives of Ohio's Employee-Owned Network, each of whom spoke on a different aspect of employee ownership are photographed above. Right to left they are:

- **Tim Brown**, President ACTWU Local 224-T, *Textileather* (Toledo): As a key leader in the buyout of the plant to avert shutdown, Tim discussed union's role in setting up an employee-owned business, the changing roles of employees in an employee-owned company, and Textileather's turnaround results in terms of productivity, employee morale, and profits.

- **Diane Kruis**, Employee Training and Development Manager, *Mantaline* (Mantua): As a former shop-floor worker and now coordinator of employee involvement teams at Mantaline, Diane discussed training and communications for employee involvement and team approaches to problem solving and process improvement.

- **Darrel Tackett**, Machinist and Board of Directors member, *Reuther Mold & Manufacturing*, Cuyahoga Falls: As a shop-floor employee member of various committees and an elected member of the Board of Directors, Darrel discussed ways to setup shop-floor involvement committees, the importance of financial training and information for shop-floor employees, and the role of shop-floor employees on the Board of Directors.

- **Karen Thomas**, NOEOC Network Coordinator, organized the trip and explained how the ESOP works in general, as well as the role of the employee owned network, the work of the NOEOC and the results of the NOEOC's Ohio study.

- **Ed Schmitt**, Corporate Secretary, *Reisbeck's Food Markets*, Wheeling: As the accounting manager and ESOP Plan Administrator for a large grocery retailer, Ed discussed the basics of business accounting, financial reporting, and the role of an ESOP Committee.

Employee Ownership & Participation

A combination that is tough to beat

By Jim Keogh and Peter Kardas

Editor's note: Owners at Work asked Jim Keogh and Peter Kardas of our sister state program in Washington to summarize the findings of their recent study of ESOP companies in that state. The Washington study is the most rigorous single-state study done to date.

While the Washington study confirms the finding that participatory employee-owned firms outperform their industry and non-participatory firms, from the perspective of our Ohio studies Keogh and Kardas reach two key findings. First, their study validates the subjective self reporting in our Ohio study; which gives us more confidence in the Ohio survey results reported in the last three issues of Owners At Work. Second, it finds that non-participatory employee-owned firms perform worse than their conventional competitors; which tends to confirm our Ohio finding that non-participatory employee-owned firms declined in profitability relative to their industry after becoming employee owned.

In a time when businesses are looking for ways to increase their competitive edge new research indicates that they should first look to their employees. The first of two studies released this past year by the Washington State Employee Ownership Program shows that employee-owned firms with participative management structures significantly outperform their competitors (in employment and sales revenue growth) immediately after the establishment of employee ownership and over the long-term. The second study goes further, finding that "participative employee-owned firms outperform firms which use participative techniques or which combine them with profit-sharing plans." The National Center for Employee Ownership believes that the latter study is the first in the nation to make this set of comparisons.

Employee Ownership + Participation = Higher Growth

For the period from 1988-91 Washington employee-owned firms overall showed an average annual employment growth 4.6% higher than their competition. These results, however, were driven by the 12% annual growth of the more participative firms. For the same time period employee-owned firms had a 1% edge in annual revenue growth over their competitors; again these results were driven by a 6.4% gain made by the most participative firms. It is worth noting that employee-owned firms which did not use participative management actually performed somewhat worse than their competitors.

Manufacturing firms showed some of the strongest results with participative employee-owned companies registering a 15% annual employment growth and a 10.3% annual revenue growth above that of their competition. Approximately 40% of all employee-owned firms in the United States and 34% of those in Washington state are in manufacturing.

When we checked the immediate effect of introducing employee ownership into businesses we found that new employee-owned firms had a 3.8% improvement in average annual growth in employment while maintaining the same revenue growth as their competition. Again, the participative employee-owned firms showed a much better performance with employment improving at a 10.5% higher average annual rate and sales revenues increasing 6% more quickly per year. Our data indicated that these "new" employee-owned firms frequently had been underperformers in their field (prior to the transaction) which then became above-average performers.

Employee ownership combined with participation is a potent tool for job development.

Finally, this study found that majority ownership added to the competitive advantage which participative employee-owned firms had. Companies which were both majority-owned by their employees and participative had annual employment and sales growth of 15% and 10% above their competitors respectively.

To understand how important these results are you must look at their impact over a few years time. If a company experienced the kind of high performance we found in participative and majority employee-owned firms or in participative employee-owned manufacturing firms it would have a 52% improvement in employment and a 33% jump in sales revenues compared to its competitors--in just three years.

Participative Employee-Owned Firms Even Outperform Participatively Managed Firms

The second study report found that "participative management techniques alone may not be enough to make a high performer of your company; making your employees into business partners will significantly add to your chances for success." We found that employee-owned firms with participative management structures had a 13% higher average annual employment growth than their participatively managed competitors--even if those competitors used profit-sharing. Similarly, sales revenues for these employee-owned firms

Jim Keogh has been the Program Manager for the Washington State Employee Ownership Program for seven years. Peter Kardas has a doctorate from the Penn State University, and has six years of experience in the employee ownership field.

grew approximately 6% more quickly per year on average than those for their participative and/or profit-sharing competitors. Tests run on the data show that there is little likelihood of error in the results.

Comparisons involving majority employee-owned firms showed an even stronger performance edge in both comparisons. Minority employee-owned firms also outperformed their competition but to a lesser degree.

