Also in this issue...

Employee Ownership Measures Up with Social Accounting
Judge Says ESOPs are Bad Public Policy
Employee ownership has the power to inspire. This issue of Owners at Work prints retired Foldcraft CEO Steve Sheppard’s keynote address at the 20th Ohio Employee Ownership Conference. “Participative employee ownership,” he says, “provides the opportunity for people to stretch.” And the case study of the Antioch Company’s impressive system of “triple bottom line” accounting is just that sort of stretch. Antioch accounts not just for the company’s financial results but for its impact on people and on the planet as well.

Employee Stock Ownership Plans (ESOPs) are, of course, the brainchild of Louis Kelso. It’s been more than 30 years since Kelso and Senator Russell Long had their famous dinner that led Long to champion and Congress to endorse ESOPs. Since then, thousands have been established, creating billions in equity for ESOP participants. But the economic theory that underlay Kelso’s thinking on ESOPs is still largely unknown, even among ESOP participants. In this issue Robert Ashford sketches Kelso’s theory of “binary economics.” He leaves us a lot to think about.

Chicago Appeals Judge Richard Posner, one of the leading intellectual lights of the “law and economics” school of legal theory, ignited a firestorm last summer by suggesting that the ESOP is bad public policy and should be reconsidered. ESOPs are, Posner says, “an inefficient method of wealth accumulation by employees” and their tax advantages “do not represent a social benefit, but merely a shift of tax burdens to other taxpayers.” You can read Posner’s argument and some of the many critical responses we have received. We welcome additional correspondence on this issue.

On a less happy note, Hoover in North Canton, Ohio, was sold for the second time in two years—and to a Chinese firm, not to the employees. Keep your fingers crossed!

The OAW Team
Hong Kong Firm Buys Hoover

In less than two years, the Hoover vacuum cleaner company has been sold twice, first to Whirlpool and most recently to Techtronic Industries, the Hong Kong-based parent of several other floor-care companies. But the future of the firm, and its plant in North Canton, Ohio, is still uncertain.

Hoover’s former owner, Maytag, became the subject of a bidding war that started in 2005. Whirlpool won the bidding last April, but quickly decided it did not want to be in the floor care industry and put Hoover up for sale in June 2006. The employees, hoping to have some input into the fate of their jobs, voted to explore a partial employee buyout through IBEW Local Union 1985.

As the months wore on, the local changed its strategy to attracting an equity buyer with which they might be able to negotiate an employee ownership component.

The folks at Hoover’s plant waited for a long time to find out who their new owner was going to be. In early December Techtronic Industries made the winning bid of $107 million. Techtronic is the maker of the Dirt Devil, Royal and Regina vacuum cleaners. As the parent of Royal Appliance Manufacturing in Cleveland, the company already has a presence in Ohio with 300 administrative and distribution employees.

Unfortunately, the waiting and the uncertainty are not over. The acquisition is expected to close by the third quarter of 2007, although some believe it could close as early as the first quarter of the year. However, it must first pass federal regulatory scrutiny, most likely by the Securities and Exchange Commission or by the Antitrust Division of the U.S. Justice Department.

What Techtronic Industries will do with the North Canton facility is the subject of speculation at this point. Just a few days before the deal was announced, IBEW Local 1985 held a rally at its union hall. Ohio’s newly elected Governor Ted Strickland, the State’s new Attorney General, Marc Dann, and a representative of newly-elected U.S. Senator Sherrod Brown were joined by U.S. Representative Ralph Regula in pledging to work with the new ownership to see that Hoover jobs remain in North Canton.

One positive for the folks in North Canton: Techtronic is going to honor the collective bargaining agreement with IBEW Local 1985. Even so, the local union wants to sit down with the new owners and find out how they fit into Techtronic’s plans. Once the deal finally closes, Techtronic has committed to meeting with the IBEW and with government officials to discuss their options. Since the Hoover facility was put up for sale, workers have expressed fears that it might be bought by an Asian company that would move all manufacturing offshore. Jim Repace, President of IBEW Local 1985, says, “That’s any American manufacturer’s biggest fear, but I’m looking forward to talks with them. I’m going to ask them straight out if they’re going to keep manufacturing in North Canton.”

Some analysts believe that the fact that TTI is a foreign corporation does not bode well for the future of the plant, but Repace says, “We will continue to try. We can’t just give up.”

From One Employee-Owned Company to Another

H.C. Nutting Company, an employee-owned engineering and consulting firm with headquarters in Cincinnati, Ohio, was acquired in early January 2007 by Terracon, one of the nation’s largest employee-owned engineering consulting firms. Terracon, based in Lenexa, Kansas, is ranked 49th on the National Center for Employee Ownership’s list of the top 100 employee-owned companies. HCN, a former member of Ohio’s Employee Owned Network, with approximately 280 employees, will operate as a division of Terracon.

The merger is intended to allow Terracon, with more than 80 offices nationally and a total of 2,100 employees, to expand its services into the Midwest, while allowing Nutting to expand its service capabilities and offer national coverage to clients. HCN currently has branch offices and facilities in Cleveland and Columbus, Ohio; Charleston, West Virginia; Lawrenceburg, Indiana; and Lexington, Kentucky.

“We are delighted that Terracon and H.C. Nutting Company have joined forces,” said David Gaboury, Terracon’s President and CEO. “Nutting has an excellent regional history and reputation. Together our national resources will bring tremendous value to clients.”

HCN President Jack Scott believes that Terracon is a good fit for the firm because of its similar values, successful track record and large national resources that complement HCN’s strong regional success. According to Scott, the fact that Terracon is also an ESOP was a major factor in doing the deal. “This is a tremendous opportunity for our employees,” he said. “Terracon is an outstanding firm with a tremendous infrastructure. Joining employees. Continued on page 4
Blue Heron Paper Becomes 100% Employee Owned

Created as a minority ESOP just six years ago by KPS Special Situations Fund, a union-friendly investment banker, Blue Heron Paper Company became 100% employee-owned in mid-September 2006 when KPS sold its 60% controlling share to the 375 employees. In addition to stock ownership, the plan includes a profit-sharing program and employee membership on the Board of Directors. Hourly workers are represented by the United Steelworkers and the Association of Western Pulp and Paper Workers.

Terms of the sale weren’t disclosed, but KPS said in its press release that it made back about five times its investment. The Daily Deal, a financial newspaper featuring news and information on deal transactions, reported that KPS had invested $5 million when it created Blue Heron in May 2000 to purchase the newsprint assets of the Smurfit-Stone Container Corporation in Oregon City, Oregon. At that time, KPS awarded a 40 percent stake to employees through an employee stock ownership plan, in exchange for wage and benefit concessions. Blue Heron was cash flow negative when KPS stepped in, according to Racquel Vargas Palmer, Principal of KPS.

