❖ Owners At Work ❖

The Northeast Ohio Employee Ownership Center

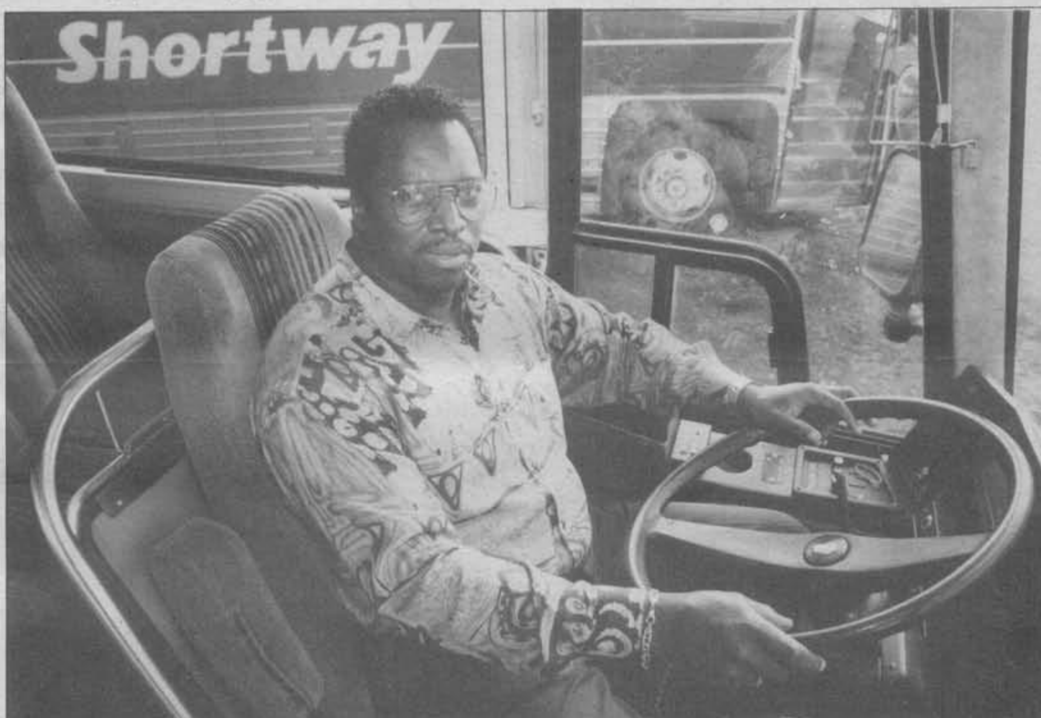
Volume VII No. 2 Winter 1995/1996

Buyout puts drivers behind the wheel,

Of their own company!

Shortway employee-owner Willie Mays is in the driver's seat around the clock these days, whether he's behind the wheel of a Shortway bus or meeting with potential customers. Mays, a twenty-year veteran driver, was a guiding force in efforts to keep the Toledo charter bus company rolling and is the recently chosen president of the new employee-owned company.

As the chief steward for Teamsters' Local #20 employees at the 25-employee firm, Mays was in the driver's seat in more ways than one since the parent company, U.S. Transportation Services (UST), announced in June that they would close or sell the business by the end of October. Reflecting on the five-month journey, Mays said, "I was out on the road most of the time and used the phone in the bus to handle much of the negotiations. We took over the business on October 28 and the deal officially closed on November 3."



Willie Mays drives his regular routes while steering the new employee-owned company as its President.
Toledo Blade Photo by Dave Zapotowsky

Selling or else...

At a June meeting with long-term employees, company officials announced their intention to close the facility unless they could find a buyer; they were willing to allow the employees to buy it. U.S. Transportation Services was scaling back in some of its business areas and moving the firm's headquarters to New York City. Shortway, started in 1922, is one of the oldest continually running bus companies in the US; at one time it was one of the top five bus companies nationally in terms of sales volume and equipment.

Enthusiastic Shortway employees immediately began to explore an employee buyout and contacted the NOEOC. As Karen Thomas of the NOEOC staff explained, "Right from the start this group of union, salaried, and managerial employees had a lot of good ideas about how to really focus their business and potentially make a very good profit. Our staff gave them information about ESOPs, questions to explore in weighing their decision, and the basic steps to organize a buyout effort. The IBT Local #20 leadership provided considerable guidance; and the folks at Textileather (a successful former ESOP) and Plabell Rubber (a successful current ESOP) also gave encouragement and advice."

Off to a smooth start at first, ten union and salaried employees pooled their personal funds together, hired an accountant, and put together a purchase proposal. Unfortunately the negotiations between the employee-buyer group and the parent company stalled, about as quickly as they had begun, over a post-buyout payroll reduction issue.

Meanwhile one of Shortway's nonunion competitors also made a purchase offer, but their offer was only on the firm's charter rights -- its customer bookings. "Our contract precluded that," as Mays explained, "and so the bidder offered us (the unionized employee group) a financial settlement which the membership voted against in September."

"I got this job protection clause into our contract 12 years ago because I was worried about the increase of nonunion competition in our industry," noted Mays. "We are the only unionized charter carrier serving northwest Ohio and southeast Michigan". The clause, which is typical in the transportation industry, specifies that the union contract follows the bookings. Unfortunately the clause was only saving their jobs momentarily.

Mays announced that the employees were going to put "our money in and buy this ourselves."

Mays figured that "the clause" provided another temporary advantage by mid-September. It made a reopener of the employees' buyout offer look favorable (at least compared to the prospect of packing up all those buses). Full of determination, he now had a six-week window of opportunity to find out.

Mays announced that the employees were going to put "our money in and buy this ourselves." He and two others did. They agreed to form a corporation and began working out the details of an offer. Mays' determination began paying off when officials at UST counter-offered and negotiations began. Within six weeks the negotiations concluded and the employees at Shortway were in the driver's seat in their buses and in the board room.

Should they setup an ESOP? Eric Britton, a lawyer with the Toledo firm of Shumaker, Loop, and Kendrick, who served as legal counsel for the new corporation explained, "there was no time to get a valuation and the seller was willing to finance most of the capital needed, so we decided that direct ownership was a simpler and more straightforward road to take at this time."

Enthusiasm starts snowballing

Though only three employees invested initially, more joined over time. "The day we chose a name for our new corporation there were nine of us sitting around drinking coffee who had invested in the corporation," says Mays, "so we chose the name Group Nine, Inc." At the present time thirteen of the firm's 25 employees are directly invested in the new company. "We have not reached our goal of 100% buy-in yet," reflected Mays. "It is hard on individuals to make decisions in situations like this and it's not because they don't want to save this business." Some of the employees invested by signing over their accrued vacation pay from the selling company.

Another rank-and-file vote was needed to make the deal happen, this time in support of work rule changes. The vote was unanimous. Among the changes agreed upon, drivers now wash their own buses after runs and the new company does not have to hire temporary washers.

The new company did not ask for wage concessions, but employees have voluntarily given fringe-benefit concessions to help bolster the new firm's bottom line during the winter slow season. Both salaried and union employees have relinquished some holiday pay and vacation time to which they are entitled.

They bought the business for considerably less than the seller's asking price back in June. The purchase included the booking list, the Shortway name, and an agreement to honor the existing labor contract. The seller financed the amount needed to purchase seven buses over a six-year period and is also leasing them the building.

The Northeast Ohio Employee Ownership Center (NOEOC) is a university-based program which provides information and technical assistance to retiring owners, buyout committees, labor unions, managers and community-development organizations interested in exploring employee ownership. Center staff can help locate competent and appropriate legal and financial advisors, and perform initial assessments to determine whether employee ownership is a viable option. The NOEOC 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, and assists international efforts to privatize businesses through employee ownership.