This supplementary study also raises questions about the effectiveness of participation programs in conventionally owned companies, even those using profit-sharing. It lends strong support to the theory that the combination of employee ownership and significant participation is what makes it possible for employee-owned companies, on the average, to have an advantage unavailable to their competitors.

Supports and Expands on Previous Studies

Employee ownership has been touted over the years as a valuable economic development tool that can be used to spread the ownership of wealth among a larger number of people, provide a succession alternative for retiring owners, retain companies and their profits within local communities, and provide a buyer in some cases of corporate divestiture. Many advocates of employee ownership also argue that employee owners' self-interest would lead to improved company performance; a number of studies have been done in the last 15 years to test that theory.

The General Accounting Office did studies in the 1980s that concluded: a) that ESOPs do broaden stock ownership, and b) that employee ownership does not lead to improved worker productivity or corporate profitability, **except** when such ownership is combined with worker participation. A study by Michael Quarry of 45 ESOP companies concluded that employee ownership leads to significant employment and sales growth, but, again, only in firms that seriously implement worker participation. In a similar study of firms in New York State, Gorm Winther came to the same conclusion. All of these studies used quantitative data to measure corporate performance.

In 1989 the Washington State Employee Ownership Program and the Washington State University Small Business Development Center released a study of Washington employee-owned firms which concluded that ". . .the critical condition for successful business use of employee ownership is involvement of employees in company decision-making and performance reviews, especially when combined with good communication back to the work force. Majority employee ownership, when combined with a highly participative structure, shows the best results of all".

However, that study was based solely on questionnaire responses from the companies themselves; there was no objective data on whether these firms were truly more competitive or simply thought they were. Similar studies conducted by the Northeast Ohio Employee Ownership Center and the New York Center for Employee Ownership and Participation, also relied on self-reporting by company management to determine company performance.

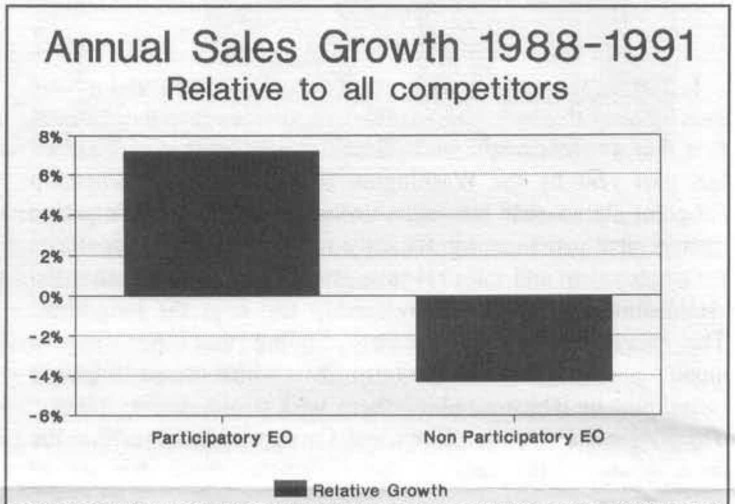
These most recent Washington state studies not only confirm the conclusions of the 1989 study but also validate employee-owned firms' perception of their competitiveness.

Policy Implications

There are several policy implications arising from the studies:

The first is obvious: employee ownership combined with participation is a potent tool for job development and for increasing the competitiveness of American businesses. This is the fourth national study to find this same statistical correlation. Employee-owned firms with participative management are high-performance work organizations; they combine incentive (investment rewards from ownership) with the opportunity to contribute (participation).

Our second conclusion is that employee ownership and participation should be an integral part of state strategies dealing with manufacturing. The strongest results from this study came from the manufacturing sector and, in both Washington and nationally, this is the sector where employee ownership has had the greatest representation.

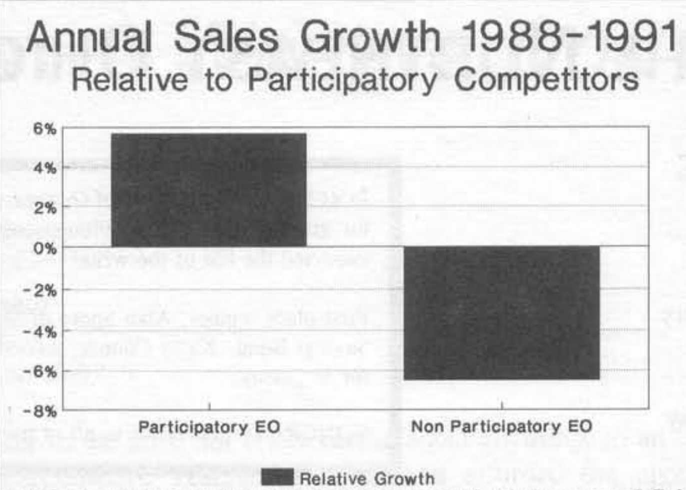


Sales growth of participatory employee-owned firms rose 7.2% faster than that of their competitors. Sales growth of non-participatory employee-owned firms lagged that of their competitors by 4.3%. Baseline (0.0%) equals sales growth of competitors.

A third conclusion is that participative managers have much to gain and little to fear from majority ownership by their employees. These firms had the best results in the study and the strongest statistical correlations.