Over its brief history, Blue Heron has become one of North America’s leading producers of newsprint and other specialty paper products. Along the way, it acquired the Pomona, California assets of the former Smurfit Newsprint Corporation of California. The company recycles more than 450 tons per day of newsprint, magazines and other paper, and makes a variety of grades of newsprint, bag papers and specialty papers. It has annual revenues of roughly $250 million.

“This transaction demonstrates the value that can be created when an investor, management and labor work together towards a common goal. Blue Heron is also a textbook example of KPS’ investment strategy at work. We created a new company six years ago to purchase two severely underperforming paper mill assets, and working collaboratively with management and the employees, helped to transform the company into a viable, profitable business,” said Palmer.

Mike Siebers is the President and CEO of Blue Heron. He has over 35 years of experience in the pulp and paper manufacturing industry and was in on the ground floor in 2000, having run the mill for Smurfit from 1994-1999. “This is a very good move for the future of the company,” said Siebers. “It makes a very flexible, nimble company whose employees have a lot of incentives to increase its values. It’s a good situation for everyone involved. The company gets a benefit; the employees get a benefit; and KPS was able to successfully follow its exit strategy.”

KPS Special Situations Funds are a family of private equity funds with over $600 million of committed capital focused on constructive investing in restructurings, turnarounds and other special situations.

Pension Protection Act Sets New Vesting Schedules for ESOPs

The Pension Protection Act (PPA) of 2006 was signed into law on August 17, 2006. While its primary focus is on the funding of defined benefit plans, there are several provisions that affect defined contribution plans, including ESOPs.

Almost all ESOP companies must adopt new accelerated vesting schedules for all employer contributions made for plan years beginning in 2007. The current 5-year cliff vesting schedule is replaced by a 3-year cliff vesting schedule. Similarly, the current 7-year graded vesting schedule is replaced by a 6-year graded vesting schedule. These are maximums. Companies can adopt a more generous vesting schedule (e.g., 2-year cliff or 5-year graded or immediate vesting) but cannot exceed the prescribed maximum periods.

Some companies will be able to delay implementing the new vesting schedules. Exempted from the requirement to switch are companies with an ESOP note—a loan from the company to the ESOP—in place on September 26, 2005. These companies must make the switch on the earlier of the date that the ESOP note is actually fully repaid or the date it was scheduled to be fully repaid as of September 26, 2005.

Companies that must change their vesting schedule can make the change effective for all assets in participants’ ESOP accounts, or they can have two vesting schedules: the old schedule for ESOP contributions made for plan years 2006 and earlier and the new schedule for ESOP contributions made for plan years 2007 and later.

There are definite communication advantages to having only one vesting schedule. Imagine trying to explain in 2007 to ESOP participants with 3 years of service as of 2006 in companies with a 5-year cliff vesting schedule that they are 100% vested in their new ESOP contribution for 2007 but are 0% vested in their old ESOP contributions received in 2006 and earlier. However, there are potentially large financial implications in making the change. Before making a decision, each company should weigh the potential confusion and corresponding lost productivity of having two vesting schedules against the financial implications of an accelerated repurchase obligation.

Professional ESOP administration firms will have no difficulty tracking different vesting schedules as they already track many different types of shares separately, so companies should not fear that issue when considering the vesting schedule change.

Separately, the PPA required accelerated diversification rules for publicly-traded ESOPs. The provisions state that company stock purchased with employee money is 100% immediately diversifiable and that company stock purchased with employer contributions is 100% diversifiable after 3 years of service. Employer securities in ESOPs in plan years beginning prior to 2007 are generally 33% diversifiable in 2007, 66% in 2008, and 100% in 2009.

Company management should consult with their ESOP professionals to determine the impact of PPA on their company and to steer them toward the most appropriate choice.
Bush Tax Reform Panel Proposals Still Alive

The recommendation by President Bush’s Tax Reform Panel to eliminate ESOPs is still at the Treasury Department. As before, there is no consensus in the ESOP world as to how to interpret the seriousness of these proposals. For more details, see the Winter 2006 issue of Owners as Work. Reactions from ESOP professionals range from “it’s dead in the water and going nowhere” to “it is still a serious threat and those that say otherwise don’t know what they’re talking about.”

Michael Keeling, President of The ESOP Association, reiterated that it is important for the ESOP community to stop this recommendation at the Treasury Department. “If Congress gets the Commission’s recommendation, … the ESOP community will have to make a massive effort to defeat the proposal.”

For those interested in writing to Treasury Secretary Henry Paulson or contacting their Senators and Representatives, The ESOP Association has drafted sample letters in the government affairs section of its website, www.esopassociation.org.

ESOPs Have New Deadline Dates for Filing IRS Determination Letters

A new Revenue Procedure changes the date for ESOP companies to submit their determination letter regarding the ESOP to the IRS. Every individually designed plan will be assigned a 5-year cycle for filing, based on the last digit of the company’s employer identification number (EIN).

Company management should consult their ESOP attorneys for details as to how this new Revenue Procedure affects their company.

The three news items above were reviewed for accuracy by Peter Shuler, Executive, Benefit Plan Services, in the Columbus, OH, office of Crowe Chizek and Company LLC. However, nothing in these items should be construed to be legal or tax advice or opinion. For your specific circumstances, consult your ESOP professional.

Prairie Labour/Worker Co-op Council Pursues Worker Buyout Strategy

Twenty regional leaders of the Canadian trade union and worker co-op movements met September 16-17 to discuss a worker buyout strategy as a response to a spate of recent plant closures. The group assembled in Saskatoon, Saskatchewan, at the invitation of the Canadian Worker Cooperative Federation (CWCF) and Larry Hubich, President, Saskatchewan Federation of Labour.

The result was The Prairie Labour / Worker Co-op Council (PLWCC). The PLWCC is a response to new rules for international trade that privilege free-capital movement but restrict efforts to maintain fair labor and environmental practices. According to the PLWCC, the new global trade rules put workers’ rights and a clean environment at risk and give advantages to the most unprincipled global corporations. When local communities refuse to sacrifice their labor and environmental standards on the altar of globalization, absentee owners threaten to move their capital elsewhere. The PLWCC response is, “You go. The plant stays.”

In the opening speech, Lynn Williams, legendary leader of the Steelworkers and pioneer of unionized employee buyouts across North America—like the rescue of Algoma Steel—declared the meeting “historic.” Williams will be bringing the same optimism in his keynote to the Eastern Conference on Workplace Democracy, July 21st, 2007, at the University of North Carolina Asheville.