The NOEOC is 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 Kent State University and the companies that comprise Ohio's Employee-Owned Network. **Department of Political Science, KSU, Kent, Ohio 44242. Telephone (216) 672-3028 Fax (216) 672-4063 email:noeoc@phoenix.kent.edu**

Owners At Work (ISSN 1046-5049) is published twice a year by the NOEOC. Copyright © Northeast Ohio Employee Ownership Center of Kent State University. Letters, articles, requests for permission to reprint and subscriptions (which are free) should be sent to the editor. The NOEOC is funded in part by the: **Ohio Department of Development Labor-Management Cooperation Program.**

*** NOEOC's area code changes to (330) on March 9, 1996.**

"This business will work as a cooperative, employee-owned effort," observed Britton. "They did a yeoman's job during the transition. They did the footwork themselves, put together a war chest from their own pockets, and brought in professionals when they needed us."

A cooperative effort

"Both Teamsters and salaried pitched in together and helped," Britton noted. "One guy worked on incorporation issues, another guy figured out which busses to purchase, and another guy dealt with the labor issues. It was a team effort. These guys know how to run this business."

As Les Singer, President of IBT Local #20, observed from the vantage point of assisting with other employee ownership initiatives such as the Plabell buyout, "anytime you get into these situations it's unfortunate; we try to work out the best possible outcome for all the people and provide advice in the best route for them. The group at Shortway stuck together -- they knew what they wanted to do."

The employees have continued working together, while most folks are shifting gears and learning new skills. "We are learning about each other, what we can and can't do," explained Mays. For example, the original three investors in the corporation have shouldered new roles as corporate officers (Mays resigned as union steward since undertaking his new job as Shortway's president). The shareholders are employees plus one outside "related" investor. A newly-created five-member board includes the officers and two other employee owners.

> ***"Shortway's customer service is better than ever now!"***
> *Willie Mays, President, Shortway*

"We are used to taking responsibility and we have always been customer-minded," noted Mays. "Customers respond to how successful you are going to be. We have gotten a positive response from all our customers. We are putting together long range business plans and we know we need to grow to satisfy our customers."

Running better than ever

"Shortway's service is better than ever now," continued Mays. "We can make a faster response to customer needs because we handle everything here rather than route things to our parent company." Now, the employee owners at Shortway can make their already good customer service even better. Shortway's customers truly don't have to wait for the bus. □

Shortway provides charter and tour service for groups ranging in size from 10 to 300, primarily in the Ohio and Michigan area.

Retiring Brothers Sell Majority Stake to Taylor Rental Employees

Although employee buyouts to avert shutdown represent the most dramatic and newsworthy use of employee ownership, the most common use of ESOPs is to buy firms from retiring owners. In fact, 59% of Ohio ESOP companies report that that's the primary reason their ESOP was set up. These friendly sales are:

- *good for the sellers, who get a substantial tax break and who see the business they built continue;*
- *good for the employees, who aren't sold down the river to a competitor and who now can build equity in the business; and*
- *good for the community, because they anchor capital and jobs, and help secure the community's economic foundation.*

When Youngstown folks need a front-end loader for construction work or festive linens for a party, they often visit one of Taylor Rental's five store locations. The general rental firm which was started by brothers Len, Nick, and Joe Granitto, will gradually become 100% employee-owned.

The Granitto brothers, all YSU engineering grads, shared an interest in owning a small business and left corporate positions in 1969 to open the Taylor Rental franchise affiliated with Service Star, a Butler, PA-based hardware co-operative.

Looking toward retirement in the not-too-distant future, Len Granitto explained, "we realized that we trusted the sale of this business to our employees and an Employee Stock Ownership Plan (ESOP) was a good option for everyone involved." As shareholders, the brothers gain a tax advantage, called the 1042 Rollover, which defers capital gains taxes on proceeds which are reinvested in domestic securities. Other things being equal, selling to your employees through an ESOP or a co-op offers the best post-tax price for owners of closely held businesses.

Employees too, such as the store managers with 15 years of service, are focussed on a prosperous future. As Granitto explained, "starting three years ago we had monthly meetings with all the employees to write our own ESOP plan. The employees still meet monthly to improve operations."

Nineteen full-time and other part-time employees already handle the day-to-day operations, serving numerous commercial, industrial, government, and institutional accounts. Employee-owners are gradually assuming new ownership roles also. A store manager is one of the ESOP trustees; others in management comprise the ESOP Committee.

"The ESOP is the best option for everyone," says Granitto; "some of our customers are employee-owned too."

Investing in the Future

Republic Brings CAST-ROLL™ Facility on Line

When employees bought the Bar Division of LTV Steel on November 28, 1989, their labor agreement pledged that "The Management and the United Steelworkers of America have established an ESOP Company named Republic Engineered Steels, Inc. in order to meet the long-term challenge of providing for increased job security and increased value of the company through the investment of approximately $500 million dollars in needed capital."

That was a bold promise for plants where disinvestment seemed to be a law of nature. For more than a decade, the fact of life in the bar plants had been retrenchment and shutdown, not new investment. After LTV purchased Republic Steel in 1984, the hemorrhage accelerated. Strapped for cash, LTV put its limited investment funds into its flat rolled plants, as the bar division bled.

The brave words of the labor agreement proved difficult to achieve. Employees bought the company just in time for the market to head south in spring 1990. Survival was the issue; major investment was out of the question. Instead the union locals and management together pulled the company up by the bootstraps using the employee participation process to cut costs and improve quality without spending significant amounts of cash.

With the end of the recession and recovery of the steel market, employee-owned Republic consolidated its financial situation. The stage was finally set for the long-awaited capital improvement program.

At the top of Republic's list was a new continuous caster to replace its old, vertical caster which had been commissioned in 1969 as one of the early casters in the country.

On a blustery day in April 1994, the company broke ground with a three-handled shovel for a state-of-the-art continuous caster. (If your hardware store doesn't carry three-handled shovels, you don't know what you are missing.) The project called for building the facility adjacent to Republic's 8th Street Plant in the empty Ford Motor Company Forge Plant. A year and a half later, in October 1995, the CAST-ROLL™ facility, which had run ahead of schedule during construction, was commissioned with Governor Voinovich clipping the ribbon. This $165 million project will eventually move Republic from 30% continuously cast to 70% cast.

What sets the new Republic CAST-ROLL facility apart technologically is that it links five separate steps in steel making into a single process which converts molten steel into billets. It combines a new ladle metallurgy facility and a vacuum degasser -- vital to Republic's high quality alloy steels -- with continuous casting, hot charge reheating, and billet rolling in a thoroughly computerized single process. The blooms that come off the caster are immediately reheated and rolled on a new alternating horizontal-vertical billet mill into billets that can be sized down to 4 x 4 inches. What used to take days or weeks now takes hours.

Redesigning Work

Not only is Republic's new CAST-ROLL facility one of the most technologically modern steel facilities in North America, management and union are implementing a new work system that dramatically alters conventional steel industry work practices. It is built around team concepts, flexibility, multi-task training, and pay for skills -- but uses the existing work force who come from a traditional basic steel work culture of narrow job classification and top-down management. The average employee who bid into the facility had 17 years seniority with Republic.