The fourth conclusion is that solely encouraging participative management or profit-sharing in businesses as a means to improve performance is not particularly effective. In our supplementary study the companies using participative management alone did not outperform their non-participative competitors and did much worse than their participative employee-owned competitors. Firms using profit-sharing and participation only slightly outperformed their competitors. Participative employee-owned firms, with their unique combination of self-interest (ownership) and the opportunity to contribute (participation structures), appear to best tap their employees' resources for improving company performance.

Our fifth conclusion is that employee ownership should only



Sales growth at participatory employee-owned (e-o) firms rose 5.7 % faster than at their participatory, non-e-o competitors. Sales growth of non-participatory e-o firms lagged that of participatory, non-e-o competitors by 6.5%.

be promoted in situations where it is likely to be combined with participative management. The studies done so far are consistent on this theme. Participatively managed employee-owned firms are very likely to outperform their competitors; employee-owned firms without participative management often fall slightly below the average in company growth.

The study points to one final critical conclusion. If our economic future truly lies in our more competitive firms, it is not enough to focus exclusively on transactions and financing. While employee ownership offers significant tax advantages to companies, lenders, and business owners who sell to their employees, it is participation which makes employee-owned firms strong competitors. The tax advantages of employee ownership are important for job retention and business stabilization activities, the growth in future jobs (and future state revenues) will occur only if companies are encouraged and assisted in making the transition to more participative structures.

Employee ownership should receive increasing attention as an economic development tool.

The opportunity noted in this final conclusion is a very important one. Employee-owned firms currently make up only 1.5% to 2% of 12,000 Washington firms that are large enough to make use of an Employee Stock Ownership Plan (let alone the thousands more which could become worker co-ops). If 10% of Washington's firms were employee owned and utilized participative management structures, our most conservative study calculations show that over 50,000 additional jobs would be added or retained in next three years in the state economy by these firms alone; nearly 20,000 of those jobs would be in manufacturing. Those 50,000 jobs would represent a 3% increase in private sector employment with a 5.4% gain in manufacturing. The impact on the tax base would also be impressive.

Given continuing high rates of unemployment in some economic sectors and the threat of unemployment in others, international competition that increasingly puts pressure on local companies, employee demands for challenging, dignified work and a respectful workplace, and the desire of state officials to encourage high performance work organizations, employee ownership should receive increasing attention as an economic development tool. It helps to spread the wealth around, helps companies stay rooted where they are, provides the structure for employees to participate in decision-making on a long-term basis, and, when combined with worker participation, leads to a rate of company growth that is good for employees and good for the larger communities where those companies are situated.

METHODOLOGY

These studies were conducted by the Washington State Employee Ownership Program and the Northwest Policy Center at the University of Washington, in collaboration with Gorm Winther of the Copenhagen (Denmark) School of Business Economics and Administration. They used employment and sales data provided by the Washington State Employment Security Department and the Washington State Department of Revenue and a survey administered by the state Department of Labor and Industries.

The study is the most accurate and scientific conducted to date on Washington employee-owned firms. Its results include all 40 employee-owned firms for which accurate employment and revenue data could be gathered for the time periods covered and an average of 4 randomly selected firms for each individual comparison. The results and conclusions parallel and add to those of studies conducted nationally by the Government Accounting Office and the National Center for Employee Ownership.

A primary purpose of the studies was to see how Washington employee-owned companies performed in employment and sales growth before and after the introduction of employee ownership. Data was gathered on 28 companies which established employee ownership plans between 1983 and 1989, as well as on a group of control companies that were matched by SIC code with the employee-owned companies. Growth rates for the control companies were subtracted from growth rates for the employee-owned companies to factor out industry trends.

Data was also gathered on 27 of those 28 companies plus 13 other employee ownership companies and their control company matches for the period 1988-91. For this latter period, therefore, there were 40 companies for which we were able to establish employment and sales growth rates. Surveys were done of all these companies to make sure they were employee-owned and to ascertain what types of participation programs the companies had introduced.

We examined the impact of several other variables (plan assets held per participant, union vs. non-union, full voting rights extended to participants, etc.) and found no other significant correlations with company growth, with one exception. The number of employees in the company was positively correlated with sales growth from 1988-91. There was no similar correlation with employment growth.

Copies of these studies or their executive summaries may be ordered by writing to Jim Keogh, Employee Ownership Program, Washington State Department of Community, Trade and Economic Development, 906 Columbia SW, Olympia, WA 98504-8300 or by calling (206) 586-8984.

THE NORTHEAST OHIO EMPLOYEE O

In its Summer 1994 issue of *Owners At Work*, the NOEOC announced an essay con for employee owners. Submissions were to include how employee ownership impacted the life of the writer

First place winner, Alan Speer of Sharpsville Qulity Products, received a $100 U Savings Bond. Kathy Cooper, second place winner, received a $50 U.S. Savings Bo for her essay.

CONGRATULATIONS to all of the winners!