Hazel Corcoran, CWCF Executive Director, and Michael MacIsaac, Canadian Labour Congress (CLC) Education and Campaigns Director represented their national offices. MacIsaac declared, “We see plants closing. Capital is moving. There is an alternative. How do we get there? In all of our labor education, we do not include co-ops in the agenda…. We need to start with education. We have to create some debate in the labor movement about what this is.”

Two days of intensive discussions about advancing the ability of workers and communities to defend their jobs and local economies led the labor and worker co-op leaders to vow to build their capacity to respond effectively and rapidly in the future when jobs are threatened. With both Prairie Region Directors, April Bourgeois (CWCF) and David Winter (CLC) present, the group moved to establish the PLWCC to guide further discussions on strategic joint planning.

Priorities include raising awareness of the worker co-op ownership model with union members, development partners and the public; assembling rapid response teams to bring effective technical assistance to shutdown threats; and assessing and developing specialty financing tools for conversions to worker ownership.


Late Breaking News

ComDoc Inc. Goes to 100%

ComDoc Inc., a distributor of printer and copy machines based in Uniontown, OH, and a longtime active member in Ohio’s Employee-Owned Network, successfully completed a transition from 42% to 100% ESOP ownership as of December 31st of 2006. Congratulations to the employee-owners of ComDoc. We hope to provide more details in the next issue of Owners at Work.
“The time may have come to rethink the concept of an ESOP...”

Judge Posner ignites a firestorm

Are ESOPs an “inefficient method of wealth accumulation by employees”? Are they “merely a shift of tax burdens to other taxpayers?”

In a June 2006 decision in the case of Summers v. State Street Bank dealing with the United Airlines ESOP, Chicago Circuit Court of Appeals Judge Richard Posner set off a firestorm in the employee ownership community by indicting ESOPs for those sins and others.

Posner is the leading intellectual light of the “law and economics” school of jurisprudence. He’s spent his career trying to introduce concepts of economic efficiency into law.

Indeed, his argument supporting State Street’s fiduciary conduct as the United Airlines’ ESOP trustee is based on the premise that the stock market is the most accurate indication of value – not the views of the State Street Bank trustees or the union trustee committee.

He indicts ESOPs for being economically inefficient, putting employee savings at excessive risk, transferring costs to other taxpayers, and not improving company performance because the employee’s efforts, “unless he is a senior executive, are unlikely to move the price of the stock.”

Here’s the crucial paragraph of what Posner had to say about ESOPs in the Summers case:

The time may have come to rethink the concept of an ESOP, a seemingly inefficient method of wealth accumulation by employees because of the underdiversification to which it concedes (though remember that what is important is the diversification of the employee’s entire asset portfolio, including his earning capacity, rather than whether an individual asset is diversified). The tax advantages of the form do not represent a social benefit, but merely a shift of tax burdens to other taxpayers. Nor are we aware of an argument for subsidizing the ESOP form, as the tax law does, rather than letting the market decide whether it has economic advantages over alternative forms of business structure. As for the notion that having a stake in one’s employer will induce one to be more productive, the evidence for such an effect [see “Motivating Employees with Stock and Involvement,” NBER Website, Apr. 25, 2006, http://www.nber.org/digest/may04/w10177.html; Joseph Blasi, Michael Conte & Douglas Kruse, “Employee Stock Ownership and Corporate Performance Among Public Companies,” 50 Indus. & Lab. Rel. Rev. 60 (1996)] is weak and makes no theoretical sense. An employee has no incentive to work harder just because he owns stock in his employer, since his efforts, unless he is a senior executive, are unlikely to move the price of the stock.

Nor is employee stock ownership likely to forge sentimental ties between employees and employers that might cause the former to work harder, although it may alleviate union pressures for wages or benefits.

While Posner’s negative view of ESOPs in the Summers decision had no relevance to the actual decision (which supported State Street Bank and Trust’s role as trustee for the UAL ESOP), his views are interesting precisely because the “law and economics” school claims to bring empirical evidence of economic efficiency into consideration of the law. When the law and economic efficiency diverge, jurists of Posner’s mindset argue for revising the law.

But is Posner empirically right in his argument? OnW received more comments on Posner’s decision than anything else we can remember, some solicited, some not. They are excerpted here. Full texts are available on our website at www.kent.edu/oeoc/posner.

Financial Commitment and Employee Motivation

Ben Wells

Judge Posner argues that the evil of ESOPs is their lack of diversification. Certainly portfolio theory teaches that diversification is an important tool to reduce investment risk.

But ESOP participants are not portfolio managers. Employees generally can sell their labor to only one business. If they also are an investor in that business through an ESOP, does that present an unacceptable level of risk?

Certainly there is always a chance that the investment in any business will not be a good one. But when a person has a stake in a business, whether it is a family farm, a medical practice, a corner grocery or a factory, they are more attentive and more likely to work harder.

However, Judge Posner argues that the principle does not work with an ESOP. He says that an employee “has no incentive to work harder just because he owns stock in his employer, since his efforts, unless he is a senior executive, are unlikely to move the price of the stock.”

Really?

So why do citizens vote? Their vote is unlikely to determine the outcome of the election.

Why does a soldier fight? His actions will probably not determine the winner of the battle.

Obviously, they do it because they know that when they act along with others, they can change the result. One doesn’t need to look very hard to find thousands of ESOP employee-owners who know that their actions, combined with their co-workers, can and will produce great results.
That is the key issue. Motivated employees are better employees, and make a better business. Can they overcome any obstacle? Of course not. But this motivation is the reason that ESOP companies tend to be more successful, and therefore less risky, than other companies.

Should employees have all of their eggs in one basket? No. They should add to their assets by saving, and they will rely on Social Security for some of their retirement income. They should also take advantage of their right to diversify their ESOP benefit when it is available.

For those who find this stake in their future too risky, there are thousands of other non-ESOP companies that need workers. But it makes no sense to use avoidance of risk as a reason to deny employees the opportunity to build real wealth through their efforts at an ESOP company.

Ben Wells is a Partner with the law firm of Dinsmore & Shohl, LLP, and leads its Compensation & Benefits Practice Group.

The View from Employee Owners

Keith Robertson

Most ESOPs are in small, privately held companies, not huge, publicly traded enterprises like United Airlines. The operation of these two types of businesses is markedly different. Judge Posner’s lack of knowledge and experience in this area is apparent, as he discounts the social and economic benefits to be gained from successful, local businesses, as well as how market economics affect small companies much differently than large ones....

I speak from the perspective of someone who began as an entry level technician at ComSonics, a small electronics firm in a relatively small Virginia town. This was in 1983 and my rough guess is that ComSonics employed about 100 people at that time. Over the ensuing 23 years I have been able to grow with the company, moving into supervision, and then management, while at the same time ComSonics has more than doubled its workforce, expanded into three other states, and greatly increased its product line and services provided. During that time our stock price has increased over 2,000 percent!