Consequently, company and union made a major commitment to change. The new work system is anchored in the 1993 contract and a September 1994 agreement between USWA Local 1200 and the company, says Mark John, the hourly co-coordinator for the re-design process. "What we agreed to was pretty important: we agreed to move from an adversarial relationship to partnership. The new work system is to be

A cut-away view of Republic's CAST-ROLL facility in Canton.

less authoritarian, safer, more equitable, and it changed the role of supervisor to that of a coach." In practice, that means training. The company put the 125 CAST-ROLL employees through a total of 88,000 hours of education or an average of about 700 hours training each. That's 17 weeks.

At the commissioning on October 20, the new work system was as much a focus of attention as the new technology. "What we are witnessing here today," Republic CEO Russ Maier told the crowd, "is a new Industrial Revolution -- advanced manufacturing equipment linked to space age computerization, operated by highly trained people.... It is a new age, a new economic reality." The new work system would, he pledged, "produce lower costs and high quality products, while creating much more satisfying working conditions for all employees."

Governor Voinovich put it very succinctly: "The new work system here at the CAST-ROLL facility, based on team concepts, flexibility and skill-based pay, is the wave of the future."

How does that future look to Republic's employee owners? Kenny Green, a crane operator in #5 steel conditioning at the 8th Street Plant, is one of the employees who bid into the new facility while construction was underway. *Owners at Work* interviewed Green about his experience.

OAW: Kenny, the company keeps talking about all the training they did....

Green: "They really did put us through training. That's what we did in February [1995] and in March and in April and in May. There was a week on safety, there were weeks on basic electricity, basic hydraulics, theories of rolling steel, you name it. There was even a week in Italy -- that was nice -- at the Danieli training facility. We got a feel there of the equipment we were buying and went to visit some mills there that had similar equipment in operation.

"What a contrast to when I started at Republic 24 years ago! Then I hired in on a Thursday and started Sunday. Heck, I could have started that Thursday night if I had wanted to. There was no training whatsoever when I started. It was all on the job training then. They gave you your job and showed you how to do it."

OAW: What's the "new work system" really like?

Green: "I no longer have a job in the sense of a job I do day in and day out like I used to when I was a craneman. Instead, every day I perform a number of different functions: I run a crane, drive a forklift, burn steel, ship steel, work on the mill, do finishing, check size...in short, whatever needs to be done.

"We handle the steel from the reheat furnace through the mill and out the door. I am learning to do all the jobs in that end. The biggest benefit I see is pay for skill. After 20 years with the company, I was at 8 points [on the pay scale]; now with less than a year in this system I'm at 20. It's not a great difference in pay, but it is an increase. Besides, the potential is there. Before, you learned your job and that was it. Now I can go higher than that when I learn more."

OAW: This all sounds almost too good to be true. Aren't there any problems?

Green: "There are frustrations from time to time. This is a big change for all of us. It isn't easy to change habits of 24 years overnight. It's a big change for management too.

"The biggest problem I can see is management's reluctance to actually empower the hourly worker to make decisions. It's just like a child learning: mistakes get made and that is to be expected. There shouldn't be any retaliation. But it's hard to let go of that old stuff from the 50s, the 'I'm the boss' stuff. It isn't so much the foremen; they're close to the hourly guys. It's the middle managers. And, you know, the same is true with the union too; there are fears in the Canton union about the new work system...."

Russ Maier, Jim Anderson & Governor Voinovich tour the CAST-ROLL

OAW: Knowing what you know now, would you still bid into the new facility?

Green: "Sure. We're learning to become more self-directed, taking a bigger say in what is done and how it is done. Sure, I would do it again. It is pretty amazing, too, what the technology does. Punch a button and you can change mill stands. Last night all nine stands were running, and we were running the steel off the caster straight through, taking it down to a 4x4. Do you know how long that used to take?"

Mark John sees the new work system as the culmination of Republic's innovative "H-1" system of employee involvement in decision making. The caster has a special governance structure with six hourly and six salaried members, including the plant manager and Local 1200 representative, the hourly and salaried co-coordinators, and representatives from the work teams. "A lot of the H-1 meetings were just bitch sessions," says John. "The new system takes us a couple of steps down the road to real problem solving.

"We have a facility where people come to work every day in a hurry to try something they woke up thinking about the night before, where people go home from work wanting to talk about what they did that day, rather than trying to forget about it."

Do employee owners reinvest?

Perhaps the most commonly heard argument against democratic employee ownership is that employees will choose consumption -- short-term gratification -- over investment. Hence employee-owned companies will always suffer from underinvestment and, in the long run, succumb to wiser, autocratic competitors.

The people who hold this view ought to visit Republic's CAST-ROLL facility.

The truth is real simple as tens of thousands of Ohio employee owners can tell you: Workers reinvest when they own the business because that's the route to long-term job security with high wages.

Besides, reinvestment raises the value of the business they own. When LTV's Bar Division was up for sale, it was the Wall Street wizards who proposed to continue draining the mills and to downsize the division to a finishing operation. They would have made a lot of money -- short term -- while slashing jobs and undermining Stark County's economic base.

It was the employees -- hourly, salary, and management -- who pledged modernization, putting capital back into the mills, preserving jobs for the next generation and anchoring capital in the community. And they'll make money too, they hope, in the long run.

Who are the better stewards of our economic resources?

If you want to see the answer spread out over 450,000 square feet, come down and have a look at Republic's new CAST-ROLL facility. □

When Employee Owners Sell

Owners at Work usually devotes its space to discussing how employees buy businesses and how employee-owned businesses have improved their operations. But employee owners, on occasion, also sell.

Within the last year, employees of two successful, 100% employee-owned firms in Ohio have voted to sell part or all of their stock to outsiders. Republic Engineered Steels employee owners voted four to one to offer approximately two-fifths of the company on the public market, using the proceeds to pay out the employee preferred shares plan and cutting the company's financing costs; Republic employees retain majority control of their company. At Textileather in Toledo, however, employee owners voted overwhelmingly to sell the entire company to Canadian General Tower, relinquishing control to outside owners.

What lies behind this sale?

Over the last five years, the employee owners at Textileather Corporation have orchestrated a turnaround that could make Wall Street envious. But after such tremendous success, Textileather's employee owners recently decided to sell. There are complex reasons for Textileather's success, and the decision to sell. But no matter what the cause, the results are clear. In 1991 the employees bought a struggling business in a declining industry because nobody else wanted to. In 1995, the employees sold the business for approximately 160% of the previously appraised market value, and secured a contract for future wage increases and employment growth and new capital investment.

When the employees bought the business in 1991, it did not look very promising. Textileather had been part of GenCorp and was making vinyl products for the automotive industry. Unfortunately, the auto industry was in a slump and moving away from the use of vinyl. In addition to the poor market prospects, the plant faced complex environmental and regulatory problems as well as problems with declining quality and productivity. As a result, GenCorp could not find any interested buyers for the business. So, facing a shutdown, the employees bought it themselves.

Once the employees began working for themselves, the bottom line improved dramatically. After only one year, productivity had increased 28%, scrap declined by 40%, and machine downtime was reduced dramatically.

A strong union/management team led the employees through the buyout. Concessions from the Amalgamated Clothing and Textile Workers (ACTWU) members, help from the state of Ohio, and the assistance of investment bankers at American Capital Strategies made the deal possible. Once the employees began working for themselves, the bottom line improved dramatically. After only one year, productivity was up 28%, scrap was down 40%, and machine downtime was reduced dramatically. The industry shakeout shut down some competitors and Textileather increased its market share. The employees even managed to prepay some of the debt and still take home profit sharing checks worth $1,800 to $2,000.

So why would employee-owners want to sell?