FIRST PLACE

Earning Your Own Way

A person obtains their dignity
By earning their own way
By saying what they mean
While meaning what they say

In the workplace anymore
It's getting hard to find these traits
As company after company
Forever locks their gates

I worked for such a company
For over sixteen years
I have a lot invested there
In blood and sweat and tears

We tried hard to save the place
We gave up all we could
But they still decided to shut it down
For reasons no one understood

At that time a dream was born
That someday, we would own the place
So often workers just give up
But this time, that wasn't the case

With hard work and the grace of God
We finally closed the deal
We're back to work once again
Now our dream is something real

It's nice to know it won't be sold
Because of someone's selfish greed
And you need this peace of mind
When you have a family to feed

The way it is with many jobs
You're just a number if even that
You're just a tool being used
To make someone's wallet fat

But under employee ownership
You're a person with a point of view
It can actually make a difference
What you think and do

Everyone feels the urgency
Of getting the orders out
Keeping the customers satisfied
Is priority without a doubt

Words really can't describe
The difference ownership makes
But we know the secret of success
Is just doing whatever it takes

Alan Speer - Sharpsville Quality Products

Alan Speer is a chipper at Sharpsville Quality Products, a recently opened ingot mold foundry in Sharpsville, Pennsylvania.

Alan's father worked at Shenango, Inc. for thirty years before retiring. Alan worked at Shenango for sixteen years before it was closed in March of 1993. The employees of Shenango's Sharpsville foundry purchased it out of bankruptcy and reopened as Sharpsville Quality Products.

HONORABLE MENTION (To be published in

Best Corporate Vision - *How Employee Owner*

Best ESOP Rap - *Do Your Stuff*, Judy Deeter

Best Sportsmanship - *ESOP Together*, John R

WNERSHIP CENTER *WRITING CONTEST*

SECOND PLACE

How Has Employee Ownership:

A) *Changed Your Job?*

I went from an hourly worker in the mill, not really caring about anything, to an hourly facilitator for our plant Labor/Management Participative Teams. I have been afforded the opportunity to meet upper management that otherwise I would never have met. I believed they were inapproachable, stuff shirts, promising you the moon just to get rid of you, my way or the highway attitude, and not caring that I had a brain, to approachable, down to earth people, willing to talk to me, not at me, and they actually cared and were interested in what I thought and knew. This has changed my attitude toward my job, my fellow workers and management.

B. *Changed Your Workplace?*

Through Labor/Management Participative Teams I have been given the opportunity to work with other folks, hourly and salary, toward decisions being made to improve our Work Environment and bottom line for the business. Management has and continues to educate us on the workings of the business through ESOP classes, something that would never have happened before!

C. *Changed Your Life?*

I was given the opportunity to improve myself educationally. I have attended many training classes on communication and listening skills, conflict, trust, consensus decision making, and problem solving steps. These classes have educated me as to what kind of person I was in dealing with issues outside of the work area, such as my husband, children and friends. I used to think I was pretty good at all these things but found after I started practicing what I learned in these classes in my everyday dealings with people that they would comment, "Wow, you use to never listen to my side of the issue, much less discuss it with me, it was your way or no way." My children found that instead of yelling at them I was open to listening to what their side was. So all in all I feel that working through this process I have improved my working skills, my personal life, my mental well-being along with the mental well-being of my loved ones. I have passed this valued education to my children with hopes that it will also enhance their relationships with their husbands, children and friends.

Kathy Cooper - Republic Engineered Steels

Kathy Cooper is an hourly facilitator at Republic Engineered Steels Massillon Hot Roll plant.

A self-described "jack of all trades and master of none," Cooper has worked a number of jobs previously at the Massillon plant in her 18 years with the company, most recently as a stocker on the 24-inch mill. Cooper currently works as a full time facilitator in the plant's labor-management participation team program. She is a member of USWA local 1124.

ne Summer 1995 issue of *Owners at Work*)

***ip Has Changed Me,* Dee Kilough - ComDoc**

- Dimco-Gray Company

taichak - Joseph Industries Inc.

EMPLOYEE-OWNER FORUM

Art Scharinger of Floturn

FACING REPURCHASE OBLIGATION - FLOTURN STYLE

Repurchase liability -- buying stock back from ESOP participants -- looms large as employee-owned companies mature. The more successful they are, the larger the potential expense. Is repurchase the Achilles Heel of the ESOP movement? Or is it easily handled when you have the foresight to plan?

Floturn's ESOP is only six years old, but ***the average Floturn employee-owner has $165,000 in his or her account*** *(new employees are included in the average) as a consequence of a 655% increase in stock value since 1988. In the next seven years, Floturn will have to cash out 13 ESOP participants whose shares will be worth $3.5 to $9 million. That's great for the participants, but tough on a 50 person company.*

Art Scharinger discussed Floturn's approach with Ohio's Employee-Owned Network companies at the July 14 ESOP Administration Forum. Here is what he said:

You will notice that I have referred to the repurchase of stock from the ESOP participant as a "repurchase obligation" rather than the more commonly used term "repurchase liability." By definition, a liability is a financial obligation entered on the balance sheet of a business enterprise. It is also defined as something that holds one back, a handicap.

An obligation on the other hand is a duty, a contract or a promise that compels one to follow a given course of action. That's the way that we regard repurchase at Floturn.

My subject is "Facing Repurchase Obligation -- Floturn Style." From the outset let me emphasize that there is no magic solution to meeting this obligation. Each company is unique and has its own needs and its own business philosophies. But this is the story of what Floturn did and why.

THINKING ABOUT REPURCHASE

Floturn became an ESOP on March 31, 1988. As a newly formed ESOP, we gave little thought to the matter of repurchasing shares from our participants. After all, we had just started. No employee would be eligible for retirement until 1997. We had three participants who had been terminated but none would be eligible to "put" their shares until 1996, and no one would be eligible for diversification of their account until 1998. We knew the repurchase liability would face us someday, but for the time being we had more important and pressing things to concern ourselves with.