How do we do that? Certainly not by “cooking the books.” No, we do that through hard work, and, yes, through teamwork. I know that’s an old cliché, but it’s the truth. Our founder Warren Braun sought to create a business where people worked together to achieve success. We have argued many hours over how to build a product, or deliver a service to a customer, but with the intent of getting it done as quickly and profitably as possible, and the results speak for themselves.

Our ESOP has created a tremendous amount of retirement wealth for a lot of people who probably wouldn’t have that without the ESOP. My own account has grown comfortably into the six figures—not bad for something I certainly would never have realized any other way. Our extraordinary efforts are a result of the belief that we really are working for ourselves, and also for each other, and that we’re not just putting money into the big man’s pocket, we’re putting it into our own. In small companies this type of culture really can exist. It does here, and I know it does in many, many other ESOP companies that I have visited, or whose employees I’ve had the great privilege of meeting.

This culture creates a very real sense of pride in the things we design, manufacture, and sell, and the repair services we provide. When our customers and suppliers contact us, they really are talking to the owner.

I invite Judge Posner and anyone else subscribing to his views to come visit us. We will show you a place where people are proud to work. We will show you a place where our ESOP Employee Advisory Committee helps make it fun to come to work, where people aren’t watching the clock every day for 5:00 p.m. to come around. We will show you a place where visitors ask, “Why do these people act like they own the place?” It’s because we do.

Keith Robertson is the Information Systems Manager at ComSonics, Inc, a 100% employee-owned firm in Harrisonburg, VA. He was the National Employee Owner of the Year in 2001.

The View from Employee Owners

Deb Stottlemyer

As a 28 year employee-owner in a 23 year ESOP company, I was disappointed and frustrated while reading Judge Posner’s comments on ESOPs.

I am neither a senior executive, nor middle management, Continued on page 8
What Say the Senior Executives?

Joseph Cabral

It concerns me that Judge Posner, who is well respected and highly influential, could be so uninformed when sharing his unsolicited opinion of ESOPs. Clearly, he has no direct knowledge or understanding of how and why ESOPs work.

Our nation (and the world) faces an enormous challenge in a growing concentration of wealth accumulation by the very wealthiest. I believe the ESOP is the best form of capitalism where all employees can become capitalists and share in the wealth they help create.

The President’s call for an “ownership society” included home ownership and social security. We are all aware of the benefits and risks of social security and home ownership. Now it is time to extend that “ownership” definition to include ownership in the companies where we work. No one gets rich on a paycheck. Wealth is created through ownership.

The benefits of ownership through ESOPs, where workers do not pay cash, but labor, for their ownership stake, have been proven in numerous research studies. My company, Chatsworth Products, and numerous other ESOP companies have demonstrated that aligning the interests of workers and shareholders through an ESOP results in greater wealth creation that is more broadly shared.

My hope is that Judge Posner as well as our Congressional representatives take the time to visit some of the over 10,000 ESOP companies so they can truly judge the value of ESOPs with first-hand knowledge and perhaps spark an honest debate on the merits of the ESOP form of ownership compared to other types of ownership, especially public ownership.

Joseph Cabral is the retired Chair and President of Chatsworth Products and former Chair of The ESOP Association.

Law and Economics

Norman Kurland

As a graduate of the University of Chicago law school, I was permanently enriched by my exposure to market-based law and economics as taught by Edward Levi and Aaron Director at the virtual birth of the school’s law and economics program. Because of his association with the law school, I was greatly disappointed in the recent *obiter dicta* remarks of Federal Circuit Judge Richard A. Posner, whose views I previously admired, attacking the Employee Stock Ownership Plan, (“ESOP”) in *Summers v. State Street Bank and UAL Corporation ESOP Committee et al.* (7th Cir. June 28, 2006). These remarks were singularly inappropriate as well as inaccurate and superficial....

The ESOP was designed to give workers the means to become genuine investors, not forced into speculation in the Wall Street securities market. The ESOP is the only existing method by which ordinary people can “earn” shares in the company for which they work without reducing take-home pay, relying on their largely non-existent savings, or becoming personally obligated to repay a loan to purchase company shares.

Contrary to the judge’s assertion, the taxpayer does not subsidize the cost of workers’ shares. The cost of shares is construed as deferred compensation and the deduction from corporate income is no different from that allowed for any other wage or salary expense.... Workers pay ordinary income taxes on all distributions from an ESOP. This is a tax deferral, not tax avoidance.

Perhaps most incomprehensible is that Judge Posner (a self-styled free market advocate) implicitly rejects the free market, and erects barriers to universal participation in ownership of the economic common good. Exhibiting a stale legalism without justice, he undermines the only means by which more than ten million Americans in over ten thousand companies have been empowered since 1974 to participate in the market as owners....

Norman Kurland, president of the Center for Economic and Social Justice, holds a JD from the University of Chicago Law School.

What Does the Research Really Say?

Joseph Blasi and Douglas Kruse

In its June 2006 decision on United Airlines, the Court of Appeals decision refers to some of our research findings on employee ownership out of context....

This summary of the employee ownership research is not a full statement of what we know and it needs to be supplemented, because, as it stands, it can be misunderstood. First, in the main article which the Court quotes from the *Industrial and Labor
Relations Review, we indicated that the evidence on ESOPs to that point was quite positive....

Because many of these articles did not measure such things as corporate culture and employment practices, the research up to that point made it hard to specify what it was about employee ownership that really explained its performance effects. In the new research offered ..., we were not able to resolve this issue at the time.

Second, our Industrial and Labor Relations Review article took up again the issue of what explains the performance of firms with employee ownership. While we repeatedly said that ‘there is no automatic connection between employee ownership and firm performance’ in that article, we again said that one had to look more closely at corporate culture and employment practices to figure out what about employee ownership might explain performance effects....

Perhaps the Court misunderstood our point of view. What we were saying here was that the evidence suggested that if one could measure employment practices and corporate culture, we would expect that “employee relations climate, human resource policies, and workplace governance structures might play an important role in determining whether employee ownership has positive effects. We were making what we thought was an obvious point: no corporation has just employee ownership, rather every corporation has employee ownership and some employee relations climate, human resource policies, and workplace governance structures. Measure everything and you could perhaps shed more light on how employee ownership worked.

Third, since 1996 we have been able to measure “employee relations climate, human resource policies, and workplace governance structures” and we have found that—as we expected in the 1996 article—these practices do explain the performance effects of employee ownership. Moreover, the interaction of certain practices and employee ownership are associated with positive performance. For example, in our National Bureau for Economic Research piece with other co-authors (“Motivating Employee Owners?”) to which the Court also refers, we concluded that “employee owners who participate in employee involvement committees are more likely to exert peer pressure on shirking co-workers” (NBER Working Paper 10177).