In the past, Textileather's employee owners have chosen not to sell. "It's like when you get a new bike. You are not going to let the neighbor kid ride it because it's new and shiny and you don't know how fast it can go." explained Steve Walko,

"Each employee received about $60,000 for their stock. The employees also received an immediate 10% raise and cost-of-living raises in years two and three for the new labor agreement."
Duwane St. John,
ACTWU President, local 224T

Textileather President. "After a couple of months you might let the neighbor kid ride it. That's kind of like us: we wanted to try it out and see what we could do." The employee owners at Textileather have shown that they could fix up an old jalopy and turn it into a strong, fast, efficient machine. So now that they have the machine running well, why sell?

"For security reasons," said Duwane St. John, president of ACTWU local 224T. As a non- diversified pension plan, the ESOP offers little security. A downturn in the industry could cost Textileather's employee owners their jobs and their only retirement pension. Now, Textileather's employees can invest their profits in more secure and diversified pension plans, like a 401K or an Individual Retirement Account.

But the deal offers far more than just diversifying the pension plan. The agreement to sell to Canadian General Tower includes provisions for new capital investment and diversification into new markets. "The vinyl market is vulnerable and this deal gives us access to other markets," ACTWU local president St. John added.

The Deal

"When is a good deal a good deal?" asks Walko. "When we got an offer for 60% over the value of the stock, we thought that was a good deal." The rest of the employees thought it was a good deal too. Over 96% of them voted to sell the company to Canadian General Tower. "Each employee received about $60,000 for their stock," said St. John. The employees also received an immediate 10% raise and cost-of-living raises in years two and three of the new labor agreement. Also included was a commitment to provide new capital expenditures in the Toledo facility enabling the plant to expand its product lines into graphic arts and pool liner businesses. Canadian General Tower additionally agreed to transfer business from Canada to Toledo over the next three years. "This new capital investment and the transfer of business should generate about forty or fifty new jobs," said St. John.

Why was Canadian General Tower willing to do so much for Textileather? According to Walko, there were four reasons: Canadian General Tower (CGT) was at full capacity and Textileather has excess manufacturing capacity. CGT technology and Textileather's fit together quite well. The two companies' strengths complement each other. "The automobile industry is looking for suppliers who can supply the whole thing." Walko said. "Together we have that full capacity." Finally, CGT wanted access to the U.S. markets. They wanted a presence on both sides of the border," explained Walko.

"When you add it up its a pretty good trade for ownership. We got a premium for our stock, the commitment to invest in capital and transfer work to Toledo provides security, and everybody got a raise."

Steve Walko,
Textileather President

What about giving up ownership rights?

Did giving up ownership rights have much of an impact in the decision to sell? "No" says St. John, "we didn't see much of a change from when we were a traditional company to that of an employee-owned company. Even though we had three seats on the board we didn't think our interests were being heard."

"When you add it up its a pretty good trade for ownership," said Walko. "We got a premium for our stock, the commitment to invest in capital and transfer work to Toledo provides security, and everybody got a raise." In addition, the employees got the right of first refusal if Canadian General Tower ever decides to sell the company.

Textileather employees bought the plant not because they wanted to own a vinyl company. They bought the plant because they wanted to save their jobs. In selling, the employee owners continued to pursue the same goals: to insure job security, to expand employment, and to provide long-term economic stability for employees. It would not have seemed like a probable outcome in 1991, but by working smarter and by working together, the employees at Textileather beat the odds and won. □

In the Next Issue

Michael Conte & Rama Jampani on the *Financial Returns of ESOPS.*

Al Concoby & Matt LaBo on *Erie Forge's Employee Involvement System.*

Report on the 10th Annual Employee Ownership Conference

Ohio Employee Ownership Conference

April 12, 1996

see page 9

From the Employee Ownership Center

The last months have seen a number of changes at the NOEOC. The long-serving co-chairs of our advisory board, Clarence Davis, president of International Association of Machinists District 54, and Steve Walko, CEO of Textileather, both resigned from the board. Davis retired as IAM District president, while Textileather has ceased to be employee owned (see "When Employee Owners Sell" in this issue). We very much appreciate their outstanding service over the years.

New Advisory Board Co-chairs

The new co-chairs of the NOEOC Advisory Board are Norm Brennan and Tom Moyer.

Brennan is President and CEO of Dimco-Gray, an employee-owned firm that manufactures plastic knobs and handles, mechanical and electronic timers, and custom injection molded parts in Centerville, Ohio. Dimco-Gray has had a series of record years under Brennan's stewardship that have resulted in substantial increases in shareholder net worth and in company stock value. Moreover, the company has been able to distribute over $250,000 in profit sharing bonuses to employee shareholders during 1993 and 1994. During his tenure as president of Dimco-Gray, the company has been repeatedly recognized at the state and national levels for its commitment to quality and to employee training. Brennan serves on the boards of directors of several other employee-owned companies and is past chairman of the Society of Plastics Engineers.

Norm Brennan

Tom Moyer has worked at Bliss-Salem since 1965 as an assembler, and served in a variety of union positions there since 1970. He served as trustee, vice-president, and president of Steelworkers Local 3372 and currently serves as president of the Columbiana County AFL-CIO. As president of Local 3372, Moyer led the employee buyout of Bliss-Salem in 1986, and currently serves as company Chairman of the Board.

Moyer also serves on the board of directors of the Columbiana County Special Olympics and on the board of the Worker Ownership Institute.

Tom Moyer

Russian regional employee ownership internship at NOEOC. In October and November, three staff members from the regional employee ownership centers in Tver, Kazan, and Voronezh spent a three-week internship at the NOEOC. Ludmila Dasaeva (Tver), Lutzia Grishina (Kazan), and Sergei Drepin (Voronezh) are developing programs comparable to that of the NOEOC in their regions in Russia under the NOEOC Eurasia Foundation grant, and consequently they had great interest in participating in Ohio Network programs, in-company training sessions, and plant visits. While at the NOEOC, they took part in the annual leadership development retreat for non-managerial employees, the Network CEO meeting to review 1995 and plan 1996, training programs at Westfield Tannery and Republic Storage Systems, and Reuther Mold and Manufacturing's annual employee-owner shareholder meeting.

Russian Interns visit Erie Forge. Sergei Drepin (far Left); Ludmila Dasaeva (3rd from Left); Lutzia Grishina (5th from Left)

They also visited Erie Forge and Steel, Sharpsville Quality Products, and Republic Engineered Steels to study their employee involvement and participation programs. Visits to the Steel Valley Authority in Pittsburgh and the North Central Ohio Employee Participation Council in Mansfield led to more understanding of how public sector organizations promote worker ownership, employee participation, and economic development in the industrial heartland.

New retiring owner succession project funded

In 1994-95, the NOEOC completed a study of retiring owner succession outreach projects undertaken by a dozen public sector and non-profit agencies. The result of this research project, funded by the Inter-Institutional Research Consortium of Ohio's Urban University Program, was a model outreach program to encourage owners of closely held businesses nearing retirement to consider succession planning.

The George Gund Foundation and the Cleveland Foundation have funded the NOEOC to undertake the implementation of this model outreach program on a pilot basis in Cuyahoga County in 1996-97. □

Ohio's Employee-Owned Network

"Where employee owners meet"

Ohio Employee Ownership Conference
April 12, 1996

'96 Program of Events

- CEO Roundtable & Retreat
- ESOP Administration Forums
- Employee-Owner Retreats
- Training for Front-Line Leaders
- Financial Training
- Ohio Employee Ownership Conference

JOIN THE NETWORK

Benefits include free, in-advance registration for regular Network programs & discounts for train-the-trainer workshops, retreats & conferences.