Then in October 1991, when our ESOP was 3 1/2 years old, I attended a business planning session sponsored by the Michigan Conference in Dearborn Michigan, and heard presentations by Benefit Consultants of Appleton, Wisconsin, on repurchase planning as well as a presentation by New England Life on using COLI -- Corporate Owned Life Insurance -- as a method of handling repurchase obligation. One of the statements which surprised me was that less than 10% of repurchase liability is the result of retirement, less that 5% as a result of disability or death, and more than 80% was a consequence of premature terminations. And even though pre-retirement terminations often create forfeitures, these forfeitures result in higher balances in remaining accounts.

Art Scharinger is Secretary and treasurer of Floturn.

Profile:

Floturn

PRODUCTS: Aluminum substrates for photocopiers; machined parts for the aerospace industry.

EMPLOYMENT: 55 in two plants in Cincinnati, Ohio.

SALES RANGE: Approximately $ 12 million.

ESOP: 85% employee owned. ESOP formed in 1988 to purchase the Cincinnati plant after Belcan acquired Floturn's parent corporation, Lodge and Shipley, and decided that Floturn was not a good fit in the bigger company.

Their first question was: "How deep in trouble are you?"

Following the presentation, I discussed repurchase obligation one-on-one with the speakers. Their first question was: "HOW DEEP IN TROUBLE ARE YOU?" I told them that we were a new ESOP, and would not have any repurchase obligations for a number of years but that I did not want to be unprepared for it. They advised that I do a projection which I did almost as soon as I returned.

I sat down with the president of the company and we agreed that we needed to have a plan even if we did nothing at this time. We also agreed that our plans for meeting our obligation had to encompass the following criteria:

1. Minimal effect on our balance sheet
2. Minimal impact on out profitability
3. Minimal risk
4. Flexibility to meet the company's other cash needs
5. Diversification in types of funding
6. A concept that could be readily maintained by successor management

I did our first repurchase projection in October 1991. This projection included (1) retirement ages of Floturn ESOP participants, (2) estimated number of shares in each participant's account upon retirement, and (3) projected value of the company stock at that time.

We did not address several usually important considerations in such projections, because they did not impact us. However, they should not be overlooked if they do pertain in your company. These include:

1. Turnover. Floturn has historically had minimal turnover. In the 10 years I have been with the company, only one hourly employee has voluntarily left the company.
2. Diversification. No employee would be eligible to diversify his account until the plan had been in effect 10 years (that is, 1998). Moreover we did not anticipate any participant electing to diversify as long as the stock continued to increase in value as it has been.
3. Five-year payout. Although our plan gives the company the option of spreading payment over a five-year period, it is part of our corporate philosophy to make a lump-sum payment when the participant puts his stock to the company.

There were other matters of policy that also needed to be addressed before we could make our projection. And while this may not seem significant, actually this is the most important step in planning for the repurchase obligation. The entire repurchase plan is based on what the long-term corporate policies and objectives are. They determine what type of approach to take to repurchase planning.

The first question was a philosophical one: would we retire the stock we repurchased as Treasury Stock which would in turn at some point totally eliminate future obligations? Or would we continue to redistribute or recycle the stock thereby creating a never-ending repurchase obligation?

Retiring the stock would mean that there would be no stock to distribute to new employees' accounts. Thus it would create two classes of employees: those who owned stock and those who did not. This could destroy the harmony and the feeling of unity in the work-force. (Moreover, retiring the stock would also mean that our minority outside stockholder would gain a larger share of the ownership of the company and could conceivably end up owning all of the outstanding stock eventually.) Recycling the stock, by contrast, insures that all new employees have a stake in the company.

Next we had to have a policy as to who would repurchase the stock. Our choices here were either the ESOP or the company.

There are valid arguments that can be made for either choice on both issues. At Floturn we knew that there will be some years when the value of the stock repurchased would exceed the maximum permissible contribution that could be made to the ESOP to obtain the tax advantages. We felt that by having the company repurchase the stock if its value exceed the maximum contribution permitted for that year, we could retire it temporarily as Treasury Stock and reissue it to the ESOP at some future date. **This would permit us to make maximum use of the tax advantages of contributing to the ESOP.** This seemed to fit best for Floturn's set of circumstances, but every company is different.

FLOTURN'S TIMETABLE

Oct 1991	Attended business seminar & Defined corporate philosophy
Nov 1991	Made initial projection & received first COLI proposal
Feb 1992	Entered into an insurance binder
May 1992	Purchased COLI insurance on ESOP participants
Jul 1992	Invested in tax-exempt municipal bonds & Sought proposals for keyman insurance
Dec 1992	Sold municipal bonds
Feb 1993	Prepaid our ESOP loan
May 1993	Purchased keyman insurance
Feb 1994	Our first employee retired
May 1994	Floturn repurchased the retiree's shares

If we did pre-fund our repurchase obligation, where was the best place to do that? Again we faced two basic choices. We could fund repurchase within the ESOP or we could do so within the company itself.

And again each choice had its advantages. We evaluated each on the basis of five criteria:

1. ***Flexibility.*** Once money is contributed to the ESOP, it must remain there and is not available to the company for other needs, should they arise. By contrast, funding within the company gives the company the option of using the money for other purposes should the need arise. While this gives the manager flexibility, it also requires more discipline to avoid using those earmarked funds unnecessarily.