Fourth, precisely to work at resolving this question, between 1999-2007 we have been involved in a six year assessment of these issues funded by the Russell Sage Foundation and the Rockefeller Foundation at the National Bureau for Economic Research. The data-set assembled for this study included 41,000 employee surveys in hundreds of work sites and companies of various sizes and industry groups. Our conclusions were just presented at a conference at the Russell Sage Foundation in New York City on October 6-7, 2006. We were able to more carefully test the assertion made in the Industrial and Labor Relations Review article that it was “employee relations climate, human resource policies, and workplace governance structures” that explained the positive effects of employee ownership. Indeed, this is precisely what we found. Specifically, we found that the interaction of employee ownership and other forms of shared capitalism with other corporate policies is associated with positive workplace performance. (“Creating A Bigger Pie: The Effects of Employee Ownership, Profit Sharing, and Stock Options on Workplace Performance” Richard Freeman, Joseph Blasi, Chris Mackin, Douglas Kruse. October 1, 2006) Moreover, we have cited several economic theorists in these studies to indicate that group incentives can make theoretical sense under the right conditions.

Joseph Blasi and Douglas Kruse are professors at Rutgers University’s School of Management and Labor Relations and have done extensive research on employee ownership.

What Was Congress’s Intent?

Michael Keeling

As irritating as Judge Richard Posner’s diatribe against ESOPs is in Summers et al v. State Street Bank & Trust Company, the fact is he does not miss the mark to any significant degree when he states what he thinks Congressional intent was, and is, with regard to current ESOP policies.

Judge Posner states that Congressional intent in authorizing and promoting ESOPs is to provide retirement income security, to create better companies, and to therefore further a social good.

There is nothing out of place with what Judge Posner implies—which is ESOPs are both savings and ownership plans.

The written, permanent Congressional record consistently references the positive goals of ESOPs as providing retirement savings, and creating better performing companies because employees will be more productive when they are owners of the companies where they work.

An interesting side bar to whether Judge Posner was correct in setting forth what he perceived as the reason Congress authorized and promotes ESOPs is he does not cite Congressional intent that ESOPs are excellent tools for corporate finance. The Congressional documents of the period 1975 until 1987 often cite ESOPs as a tool of corporate finance.

This view of ESOPs as a technique of corporate finance is not just embedded in the Congressional record, but is stated clearly in a law that has never been repealed or amended (90 Stat. 1590, P.L. 94-455).

It is hard to fault Judge Richard Posner for not addressing this aspect of the Congressional intent behind ESOPs because seldom do ESOP advocates, whether paid lobbyists or citizen lobbyists, cite to members of Congress, the media, or the public any reasons for ESOPs except that they create excellent retirement savings for average pay employees, and that they in many instances result in high performing companies that are good for the American economy...

Unfortunately, Judge Posner’s view of ESOPs is gaining momentum in the media and, it appears, in government policy circles.

The ESOP community will not back back the attacks on ESOPs as evidenced by Judge Posner’s diatribe by claiming he does not understand why Congress authorized and still supports ESOP creation and operation. ESOP advocates will overcome his attacks, and those by other ESOP critics, by proving his beliefs about ESOPs are wrong, and that ESOPs are in sync with Congressional intent.

Michael Keeling is President of the ESOP Association, the national trade association for ESOP companies.
Thanks for the invitation to share a few thoughts about great ESOPs and creating companies worth keeping.

In preparation, I thought hard about what I wanted to say and what might benefit YOU to hear. The result is 31 years of the Foldcraft “experiment,” as we called it, condensed down to a half-dozen conclusions that are pretty firm in my mind as key to maximizing the strength of any employee ownership organization, and any company worth keeping.

**Wellness IS ESOP**

I love to work out! Early on I became an advocate for a holistic approach to fitness, following the six generally accepted dimensions of personal wellness, including Intellectual, Social, Emotional, Spiritual, Occupational and Physical.

I sometimes found myself forgetting one of the dimensions. So, one afternoon I cut out each of the six words and tried to arrange some sort of anagram to help me recall. If I arranged them in the way I just recited them to you and took the first letter of each word, it spelled out the phrase IS ESOP. Wow! Wellness IS ESOP! I have never forgotten any of the six dimensions since that day, not once!

But more importantly, it triggered my thinking that companies, like people, need to be cared for holistically, and thus was born the idea of corporate wellness at Foldcraft.

The notion that Wellness IS ESOP is as true today as it was then. As I have come to experience the practices and thinking of many of the most successful employee ownership environments in the country, I find they almost always have some sort of multi-tiered, holistic basis to them. They may not call it wellness or holistic development, but it’s almost always an integration of broad company health initiatives.

**Involvement/Participation Is A Universal NEED**

Among the new ventures in my “post-Foldcraft” life, I have taken on the work of a private foundation that makes grants and does microlending in Nicaragua. Winds of Peace works with the poorest of the poor, focusing on indigenous people, women’s groups and the rural poor. In trip after trip, conversation after conversation, even in the outermost mountainous regions of the country, three themes emerged from these people again and again: holistic well-being, ownership, participation. The themes that absolutely consumed my ESOP years at Foldcraft were being fed back to me by Nicaraguans as unschooled, unfavored and unsupported as any people on the planet. They were telling me about the importance and the need for such concepts in their struggling lives. For them, participation is not simply a nice amenity to be experienced in some select companies. It is a need of life.

Martha Valle is Director of SACPROA, a women’s cooperative and lending association that provides resources and entrepreneurial opportunities to its rural, impoverished members. “In 2005, we’ve conducted training for establishment of production plans, projections and four areas of literacy training, including business literacy. The women must know their ownership, must feel their ownership, they must be active in it, and it’s then they feel complete.” She could be talking about some of our companies, for heaven’s sake! ESOP. Without knowing it, without intending it, that’s what Martha could be talking about.

These people have come to understand the need for their participation. Overly dramatic? Perhaps, but very real to them. The very precepts that we preach and teach and sometimes even model in our companies are the means to survival! “We must face the struggle every day,” Martha says. “There is honor in the struggle. But it is the struggle that brings wholeness. We are together in all things, and it is how we have managed to build what we have.”

**Employee Ownership Is An Opportunity: Greater Than You Imagine and Less Than You Wish**

If one thing is universally true of our companies, it is this: we are businesses first. No matter what else we may aspire to, we simply have to succeed by the measures that assess all companies. Things like profits, cash flows, margins and growth are the absolute lifeblood of our firms and they deserve our utmost attention. From everyone, all the time.