Network programs are coordinated by:

The Northeast Ohio Employee Ownership Center
Department of Political Science, Kent State University
Kent, Ohio 44242 (216)* 672-3028

* Area code changes to (330) after March 9, 1996.

ESOP Administration Forums

Designed for managers, committee members, & those responsible for ESOP administration; sessions focus on technical issues. Speakers typically include ESOP specialists and presenters from other ESOP companies.

Trustee & Administrator Roles

February 20 Kent, Ohio

Basic responsibilities & issues, use of inside vs. outside fiduciaries, selection, the role of committees, and general ESOP administration issues & questions will be addressed.

Cost: Free to Network members
$125 non-members

Repurchase & Diversification Strategies

September 26 Dayton, Ohio

Explore ways to manage your diversification requirements and repurchase of ESOP stock. Learn more about the advantages, disadvantages, & how-to's of different approaches.

Cost: Free to Network members
$125 non-members

Supervisor/Team Leader Training

The Changing Role of Front-Line Leaders

December 5 & 6 Hudson, Ohio

Designed for persons with increasing responsibilities to encourage employee involvement. Leadership styles, communication skills, and ways to effectively manage conflicts and change are explored using interactive exercises and case studies. Pre- & post-session study assignments are required of all participants.

Cost: Room & board, Network participants
$245 for non-Network members

CEO Retreat & Roundtables

CEO Roundtable

March 14 Columbus, Ohio

A half-day discussion with open agenda on timely topics selected by participants. Held in conjunction with the Ohio ESOP Association Spring Conference.

CEO Retreat

June 6 & 7 Dellroy, Ohio (Atwood Resort)

Roundtable discussion with informal presentations on a couple of preselected topics of common concern; with ample time for informal discussion of current issues.

Financial Training

These sessions provide basic business financial education to non-managerial employee owners.

Teaching Financials to Employee Owners: a Financial Train-the-Trainer Workshop

March 25 & 26 Cleveland Area
November 14 & 15 Cleveland Area

This two-day workshop will prepare a pair of trainers at your company to teach others a step-by-step introductory course on understanding financial information. Based on the Financial Terminology Workshop, the course includes workbook, overhead slides, and a trainer's manual.

Cost: *including lodging & all materials:*
$345, one or two Network participants
$495, one or two non-Network participants

Financial Terminology Workshop*
May 9 Columbus, Ohio

Designed as a basic introduction to business financials for non-managerial employee owners in ESOP firms. Participants learn the basics of financial statement terms found on the balance sheet, profit & loss, and cash flow statements, through exploring a simplified ESOP company's operations.

Cost: Free to Network members
$125 for non-Network members

Financial Analysis Workshop*
May 9 Columbus, Ohio

Participants learn some basic tools of financial analysis; concepts include the operating cycle, horizontal and vertical analysis, working capital and cash flow.

Cost: Free to Network members
$125 for non-Network members

* Both workshops run simutaneously on 5/9.

Leadership Development

Leadership Development Retreat
Sept. 12 - 14, Dellroy, Ohio (Atwood Resort)

Participants learn the basics of ESOPs and team participation; focus on meeting skills, group problem-solving, and business basics in an ESOP firm. Separate one-day tracks on ESOP mechanics, financial terminology, and financial analysis.

Cost: Room & board, Network participants
$595 for non-Network participants

Advanced ESOP Issues
May 10 Columbus, Ohio

For non-managerial persons serving in a governance role in an ESOP company; covers ESOP fiduciary rights and responsibilities.

Cost: Free to Network members
$125 for non-Network members

Ohio Employee Ownership Conference

Friday, April 12, 1996
Holiday Inn
Richfield, Ohio (between Akron & Cleveland)

THE BEST ONE DAY TRAINING SESSION FOR EMPLOYEE OWNERS!

- Sessions on the ABC's of ESOP's
- Technical Issues
- Effective Employee Communication & Participation Strategies
- ESOP Company Panels & Roundtable Discussions
- Meet with & Learn From other ESOP Companies
- Conference Tracks for Managerial & Non-managerial Employee Owners

Cost:	$25.00	Earlybird rate for Network members (register before 3/1/95) ($20.00 per person for Network groups of 3 or more persons)
	$35.00	Regular Earlybird rate, non-Network members (register before 3/1/95)
	$50.00	Pre-registration (before 3/25/95)
	$85.00	Registration at the door

A QUICK LOOK AHEAD

February 20 Kent, OH
ESOP Administration Forum:
ESOP Trustee & Administrator Roles

March 14 Columbus, OH
CEO Roundtable

March 25 & 26 Hudson, OH
Teaching Financials to Employee Owners

April 12 Richfield, OH
Ohio Employee Ownership Conference

May 9 Columbus, OH
Financial Terminology Workshop
Financial Analysis Workshop

May 10 Columbus, OH
Advanced ESOP Issues Workshop

June 6 & 7 Atwood, OH
CEO Retreat

September 12 - 14 Atwood, OH
Employee Owner Leadership
Development Retreat

September 26 Dayton, OH
ESOP Administration Forum:
Repurchase & Diversification Strategies

October 31 Kent, OH
Annual Meeting

November 14 & 15 Hudson, OH
Teaching Financials to Employee Owners

December 5 & 6 Hudson, OH
Supervisor/Team Leader Training:
The Changing Role of Front Line Leaders

ADVANCE REGISTRATION FORM
1996 Program of Events

Northeast Ohio Employee Ownership Center
Department of Political Science
Kent State University
Kent, Ohio 44242
(216)672-3028

Contact Person:	
Company:	
Address:	
City/State/Zip:	
Telephone:	Fax:

1996 NETWORK EVENTS

Event:	Date:	Cost:
Event:	Date:	Cost:
Event:	Date:	Cost:
Event:	Date:	Cost:
Event:	Date:	Cost:
Total number of people attending: ________	Total Cost: ________	

Register today for special Network member rates on the conference, or to reserve limited space at other programs.

by FAX
(216) 672-4063

by mail
NOEOC
Department of Political Science
Kent State University
Kent, Ohio 44242

by phone
(216) 672-3028

As a special service to long-distance travelers: For assistance with flight information and airline reservations to attend Network events, call Portage Travel Service, 1-800-343-7478 (mention that you are attending an event of the Northeast Ohio Employee Ownership Center). Special discounts on airline rates may be available for ticket purchases made 21 days in-advance.

10th Annual

Ohio Employee Ownership Conference

Ohio Employee Ownership Conference
April 12, 1996

Innovation, Participation & Performance In Employee Owned Firms

- **The ABCs of ESOPs**
- **ESOP Technical & Administrative Issues**
- **Managing the ESOP Company**
- **Effective Employee Communication & Participation Strategies**
- **Company Panels & Roundtable Discussions**
- **Meet with & Learn from other ESOP Companies**
- **Full - day Tracks for Managerial and Non-managerial Employee Owners**

Holiday Inn • Richfield, Ohio

April 12, 1996

Ohio Employee Ownership Conference

$25.00 Network Members (before 3/1/96)
$35.00 non-Network (before 3/1/96)

$50.00 (between 3/2/96 - 3/25/96)
$85.00 at the door

Name: ____________________
Company: ____________________
Address: ____________________
____
Phone: ____________ Fax: ____________
Number of people attending: ____________ Cost: ____________

Ohio Employee Ownership Conference
April 12, 1996

Northeast Ohio Employee Ownership Center 309 Franklin Hall Kent State University Kent, Ohio 44242
(216) 672-3028 (216) 672-4063 *(fax)* noeoc@phoenix.kent.edu *(e-mail)*

How Do You Bargain With Yourself?