The first ESOP retiree received a lump-sum payment of over $ 356,000!

2. ***Impact on repurchase obligation.*** Funding within the ESOP actually escalates the repurchase obligation. Moveover, even though the funds are intended for repurchase, should the trustees determine that investing in company stock is not the best investment to make, they may use it for better investments, leaving the company with the obligation to repurchase the participants' stock. Funding within the company until needed for repurchase avoids both problems.

3. ***Tax deductibility.*** Contributions made to the ESOP by the company for the intended purpose of repurchasing participants' stock are deductible for tax purposes up front, rather than when the stock is actually repurchased. Funding within the company does not result in a current tax

deduction.

4. ***Balance Sheet impact.*** Funding through the ESOP has a negative impact on the balance sheet since the assets leave the company. Funding within the company does not impact the balance sheet unfavorably.

5. ***Profit and Loss impact.*** The contributions made to the ESOP for funding will decrease profitability as well as cut taxes. Funding within the company does not impact profitability when the stock is repurchased.

As I did the initial projection, it became apparent that we would in fact face a problem. While in a normal year we could meet our repurchase obligations with operating funds especially after our ESOP loan was paid off, we clearly had several years facing us when it was highly improbable that we could do this from operating funds alone.

REPURCHASE OBLIGATIONS

1996	2	2000	0
1997	2	2001	3
1998	3	2002-2006	0
1999	3	2007	1

Still, we had time. Our first repurchase would not be until 1996 when two terminated employees would be eligible to "put" their stock to the company. Then in 1997 another terminated employee could "put" his stock and our first employee would be eligible for retirement. This still posed no great problem, but the projection showed that from 1996-2002 (a seven-year period) thirteen participants would be putting their stock. Some of them would have high account balances, for this group included four of the company's five officers. We needed a plan.

Funding Vehicles

But what sort of plan made the most sense? We considered five generic strategies to determine which one -- or combination of several -- best fit our needs.

1. Operating Funds

Historically Floturn has enjoyed good cash flow. Under normal circumstances we knew most repurchase obligations could be met with operating funds. However we did not want the repurchase of shares to hinder our ability to expand or invest when it made good business sense to do so.

Operating funds were a definite source of monies for meeting our repurchase obligation, but we needed alternatives and flexibility.

2. Bank Loans

An ESOP loan to repurchase shares made good business sense, particularly from a standpoint of tax saving. Being leveraged would enable us to maximize our ESOP contributions.

But we did not want to be in a position where we had to rely on borrowing to meet our obligations. Moreover we might be in a position where we were already taking out another ESOP loan for expansion or other business purposes. (In fact, we did take out an additional ESOP loan in September 1994 for business expansion.)

Still this was clearly another source of funds to meet our repurchase obligations.

Neither of these first two funding mechanisms required any action on our part. We knew they were there and we recognized them as part of out repurchase planning.

3. Leveraged COLI

This immediately struck us as an excellent funding vehicle. It had little impact on the balance sheet and little effect on profitability. It offered a guaranteed payout at some point in the future:

(1) We will receive the face value of the policy upon death of the participant.

(2) We can borrow 90% of the Cash Surrender Value.

(3) We can take the cash surrender value of the policies with a minimal loss.

President, Bob Glutting, congratulates machinist J. C. Begley, Floturn's first ESOP retiree whose lump-sum distribution was over $ 356,000. Vice president for sales, Tony Grouse looks on.

Furthermore, it was advantageous from a tax standpoint. It offered us flexibility in that (1) we have the option of paying the premium or borrowing to pay the premium as long as we do not borrow in 4 of the first 7 years, and (2) the cash value and loan are available not just for repurchase, but for any cash needs we may have. Finally, the policies earn additional monies for us.

Thus COLI was a win-win situation for us.

We had a ESOP repurchase projection made which incorporated actuarial data and mortality rates. We also did an in-house projection without taking mortality into consideration as we felt that monies would be available in any case and not just upon payment of death benefits.

The only drawback is that we could not purchase enough insurance to use it as the only funding vehicle. To expand this for additional coverage as a nonleveraged COLI was not the most affordable nor did we really want to have all of our eggs in one basket.

4. Key Man Insurance

Our outside advisors had long advised us to purchase "key man" insurance on certain company officers. This provided us with a dual purpose fund. Should any of the key persons die, we would not only have funds available to repurchase his stock, but also to financially assist in employing a replacement.

If not, like the COLI we had the flexibility to borrow on the policy, or to cancel it and take the cash surrender value of it for repurchase or operating needs. Moreover, the premiums were paid for only five years and offered us $3,250,000 of insurance. The earnings on the investment also had an excellent track record. Again we had an investment that was guaranteed to pay us at some time in the future.

5. Investments

We felt that in addition to our funding vehicles, we wanted to make some type of low risk investment as an additional alternative. In July 1993 with rates of interest low on CD's and bank sweep accounts, we invested in tax-exempt municipal bonds. Again it offered flexibility, some tax-free earnings and low risk. In December 1993 we decided to prepay our initial ESOP loan, and these municipal bonds offered us the flexibility to do so.

We have subsequently invested in zero-coupon treasury bonds which fit our timetable for our overall funding plans for repurchase.