The presence of employee ownership doesn’t somehow magically eliminate the importance of financial health. We can’t simply wish for better results. The establishment, improvement and longevity of a great ESOP is dependent on how well we
manage the metrics of our businesses. Want to profit share? Create profits. Want stock values to go up? Create profits, cash and growth. Want to reward employees as in the 100 Best Companies to Work for In America? Then create business success in the ways we still measure basic business success.

This is the game we play, and once the players understand how to score and win, the rewards can be way beyond what many of us ever imagined. Employee ownership can flourish when owners know, really know, the direction of the company, how it all works, what they do to make a difference.

But the establishment of an ESOP or other equity-sharing tool is only the beginning of ownership, the presentation of the opportunity, and one that sometimes we’re reluctant to embrace as fully as we might. In the nine years that Winds of Peace has been extending grants and loans, our default rate is ZERO. That’s right, the highest-risk people in the world have yet to default on themselves. These entrepreneurs have simply decided that transforming themselves, dedicating themselves, is a priority to be taken very seriously. For these folks, there is no sense of entitlement, only the opportunity presented by each new day.

Achievement Is Almost Always Outside The Comfort Zone

If participative employee ownership cultures provide nothing else, they ought to provide the opportunity for people to stretch. Wherever the really good things about ownership occur, there is a stretch attached. Someone tries something that hasn’t been tried before, a team accomplishes something in a way that has never been done before. A manager takes a risk. An employee owner accepts a challenge.

In other words, get out of the comfort zone, as uncomfortable as that may seem!

The creation of employee ownership was not intended to create a comfort zone, but rather an exploration of risk-taking and capitalism. Don’t look for great ESOP happenings in the comfort zone.

Giving Is the Best Way of Getting

In employee owned organizations, as in life generally, I have come to know that to achieve my own holistic well-being, I am dependent upon the wellness, the strength, the capabilities of the people who are all around me.

As owners, we have a special opportunity. We also have the power to make the most of that opportunity. It’s done through each and every one of us, and how we choose to impact one another and that special opportunity we have. Remember every day that you will impact every person around you, either positively or negatively, intended or not. Come to understand that impact, your influence, what you are capable to give, and you will have made perhaps the greatest single contribution to your company that you could possibly make.

One Day You Will Become Old and Retire

Believe it. It comes like a thief in the night, so silently and quickly as to hardly be noticed, until the time has arrived for the next chapter in your life.

It’s been a terrific ride, this Foldcraft and ESOP journey. In 1974, I had my first introduction to the Company, a small woodworking shop. One week after I had gone to work as the Company’s first HR Director, the owner asked me what I knew about ESOP, to which I replied, “only in relation to fables.” There was our first transaction in 1985. Our first forays with open books in 1990. Our second transaction that took us to 100% employee ownership in 1992. I had the privilege of working with the ESOP Association’s Outstanding Employee Owner in 1993, a Foldcraft woman by the name of Shirley Bauer. The S-corporation election in 1998. Being named The ESOP Association’s Outstanding ESOP Company that same year. Our acquisitions and growth strategies. To who knows what next. All in the blink of an eye, as they say. I stand before you today to state that it is all happening to you, too.

Carpe diem. Seize the day. Put every gift that you have been given into play in your life and your work. Take the risk. Make the investment. That’s how you will best prepare yourself for retirement, and in all dimensions.

When it comes to advice, know that it’s cheap, whatever the source. But trust me on the issue of the people. It is said that most people are about as happy as they make up their minds to be. In our employee ownership firms, most will be as successful as they make up their minds to be.

Thank you so much, once again, for this opportunity to share, for your patient attention and for being here. It makes a difference! OAW
Many employees of ESOP companies do not realize that their ESOPs are part of a broader approach to expanded capital ownership, broader prosperity, and economic justice known as “binary economics.” Binary economics was first advanced by Louis Kelso, who is also widely known as the inventor of the ESOP. But Kelso’s approach is only partially reflected in the present ESOP legislation. Binary economics offers a plan for more widespread economic prosperity for all people than is presently offered by mainstream economics. Once ESOP participants understand binary economics, they may choose to advocate legislative reforms that will better serve their own economic interests and also the economic interests of their companies and the country as a whole. These reforms would transform ESOPs into much more powerful Super ESOPs in a full binary economy of the future.

The Super ESOP will empower employees to acquire shares of stock in their companies entirely with the earnings of capital and on much more favorable terms than at present. Moreover, the Super ESOP will empower employees to acquire a diversified portfolio of shares in other credit-worthy companies entirely with the future earnings of the shares they acquire.

**How Do People Acquire Capital?**

Acquiring capital with the earnings of capital (rather than the earnings of labor) is by no means a “pie in the sky” concept. The logic of profitable business is to invest in things that pay for themselves in a competitive period of time. The purpose of corporate finance is to enable corporations to acquire productive capital before they have earned the money to pay for it. Credit-worthy corporations and wealthy people (i.e., “well-capitalized people”) do it all the time. To enhance their ability to acquire capital with the earnings of capital, profitable corporations and wealthy people use their existing capital as collateral to borrow money to acquire more capital (including sometimes whole companies) and then repay the loans with the profits of the capital they acquire. In the binary economy, the participation of poor and working people in this process of acquiring capital with the earnings of capital would be greatly expanded.

To foster economic growth and prosperity, mainstream economic policy promotes capital acquisition with the earnings of capital primarily for well-capitalized people, but most people presently have little or no participation in this process. ESOPs have somewhat opened the door to capital acquisition for a portion of the work force through a combination of deferred labor compensation, future company revenues, and corporate tax deductions. However, the full potential of ESOPs to empower their participants to acquire capital with the earnings of capital and to expand this empowerment to many more employees remains suppressed by mainstream policy.

Compared to well-capitalized people, poor and working people are severely disadvantaged when it comes to acquiring capital. In general, mainstream economic policy requires them to acquire capital by using their current labor earnings while those who already own substantial capital can acquire additional capital either with their capital earnings or with borrowed money that is repaid with the earnings of the capital acquired. Because most employees need their current labor earnings to provide for their families’ current living expenses, Kelso proposed an approach to capital acquisition that does not require workers to use their current labor income either but rather enables them to acquire capital using the future income of the capital acquired just as wealthy people are presently able to do.

Binary economists maintain that (1) using labor earnings is not the best way for poor and working people to acquire capital and (2) limiting capital acquisition with the earnings of capital primarily to wealthy people is not the best way to promote economic growth and prosperity. According to government statistics, almost all non-residential capital in the United States is acquired with the earnings of capital; and very little non-residential capital is acquired with the earnings of labor. Most poor and working people do not have enough labor earnings to support themselves and their families and consequently find themselves increasingly in consumer debt. If most poor and working people are ever to acquire viable capital estates and eliminate their consumer debt, they will need to acquire capital with the earnings of capital just as wealthy people do.