Collective bargaining in employee-owned firms

How can employee-owned companies move beyond the traditional, adversarial contract bargaining process to an approach that builds trust and partnership between labor and management?

In order to answer that important question, the Worker Ownership Institute and the Northeast Ohio Employee-Ownership Center sponsored a forum on "Innovative approaches to collective bargaining in ESOP companies." The program was hosted by Republic Engineered Steels and United Steelworkers of America local #1124 at the local's hall in Massillon. Crucial to the process is, first, establishing a relationship between management and the union that stresses partnership, communication, and teamwork before contract negotiations and, second, conducting negotiations to avoid destroying this hard-won relationship.

This does not happen automatically in employee-owned companies, as all the union and management participants in the seminar could attest. Even in 100% employee-owned companies both sides bring a lot of baggage from the past to the bargaining table. Despite the change in ownership, old adversarial relationships die hard, and ghosts of past conflicts haunt present bargaining.

The traditional approach to contract bargaining often results in labor and management taking extreme positions, then gradually trading concessions until one group gives in to the other. Often the longest lasting result of this process is a sense of victory on one side and failure on the other. With one side winning (+1) and the other side losing (-1) this zero sum (1-1=0) fosters animosity. The process can destroy any trust and cooperation that may have been developed previously and is so important to the success of employee-owned companies. This type of bargaining can also result in protracted negotiations as each group maneuvers for the most powerful position and strategy. These strategies can undercut the partnership that ought to exist in employee-owned companies. In fact, since members of labor and management are in the same boat, with their jobs and pension benefits on the line with the success of their company, the process seems unnatural and inappropriate.

An alternate approach suggested by Jack Buettner of the Federal Mediation and Conciliation Services is an interest-based approach to contract bargaining, or what he calls "positive sum" or "mutual gains bargaining." This approach, to use Buettner's carefully crafted phrasing, is "a problem-solving process conducted in a principled way that creates effective solutions while improving the relationship." The steps in such a process:

1 - Labor and management come to the bargaining table with interests instead of positions. (Interests are each party's concerns, needs, or desires behind an issue; why the issue is being raised.)

2 - The parties jointly develop options that could meet one or more interests of the sides through techniques such as brainstorming.

3 - These options are evaluated and narrowed using previously established standards for evaluation. Standards for evaluation can include efficiency, cost, practicality, quality, fairness, impact on safety, product quality and any other agreed upon qualities needed for an acceptable solution.

4 - After narrowing the options, the groups decide by consensus on the best solutions to satisfy the interests involved. Consensus is "70 percent buy-in and 100 percent support" for the arrived at solutions, said Buettner. The keys to success he added, "are commitment, candor, communication, and consensus."

For this type of bargaining to be effective, a cooperative relationship must already exist. Dave Leisure, former vice-president of USWA local # 1124, and Rick Miller, Vice President of Human Resources, Republic Engineered Steels Incorporated (RESI), explained the importance of trust and building relationships between labor and management. They revealed the importance of the H-1 system in building that relationship at RESI. The H-1 system institutionalized the participatory system. Firm institutionalism was crucial to the establishment and maintenance of trusting relationships between

George Wilson, CEO - Ansonia Copper & Brass, Inc. (left)
Michael Surowiec, President - IUE Local #225, Marland Mold. (right)

labor and management. Leisure and Miller noted that the H-1 contract language was "enabling language," it did not provide specific details but broad avenues for the participation of labor and management in the decision making at RESI.

The H-1 process at Republic is typical of the expanded scope of collective bargaining taken at some ESOP companies. An increasing number of labor contracts in employee-owned companies provide for various forms of joint decision making about subjects that used to be management prerogatives. This contract language often provides for worker participation in what used to be management decisions at the shop floor and plant levels. These contract provisions seem to fulfill the wishes of Lynn Williams, former Unites Steelworkers' President who told Steelworkers that, "management is just too important to leave to the managers."

Jeff Cryder, CFO, Bliss listens to Tom Brown, VP for USWA at RESI's Baltimore plant, make a point.

With the guidance of Walt Sharp, a consultant, the H-1 process was jointly developed by management and labor as a group. The guiding principle behind the H-1 process, according to Miller, is "a commitment to communication, and the realization that capital investment by itself would not make us the preferred supplier."

Republic's cost reductions, quality and productivity improvements, and wage and benefit enhancements can be attributed to the cooperative process established by the H-1 language. The "Target 60" provision in the latest contract, which represents the goal of $60 million in permanent structural cost savings, is an example of what can be achieved with this process. Of those savings, one-half would go to the employees as supplemental income, initially, and then as an increase in base pay when the savings are verified. Presently $22.5 million worth of permanent structural cost savings has been realized.

The process has not been easy or quick, noted David Leisure, "To make this process work takes an investment of time by everyone: for training, for answering the questions people have, and for establishing the relationships."

Norm Brennan, CEO of Dimco-Gray, reiterated the importance of a partnership and teamwork between the union and management before a change in negotiating practice can be realized. Brennan replaced the human resources *manager* with a human resources *team* as an important example of the changes made at Dimco-Gray to build teamwork and trust among labor and management. Rather than seeing human resources as something to be managed, it became a mutual effort at building trust among the employees at Dimco-Gray. The team is composed of one union employee, one salary employee, and the human resources administrator.

Brennan also underscored the value of training and education. Dimco-Gray conducted extensive training at Wright State University's Center for Labor-Management Cooperation. Every employee attended a voluntary week-long training session.

It took three-and-a-half months for the whole shop to complete the program, but Brennan explained that the program allowed the employees to learn about one another and establish some common goals.

Despite being ill, Jim Daulton, chief union steward and human resources team member, appeared courtesy of video tape. Daulton recounted the changes in bargaining from the traditional adversarial to a bargaining process he described as "win-win." Once a sense of trust and partnership was established between the management and union employees, a change in bargaining tactics was possible.

The sense of trust and partnership grew not just between the two bargaining committees, or management and the union but among fellow employees as well. "People trust each other as people and trust each other to get their job done," explained Daulton. He attributed the gains in productivity that Dimco-Gray has made to this new sense of partnership and trust that has been established.

Was the forum useful? One employee-owned company and union found the program of immediate help. The Marland Mold company in Pittsfield, Massachusetts, took a break from their contract bargaining to attend the session. Upon the bargaining committee's return to Massachusetts, the negotiations went quickly and amicably. According to Mike Surowiec, president of IUE Local #225, after returning to Pittsfield on Thursday night, "we sat down Friday and had a contract by 3:30 p.m. that same day.... We listened to some of the other participants at the program and how they handled their negotiations. It seemed to help us focus on the bottom line and stop the b-s-ing. Some confrontational aspects that had existed were dispelled." Don Madison CEO of Marland added, "I think it made us take more of a team approach in solving the contract negotiations." Ray Janas, chief shop steward, thought that "we came back to Pittsfield that night with different views and ideas on how we negotiate against ourselves, for ourselves, and for the future." □

NetNews

Fall Highlights of Ohio's Employee-Owned Network

CASE STUDIES IN TEAM EXCELLENCE, a one-day showcase of manufacturing team strategies, was attended by over 100 people from area companies and KSU's quality taskforces and twenty-five persons from seven Network companies in early October at Kent State University. Participants learned about team-based quality improvement

Richard Flickinger, Kathy Cook, Sue Laughlin & Calvin Fickes from Bliss-Salem at OMA Team Excellence program at Kent State University

efforts in Ohio manufacturing firms. This annual program sponsored by the Ohio Manufacturers' Association promotes statewide education on team involvement and accomplishments through a competitive series of programs which showcase both large and small-size firms. The OMA's program at KSU offered team presentations by several competing firms in the preliminary round of competition. A special NOEOC-hosted lunch session afterwards offered Network firms the opportunity to discuss team efforts at their companies with KSU faculty, students, and others from area companies.