MEETING THE REPURCHASE OBLIGATION
(with insurance)

Year	$ Increase	$ Available
1994	410,000	942,000
1995	410,000	1,352,000
1996	440,000	1,790,000
1997	440,000	2,230,000
1998	440,000	2,670,000
1999	440,000	3,110,000
2000	440,000	3,550,000
2001	440,000	3,990,000

Concluding Thoughts

In thinking through our experience at Floturn, there are four concluding thoughts I would like to leave with you.

First, there is no single right solution to the repurchase of ESOP shares. Each company is unique and has its own needs and philosophy. No *one* funding vehicle is best for everyone.

Second, get outside advice, but be wary of a resource person that touts his product as *the* program for solving repurchase.

Third, in determining the proper vehicle or mix of vehicles for any company, the key question is "What are the company's long term goals and how does the repurchase obligation fit into the overall business plan?"

Last, don't rush into it. Plan thoroughly. Modify your plan as necessary. It is not enough to have a plan in place. It must be constantly reviewed and monitored.

News & Notes:

Congratulations! to employee-owned **The Flood Company** and **Power Transmission Technology, Inc.** for recently being awarded the 1994 Business Growth Award from the Cascade Development Corp. This award recognizes outstanding sales and employment growth of businesses in the six county region of Portage, Medina, Wayne, Ashland, Holmes and Summit counties. Both companies are partly employee owned and are members of Ohio's Employee-Owned Network.

Congratulations! also to the new employee owners of **Bush Leasing**, a Wilmington, Ohio based truck leasing company who purchased 31% of their company in October.

Joseph Industries in Streetsboro was featured in the ESOP Association's new booklet *How to Market Your ESOP Company*. "Marketing your ESOP Company," an article by Charlie Higgins, Joseph's sales and marketing manager, should be on the "must read" list for Ohio ESOP companies. **Joseph** is a division of **Fastener Industries**.

Congratulations! to NOEOC Intern Matt LaBo won first prize in the Ohio Association of Economists and Political Scientists' undergraduate paper contest for 1994 for his "Evolutionary Journey of the USWA's ESOP Policy." Matt is a part-time student at Kent State and a full-time employee at Akron Foundry.

Welcome to the newly elected secretary treasurer of the **United Steelworkers of America**, Leo Gerard. Leo recently launched the Industrial Valleys Investment Fund, the innovative Steel Valley Authority economic development fund which will draw a 3:1 match in lending capital from the Small Business Investment Company in Washington. **The Steelworkers, Mine Workers and IBEW** have taken the lead in capitalizing the fund as institutional investors. Gerard comes to the **USWA** leadership with an outstanding record of accomplishments in Canada, including a leading role in the Algoma buyout.

In the next issue of *Owners At Work*:

A special supplement on the Industrial Valleys fund and its Canadian progenitors, the Quebec Solidarity Fund and the Manitoba Crocus Fund. These funds represent a community response to capital flight and disinvestment by anchoring capital in high wage industrial areas.

Network News

Ohio's Employee-Owned Network enjoyed another successful year. Eight new companies joined the Network and membership grew to a total of 41 companies from Ohio and Western Pennsylvania. Here are some of the highlights of the 1994 program:

The Retreat is a "Definite Must"

"The whole idea behind any organization is teamwork ... this retreat is a definite must!" is the way one participant summed up

Tim Stephens of Sharpsville Quality Products explains why the board should reject a two tier wage system in the ESOP game at the Leadership Development Retreat.

the Annual Employee Owner Leadership Development Retreat held during the end of October at Atwood Lake.

Learning the basics of group problem-solving, meeting skills, ESOPs, and business financials is what the Retreat is all about. The two and a half day program culminates in a case-study exercise involving departmental teams in a simulated ESOP company.

Not surprisingly, many of the 34 participants from 13 companies suggest sending managers to a retreat like this. "All of this training is useful because it focusses on making shopfloor-level employees see business from management's viewpoint", explained one participant. "Managers need to roll up their sleeves and experience the realities of shopfloor life too."

CEO Annual Meeting

A discussion of common issues was the agenda at the Network's CEO Annual Meeting in Kent on November 10. CEOs or their representatives from twelve Network member companies reviewed the 1994 Network activities and brainstormed ideas for Network events in 1995. The 1995 Network program on the back cover of this newsletter reflects the results

"How do you promote the ESOP internally and externally?" was the CEO forum topic. The consensus was that advertising the fact that your company is employee owned conveys a clear message to customers about customer service and quality. It says "our employees are concerned about customers."

Supervisor Training

The "Changing Role of Front-Line Leaders" has been rated the most popular Network-sponsored supervisory program for the past three years. Held December 8, supervisors and group leaders from eight companies gathered to explore the basic principles of employee empowerment.

An interactive exercise highlighting different styles of leadership introduced a spirited discussion of the challenges and potential benefits created by a transition to a participative style of management. Supervisors discussed how each employee's individual level of commitment and competence affects the amount of delegation vs. direction that a supervisor or group leader should provide. Two case studies involving supervision in an ESOP setting were also explored.

The next Network supervisor workshop, "Listening Skills for Team Leaders," will be offered in February (check the calendar for details).

How to Participate in the 1995 Program

The Network's annual membership drive is underway for 1995. Sign up early to take advantage of advance registration volume discounts for the Ohio Employee Ownership Conference on April 7 in Hudson, Ohio.

Ohio's Employee-Owned Network provides free monthly programming to member companies. **It's the best bargain in the ESOP world!**

Marty DeWine of Antioch Publishing receives his financial training certificate from NOEOC Director John Logue at the retreat.