Moreover, to promote optimal growth and prosperity, binary economists maintain that everyone (not just wealthy people) should be empowered to acquire capital with the earnings of capital. The capital that presently profitably pays for itself (i.e., “buys itself”) with its own earnings primarily for well-capitalized people can do so even more profitably if poor and working people are brought into the process. Once poor and working people are empowered to acquire capital with the earnings of capital just as wealthy people do (1) poor and working people will grow more prosperous by increasingly earning more spendable income from their ownership of capital,
credit-worthy companies will more profitably (a) employ their productive capacity and (b) invest in more productive capacity, and (3) the economy will grow more quickly.

Kelso’s Special Insight: Capital Does Work
The difference between the mainstream and binary approaches to promoting economic growth, prosperity, and capital acquisition all boils down to a fundamentally different understanding of the role of capital in production, distribution, and growth. According to mainstream economics, the primary role of capital is to make labor more productive. According to binary economics, the primary role of capital is to do a growing portion of the work and distribute a growing portion of the income earned from production.

Consider the work of washing machines, automatic bank tellers, vending machines, and photocopiers. Although labor is required to invent, design, build, install, operate and maintain them, millions of such capital devices are doing much work that was once done by entirely by people in ways that do not relate in any direct way to increased labor productivity.

For example, a person hauls one sack of grain one mile in one hour and is exhausted. With a horse, ten sacks can be hauled four times as far (yielding a forty-fold increase in output); and with a truck, five hundred sacks can be hauled forty times as far (yielding a twenty thousand-fold increase in output). Although no sacks would be hauled without people to load the sacks, lead the horse or drive the truck, the work of loading, leading and driving is not the work of hauling. The horse and truck are doing essentially all of the extra work. If one person loaded sacks on the backs of ten other people and led the people doing the hauling, who would deny the work of the ten haulers? Then why deny the work of the horse or truck? The notion that the great increase in output is primarily the result of increased labor productivity does not describe reality.

Of course, people who provide the labor needed to invent, design, finance, build, install, operate, monitor, repair, and manage capital, earn income by doing so. Nevertheless, the work of inventing, designing, financing, building, installing, operating, monitoring, repairing, and managing capital is not the work of the capital itself. Although it is good to be able to earn by laboring, it is better still to also be able to earn by owning; and the full binary economy will empower everyone to earn increasingly by owning.

Thus, the “binary” in binary economics means “composed of two.” It refers to the two ways of doing work and earning income: by way of labor and by way of capital. “Labor” includes all forms of physical and mental labor; and “capital” refers to anything non-human that can be owned and

that can be employed to do work (including land, animals, structures, machines, tools, patents, copyrights and other intangibles protected as property).

When analyzing how production and productive capacity have grown over the last several hundred years, mainstream economics interprets the primary role of capital as merely increasing labor productivity, thereby allowing for a rise in output per unit of labor, higher wages, and the profitable employment of more labor. According to binary economics, however, in contributing to economic growth, capital does much more than increase the productivity of the people who work with it. Increasingly capital is doing a growing portion of the total work. The economic imperative is generally to produce more with more productive capital and less labor. Although capital may be seen to concentrate higher productivity into fewer workers, as the general rule, per unit of output and in the aggregate, the primary effect of technological advance is to make capital more productive than labor and thereby to replace and vastly supplement the productiveness of labor with ever greater capital productiveness.

Moreover, capital works on both sides of the production-consumption equation by providing vastly increased (1) productive capacity and production and (2) capacity to distribute income and leisure. Thus capital can not only (1) replace labor, (2) vastly supplement the work of labor with the work of capital, (3) do work that labor alone can never do, and (4) do work with little or no labor, but capital can also (5) pay for itself out

Continued on page 14

Louis Kelso in 1974. (photo courtesy Baron Wolman)
of its future earnings and thereby (6) broaden its ownership to distribute more broadly the income necessary to purchase its increased output. According to binary economists, in a private-property market economy, it is the capacity of capital both to do much more work and to distribute much more income and leisure than labor that explains how broadening capital ownership promotes greater employment of existing capacity (both capital and labor), capital investment, growth, and prosperity.

Broader Ownership Will Support a Larger Economy

Present demand for capital investment (and the labor employment necessary to create and operate it) is dependent on demand for consumer goods in a future period. When poor and working people begin to earn more capital income, they are more likely than wealthier people to spend it for necessities and discretionary items. Without broadening ownership, when wealthy people earn capital income beyond their consumption needs and desires, they will seek to invest that income, but with the prospect of comparatively less consumer demand. Therefore, a voluntary pattern of steadily broadening capital acquisition, ownership, and income promises more production-based consumer demand in future years and both strengthens the promise of capital to pay off loans used to buy it out of its future earnings, and makes profitable the employment of more capital and labor. Thus the prospect of more broadly distributed capital ownership boosts not only consumption but also demand for investment and employment.

According to mainstream economics, making labor more productive offers great benefits. It (1) increases company profits, (2) enables companies to profitably hire more workers, (3) enables companies to profitably pay higher wages, (4) increases the distribution of income to consumers, (5) causes a fuller employment of productive capacity and (6) increases economic growth by making more production profitable.

While not disputing that increased labor productivity can have these effects, binary economists maintain that the increasing productiveness of capital coupled with broadening capital ownership provides even greater benefits for employees and their companies. The mainstream reliance on increasing labor productivity to promote fuller employment of capital and labor and a greater distribution of consumer income has an inherent limitation that arises from the fact that capital is continually replacing and vastly supplementing the work of labor with the work of capital. Thus, labor’s percentage claim on total production is decreasing as capital increasingly does more of the work. The mainstream approach (capital acquisition primarily for wealthy people and jobs and welfare for everyone else) cannot distribute sufficient consumer income to a broad enough consumer population to fully employ existing capacity and promote optimal investment and sustainable growth. It must be supplemented with the additional consumer income that naturally results from the coupling of the increased productiveness of capital with a broader pattern of capital acquisition. Thus, from a binary perspective, growth is primarily the result of increasing capital productiveness and the distribution of its ownership rather than increasing labor productivity.

Based on the mainstream economic preoccupation with productivity, workers are taught to think that by focusing on increased labor productivity, there is a stronger argument for higher wages. That thinking should not divert attention from the crucial need of every worker to acquire capital with the earnings of capital and the financial interest of major corporations to enable their employees to do so.

Conclusion

Louis Kelso advanced binary economics not only as a means of enabling employees to acquire shares in the companies that employ them, but also as a means of enabling all poor and working people to acquire diversified portfolios of shares in the largest and most credit-worthy corporations. Few if any wealthy people fail to acquire a substantial diversified portfolio of shares in these companies, either directly or through trusts and mutual funds. Guided by the principles of binary economics, and using the same techniques that work for well-capitalized people, the Super ESOPs of the future will have the capacity to empower poor and working people to acquire gradually viable, diversified capital portfolios of shares in these companies, paid for with the earnings of the shares they acquire, just as well-capitalized people do, in ways that enhance the profitability of those companies, more fully employ their productive capacity, and greatly expand sustainable economic prosperity and growth.