"I may soon be teaching others what I've learned," said one employee-owner, from among the 24 participants representing 12 ESOP firms that took part in the NOEOC's Financial Train-the-Trainer Workshop which was held during mid-November. "This program gave me a good idea how to do it."

The two-day "how-to" session offered pairs of trainers (a financial person partnered with a training specialist) a foundation in financial training for adults. Working as partners for a series of learning exercises based on their company's ESOP and financial situation, participants grappled with the profit-&-loss statement, the balance sheet, and cash flow. Though some may not feel ready to begin financial training at their firms yet, all gained an opportunity to make presentations with their partners and to feel comfortable about doing financial training. Overall, they gained more confidence. **The next Financial Train-the-Trainer workshop is scheduled for March 25 & 26, 1996.**

One highlight of the Network's Financial Train-the-Trainer session was the participation from folks at THE FLOOD COMPANY in Hudson, Ohio for the second year in a row. As Bill Gradisher, a Flood Company manager, explained to the entire group, his company used course materials to design a customized 2-day, 12-hour program of study for everyone in the company -- from the shopfloor to management. Flood built upon the Dave's Delivery workbook, visuals, and teacher's manual, and modified the program to suit their needs, with ample discussion of Flood's financials, operating costs, and reporting categories. **Attend the April 12 Ohio Employee Ownership Conference to hear more about financial training at The Flood Company.**

Employee-Owner Leadership Development Retreat participants gathered at Atwood Resort in late October. The 2.5-day program, attended by 37 participants from 14 companies and Russia's Regional Employee Ownership Program, offered knowledge and skills training in meeting skills, group problem-solving processes, financial terminology, financial analysis, and an overview of how an ESOP works.

Each year, retreat participants claim to learn a great deal from meeting other employee-owners and talking with each other about their ESOPs. This year's group, which included supervisors and union leaders from one firm, a group of team facilitators from another, as well as current and future board members, team leaders, and committed employee-owners from a variety of firms, did much the same .. and much more! They gained a global perspective on worker ownership from the four Russian participants who are actively involved in setting up participation training and activities at worker-owned Russian firms. □

Scott Marsh, Buckeye Corrugated, reports at NOEOC's Atwood retreat

In Memoriam

One measure of a man's life is the legacy he leaves behind. For **Jim Anderson**, President of Ever-Roll Specialties in Springfield, his legacy will be the future -- the prosperity of the firm's sixty employee-owners. When Jim passed away quite suddenly last May while making a round of customer visits, he had already laid the groundwork for the ESOP legacy.

"Jim was a futuristic thinker" explained Bruce Schultz, Jim's successor as President at Ever-Roll. "Back when the idea of an ESOP emerged, he met with the bankers, studied every book on ESOPs he could find, and got the plan written." Ever-Roll Specialties, a 53% employee-owned manufacturer of tubular and rod assemblies, became on ESOP five years ago as an exit strategy for a retiring CEO and major stockholder."

"The ESOP actually marks the second time that Jim successfully steered this company in an new direction," explained Schultz. Back in 1978, sales had taken a sudden nosedive. Jim sparked new life in the firm when he joined the company in sales. "He made us grow," says Schultz. "He had the foresight to envision a new market and changed the entire mentality of the company."

Jim had another visionary idea for Ever-Roll with the ESOP. "Jim's goal was to become a total ESOP company with everyone involved," said Becky Lambert, VP and a long-time shareholder and employee of the firm. "Dad was 100% behind the ESOP because it benefits *everyone,*" said his son, Ever-Roll Plant Manager Dave Anderson. "Dad was from the old school, yet he stressed that we all have to ask questions and know what's going on in the business. He wanted everyone to see what this ESOP means. As Dad put it, 'the ESOP doesn't pay next week's grocery bill, but it's a tremendous employee benefit when you are 60 and looking to retire.'"

"Jim's vision was to share leadership here at Ever-Roll," explained Eudell Konkright, a millwright with 33 years of service, who was elected as a shopfloor representative to serve on the firm's ESOP Committee. "Our ESOP Committee's role is to provide input directly to this company's top managers."

"Jim opened the books to us," recalled Rick Hoberty, a supervisor with 27 years service, in describing the dinner meetings at which Jim discussed the firm's finances. "Jim's vision was for all of us to feel like owners," he added, "something we haven't accomplished - - yet."

"But ... this past summer, in honor of Jim, we are finally doing the nitty-gritty, hands-on education that he wanted us to be doing," explained Schultz. A group of eight employees met to study the the Summary Plan Description (SPD). As Hoberty, a group member, explained "Jim wanted us to teach everyone on the floor how the ESOP works. Now we lead small classes on the ESOP out in the shop."

Jim Smith, the Steelworkers' spokesman on employee ownership for more than a decade, died August 14, 1995 after a battle with cancer. Since the early 1980s, Jim played a leading role in implementing employee ownership plans in the steel industry, helping to save thousands of jobs.

Employee ownership, for him, was more than business as usual. Its goal, he said, is "to convert the community of the shop floor into a self-governing society of self-governing persons."

There were many fine tributes to Jim at the memorial service in Pittsburgh on August 21. They spoke to all sides of the man: family man, fine organizer, tough bargainer, and good friend. Many of them spoke as well of his work with employee ownership, and Steelworker President George Becker described Jim's ESOP work as his "crowning achievement."

Mike Yoffee, summed up of the thoughts of many who had worked with Jim in his poetic tribute:

Just a simple note to thank you for teaching me
That, when it comes to helping others solve their problems,
Listen carefully.
And don't forget: most problems share a common thread
That requires us to ask the right questions
To learn what's not been written nor
said.

Just a simple note to thank you
For teaching by your example
That the tools called patience, open-
mindedness and sensitivity
Craft better solutions
Than blame and negativity....

And, of course, to thank you
For passing down to me and many
others through the years
Your experience, knowledge and
skills so that we
May carry on your ideals.
Although we won't be able to exchange phone calls, faxes or
discussion over dinner any more,
All we'll need to ask in any situation is, "What would Jim Smith
do or say?"
And I know you'll figure out how to be around to help us find
our way.

But the most important message of thanks I want to give you,
Jim, is a promise to cultivate others who share our common
visions,
Yet let them flourish in their own directions.
So what I'm saying, Jim, is that I promise,
Wherever and whenever I can, to be
The kind of guide to others that you have been to me,
Because in my mind, that is the most lasting tribute I can give to
your legacy.

Combine employee ownership and graduate school at the NOEOC

The Northeast Ohio Employee Ownership Center has a **new graduate fellowship** available, starting Fall 1996, for an MA or PhD student interested in pursuing a graduate degree in political science while taking part in the activities of the NOEOC. The assistantship provides a full graduate stipend and a supplemental fellowship (totaling **$10,000 at the PhD level or $8,000 at the MA level**), and full tuition including out-of-state fees.