If you would like to join the Network or want more information, call Karen Thomas at 216-672-3028.

NOEOC Financial Train-the-Trainer course a success

In November, 1994 the NOEOC initiated its new course designed to train ESOP company trainers how to teach non-managerial employee owners to understand company financial statements. Here is what the participants said about the program.

Team leader: "*Good course -- well worth the investment. The points on teaching adults and pointers on presenting were good.*"

Salaried employee: "*Overall a great presentation. I feel very confident that we can do this in our company.*"

Team leader: "*This program ... will be the next part in our company's training on the benefits and risks of employee ownership.*"

CFO: "*The instructors were prepared and, more importantly, concerned with delivering a message. Communication flowed between instructors and participants freely which benefitted both. My hat's off: this seminar was excellent!*"

The "train-the-trainer" course drew special praise for being specifically designed for ESOP companies. The workbook, *An Employee Owners' Guide to Understanding Financial Reports* and the accompanying trainer's manual were described as "simple, clear," "good, concise" and "right for our employees."

What is the level of financial literacy on your shop floor?

Does everyone understand the financial reports provided?

Since 1988 the *NOEOC* has been training non-managerial employee owners how to read company financial statements. Now the Center offers workshops designed to teach **your team** how to train your employee-owners. The program includes adult training skills, on hands practice with your company's financials, An Employee Owner's Guide to Understanding Financial Reports- the workbook, Trainer's Manual, overhead slides, and everything your team needs to do a financial training program in your company.

MARCH 23 & 24, 1995 IN CLEVELAND. For more information, contact the NOEOC at 216-672-3028.

Introducing the new **NOEOC staff** members

Wendy Patton, NOEOC Program Coordinator. BA Kent State University, Masters of City Planning, University of California-Berkeley. Patton brings to the NOEOC a strong background in training, economic development, and research. While an economic policy analyst for the American Federation of State, County and Municipal Employees (AFSCME)(1985-88), Patton prepared and implemented economic policy and public finance training for AFSCME members; while Deputy Director for Business Development (1988-91) at the Ohio Department of Development, Patton supervised the Ohio Industrial Training program and implemented the special training initiative for the hard-to-employ. Wendy has been with Celeste and Sabety since 1991 training program directors at Head Start, developing the evaluation methodology for Enterprise Ohio (the Ohio community colleges' business and industrial training initiative), and analyzed Honda's model for transferring technology and quality training to its suppliers.

Jennifer Maxwell, Assistant Professor of Public Administration, and Director, Center for Applied Conflict Management, Kent State University. BA Empire State College, State University of New York; MA Syracuse University; PhD Maxwell School of Public Affairs, Syracuse University. Maxwell joined the Center staff as a faculty associate in 1994 to assist with research and training development. She brings a dozen years of experience in conflict management training within organizations. She has taught conflict theory, conflict management, and intervention skills at the university level since 1978, is a certified mediator and arbitrator for various organizations, a member of the Society of Professionals in Dispute Resolution, and conducts professional certification training in these areas. Her focus with the NOEOC is on supervisor and leadership development programs in the field of communications, problem-solving, negotiations, and in the design of special projects for employee participation.

Owners At Work
Vol. VI, No. 2
(Winter 1994/1995)

In this issue:

NOEOC
Department of Political Science
Kent State University
Kent, OH 44242

Non-Profit Organization
U.S. Postage PAID
Kent, OH 44240
Permit No. 2

ADDRESS CORRECTION REQUESTED

NOEOC

Northeast Ohio Employee Ownership Center

Upcoming Network Events

Jan. 19, Kent: **"ESOP Administration Forum,"** a forum for ESOP Administrators and ESOP Committee members including "When your ESOP buys more stock and options for the progressive buyout of stock."

Feb. 16, Kent: **"Supervisor/Team Leader Workshop,"** Listening skills for leaders of employee owners and employee participation teams.

Mar. 16, Columbus: **"CEO Roundtable,"** a program for CEO's from ESOP companies.

Mar. 23 & 24, Kent: **"Financial Train-the-Trainer,"** a 2 day program which trains two-person teams how to teach employee-owners to understand financial reports.(see pg 15)

April 7, Hudson: ***NOEOC Annual Conference***, details at right.

May 11, Columbus: **"Advanced ESOP Issues"** for employee owners on boards and governance committees.

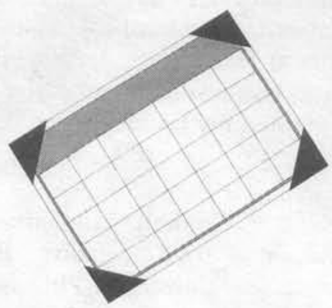
June 8, Kent: **"Financial Terminology/Financial Analysis"** how to understand financial statements.

For more information on Network Programs call Karen Thomas at the NOEOC (216) 672-3028.

9th Annual NOEOC Conference

The NOEOC will host its ninth annual employee ownership conference on **Friday, April 7th, 1995** at the **Holiday Inn, Hudson, Ohio.**

Mark Your Calendar!



and

take advantage of the <u>early-bird</u> <u>registration</u> deal!

Early bird (before Mar. 1) =	$ 35.00
Pre-register (before Mar. 25) =	$ 50.00
After Mar. 25 - at the door =	$ 85.00

For more registration information, please call the NOEOC at 216-672-3028, or email "noeoc@kentvm.kent.edu"