As the NOEOC is the only university-based employee ownership program in the country, this fellowship provides a unique opportunity to combine theory & practice in employee ownership with graduate study. The NOEOC promotes employee ownership in Ohio by providing information, outreach, and preliminary technical assistance to employees, managers, and business owners interested in employee ownership; and through ownership training and education in existing employee-owned firms. It maintains a Moscow office to support the use of employee ownership in privatization in Russia and Eastern Europe. The NOEOC's staff of seven have varying backgrounds in economic development, industrial retention, conflict resolution, and adult and labor education. The NOEOC has an active research and publication program.

To apply: (1) write a short letter of application discussing your interest in employee ownership and relevant background, and (2) complete the KSU graduate school application forms. To obtain the forms, contact Mary Linger (tel: 216-672-2060; e-mail MLINGER@KENTVM.KENT.EDU. Completed applications should be received by **March 8, 1996.**

The NOEOC/KSU encourages applications from women, minorities, and non-traditional students with workplace experience.

Global economy, global reading

Wherever you turn, it's hard to avoid the increasing globalization of the economy. Entire industries move off shore. Japanese-owned Bridgestone buys Firestone and, in the course of a few years, destroys the relationships between labor and management built over half a century. And everyone seems to find the lure of Mexico irresistible.

It isn't the beaches of Cozumel or the archaeological monuments of past civilizations that are so attractive: it's the poverty. As long as the minimum wage in Mexico is less per day than it is per hour in the US, it's going to be profitable to move south. And Mexico is a high wage country by comparison to many other Latin American countries, not to mention India, China, or Bangladesh.

The Center for Economic and Social Justice has done a real service in publishing John Miller, editor, ***Curing World Poverty: The New Role of Property.*** (Available from ***Social Justice Review***, Catholic Central Union of America, 3835 Westminister Place, St. Louis, MO 63108, for $15.)

Combining Louis Kelso's legacy of iconoclastic economics and Catholic social and economic teaching and drawing substantially on the writing of Norman Kurland and Michael Greaney, the essays in this fascinating book promote a broader distribution of property at home and abroad. The thrust of Miller's selections is to merge the church's teaching of the necessity of stewardship and solidarity in the community's economic life with Kelso's argument that broadening the distribution of ownership of productive assets would attack the root causes of poverty. More theoretical and theological articles are supplemented by case studies of firms and policies which have spread ownership more widely in the US, Egypt, and elsewhere. Worrying about Third World poverty isn't just for the clergy and liberal do-gooders any more; Curing World Poverty is in all of our interest.

How do you convert the sclerotic, state-owned, centrally planned economies of the Communist system to private market economies?

Transforming Russian Enterprises: From State Control to Employee Ownership, edited by John Logue, Sergey Plekhanov, and John Simmons ($65 from Greenwood Press, 88 Post Road West, Westport, CT 06881) suggests that one choice is a Russian market economy with broadly shared ownership of productive assets and decentralized decision-making within firms that retain much of their responsibility for social and economic welfare.

Transforming Russian Enterprises traces Russian efforts at economic reform from Khrushchev through Yeltsin (including the experiment with privatization through the BUTEK Association). The core of this joint Russian-American book is a series of empirical case studies of six Russian firms which privatized early through worker ownership and which have been in the forefront of redesigning their management structures to adapt to the market economy. For the first several years of Russian economic reform, these firms succeeded in raising production (as production fell throughout the Russian economy), launching new products, and raising real wages and benefits (as real living standards fell in the economy generally). Today, however, even these successful employee-owned firms are hard pressed by the catastrophic economic situation.

As Russians again debate economic reform in this winter of discontent, democratic employee ownership has its attractions. □

This Issue of Owners At Work . . .

Sponsored By:

The Ohio Department of Development, Labor Management Cooperation Program

The Ohio Labor-Management Cooperation Program encourages cooperative work practices among employers and employees throughout Ohio through a network of Area Labor-Management Committees and Centers to develop high performance work organizations.

Co-sponsored By:

Deborah Groban Olson
Attorney at Law

Since 1981, Attorney Deborah Groban Olson has represented employees, selling owners, ESOP trustees and labor unions in employee ownership matters as a deal maker, plan counsel, in negotiations and litigation. Groban Olson has worked on over 140 such projects ranging in size from under $1 million to over $300 million asset value. She serves on the Board of Directors of the National Center for Employee Ownership and is Vice-President of the ESOP Association Michigan Chapter. For more information, please contact Deborah Groban Olson: 313-964-2460 or 313-331-7821.

Keilin & Bloom

Keilin & Bloom, LLC, a New York investment banking firm, is dedicated to providing sophisticated financial advice to unions and employee groups. The firm's professionals have assisted in a range of significant employee-led acquisitions, including United Airlines, Republic Engineered Steel, Inc., Weirton Steel, Provincial Paper Company, and St. Mary's Paper Company. Keilin and Bloom professionals also have advised unions in large and complex bankruptcies and restructuring such as LTV, Wheeling-Pittsburgh, and Navistar. Many corporate restructurings have led to significant employee ownership such as Algoma Steel (the largest ESOP in Canada) and Northwest Airlines. For more information, please contact Eugene J. Keilin at 212-338-5100.

Valuemetrics, Inc.

Valuemetrics specializes in providing business valuation and financial advisory services to privately held companies. The firm was started in 1981 and has offices in Chicago, Cincinnati, New York and Atlanta. We are distinguished by our expertise in a broad spectrum of industries and our professional staff with advanced degrees, professional accreditation and significant transaction experience. Valuemetrics is a leader in providing financial services to ESOP companies and shareholders who are planning for ownership succession. For more information regarding our business valuation, ESOP feasibility and design, transaction advisory and litigation support services, please contact **Rick Schlueter** at 513-241-9633.

The NOEOC appreciates the support from our sponsors in this issue of Owners At Work.

OWNERS AT WORK

Volume VII, No. 2 **Winter 1995/1996**

IN THIS ISSUE:

NOEOC

Northeast Ohio Employee Ownership Center

NOEOC
309 Franklin Hall
Kent State University
Kent, OH 44242

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

ADDRESS CORRECTION REQUESTED

Upcoming Network Events

March 14
Columbus, OH
CEO Roundtable
Half-day discussion of timely topics selected by participants. Held in conjunction with Ohio ESOP Association Spring Conference.

March 25 & 26
Hudson, OH
Teaching Financials to Employee Owners:
A Financial Train-the-Trainer Workshop to train your company's peer trainers.

Ohio Employee Ownership Conference
April 12, 1996
see page 9

April 12
Richfield, OH
Ohio Employee Ownership Conference
10th Annual Ohio Employee Ownership Conference. Tracks for managerial, non-managerial, and those exploring employee ownership.

May 9
Columbus, OH
Financial Terminology Workshop
Introduction to basics of business financial statements for non-managerial employee owners.

May 9
Columbus, OH
Financial Analysis Workshop
Tools of financial analysis for non-managerial employee owners who understand how to read financial statements.

May 10
Columbus, OH
Advanced ESOP Issues Workshop
ESOP fiduciary roles and responsibilities; for nonmanagerial persons serving in a goveranance role in an ESOP company.

June 6 & 7
Atwood, OH
CEO Retreat
Informal learning & formal study sessions on key leadership issues in an employee-owned firm.

OTHER EVENTS

February 28-29
Washington D.C.
Worker Owner Institute Conference
For More Details: 412-562-2254

March 14
Columbus, OH
Spring Conference
Ohio Chapter, ESOP Association
For More Details: 216-689-3198

April 17-19
San Francisco, CA
National Conference
National Center for Employee Ownership
For More Details: 510-272-9461

April 30
Cleveland, OH
NCEO Workshop
For More Details: 510-272-9461

May 15-17
Washington D.C.
National ESOP Association Conference
For More Details: 202-293-2971