The binary approach to ownership broadening will be entirely voluntary and will operate without taxing or redistributing the capital or income of existing owners. The increased growth and broadening prosperity of the binary economy will be gradual; but once understood, these binary benefits will prove increasingly attractive to corporations, their shareholders, and employees; and the binary approach to capital acquisition will transform the American economy into one of much greater abundance for all.

© 2007 by Robert Ashford. All rights reserved. Robert Ashford is Professor of Law at Syracuse University College of Law where his subjects include corporations, professional responsibility and binary economics. For a detailed explanation of the reforms necessary to establish the Super ESOP, readers are referred to Binary Economics: The New Paradigm, by Robert Ashford and Rodney Shakespeare, available from University Press of America. He can be reached at rhashford@aol.com.
Employee Ownership Measures Up with Social Accounting
Triple Bottom Line Reporting at The Antioch Company

Chandra Attiken and Karen Thomas

Like every other business, The Antioch Company keeps a close eye on the bottom line. But they also track sustainability measures for their business, or what’s often called the “triple bottom line,” an approach which measures the impact of business culture, policies and practices on people, the planet and profits. YSI’s first Triple Bottom Line Report was published in 2006.

As company president, Lee Morgan, explained, “I believe that within the concepts of sustainable business lies our next growth opportunity as a company.

“Sustainability is about recognizing that there is a relationship between our financial, social and environmental assets. To favor one at the expense of others is shortsighted and potentially self-destructive. It’s about practices that can be sustained over an indefinite period of time—doing business in a way that is conscious of resources, communities and how support systems can spell success for businesses, communities and individuals.”

Sustainability, the meeting of human needs for today and tomorrow, has been the company’s purpose since its founding eighty years ago as a community of work infused with an entrepreneurial spirit and Quaker values. Headquartered in Yellow Springs, the company began in 1926 with Ernest Morgan, a work-study student at Antioch College, and a classmate who worked in the college printshop. The college encouraged entrepreneurial and social activism, providing space for student business startups that would benefit the community. Morgan and his classmate converted paper from the scrap barrel into decorative bookplates, working after hours on the school’s press. With the help of his family and friends, Morgan continued the business after graduation as a way to put his social ideals into action.

Believing every employee has a stake in the performance of the company, Ernest established employee empowerment and profit sharing from the beginning and put two employee seats on the Board when the company formally incorporated in the late 1940s. In 1968, Ernest’s son, Lee Morgan, headed up the firm and in 1979 created an employee stock ownership plan with 30% employee ownership. As part of the transition in leadership to Lee’s daughter Asha, the company became 100% employee-owned in 2003.

Today, The Antioch Company has 1000 employee-owners working at five domestic locations. The largest division is Creative Memories with 80,000 sales consultants in 11 countries. Other divisions include Framers Supply, which produces commercial framing, and Antioch Publishing, the firm’s legacy organization, which continues to make and sell bookmarks and bookplates. Only US employees can participate in the ESOP, but non-US employees are issued synthetic stock so they can participate in the risks and rewards of stock value appreciation.

Values are the Framework

Ernest Morgan’s dream was to develop a business that would be based on equality, mutual responsibility and the dignity of people. “Profit is necessary,” he wrote, “but it is only a condition of staying in business and not the purpose. The real function of a business is serving human needs.”

Today, his vision is expressed through a Statement of Highest Purpose to “serve human needs by making a difference in the way people remember, celebrate and connect and to maintain a community of work that offers opportunities to prosper and inspires hope for the future.” New employees complete a “Living Our Values” class which links their personal values with Antioch’s four core values of integrity, enriching lives, valuing people, and providing opportunities. Individual efforts are aligned with company values through the company’s system of performance management.

The company’s Code of Ethics is signed by every employee each year.

Ethical Governance and Transparency

Antioch has a strong system of internal governance. The Board of Directors consists of two company officers, two employee-owner members, and up to six outside members. Four board-appointed committees include an Audit Committee, a Governance Committee, an ESOP Advisory Committee that oversees the ESOP, and a People Resource Committee that provides oversight of the firm’s people-related systems and practices, including executive leadership and compensation.

Antioch provides full disclosure of financial results in an annual report and to employee-owners quarterly. Though not publicly traded, they meet most of the prevailing standards for public firms and exceed public standards in their social and environmental reporting.

Oversight of the firm’s Code of Business Conduct for financial integrity, conflicts of interest, and confidential information is provided by the HR Team, which communicates the Code to all employee-owners and provides guidance on specific issues.

Continued on page 16

The Management Council at The Antioch Company engages in a Team Building session.
Continued from page 15

are expected to report ethical violations to HR or go directly to the Board for resolution.

Employees are involved in governance. Board meetings are open to all employees as observers. Employee directors are selected from the members of the Employee Owner Council, which is responsible for building an ownership culture and includes representatives from each U.S. location and appointees from HR, along with the ESOP trustee and the Board.

**People, the Planet and Profits**

At Antioch, sustainability involves institutionalizing their values into everything they do as an entrepreneurial organization. They began their approach to social accounting by looking at what other businesses were doing and found a useful format for their initial efforts. This model has three sections for People, Planet and Profits.

**Bottom Line 1: People**

Building social capital, often defined as the value created by a broad network of supportive human relationships, is important at Antioch. Their People Bottom Line looks at those systems and practices that increase social capital: governance (board structure, committees, ethics, transparency, employee owner council); human capital (diversity, performance management, people development, learning organization, training, people audits and surveys); and community involvement (charitable programs, community service and social justice education).

A diverse, collaborative workforce is a key to long-term sustainability. A Human Capital Report, prepared annually by the HR Team for the Board, provides a review of the firm’s human capital assets, demographics, issues and recommendations. Antioch actively recruits minority candidates and promotes women into management. The HR Team audits and surveys the effectiveness of policies for health, safety, employee development, succession planning, profit sharing, incentives, employee assistance programs, hiring and exits.

People development and the formation of a learning organization are key business strategies.

Classes for new employees cover Antioch’s culture, employee ownership and finance basics. Continuing education is encouraged with classes for leadership development, computer literacy, and the diversity program, “Towards a Culture of Respect.” Further professional education is encouraged through team projects, community and professional organizations and tuition reimbursement. The Triple Bottom Line report (TBL) measures their internal fill rate, the percentage of position openings filled by existing employee-owners; the management fill rate; and an analysis of training hours.

Antioch believes that employee opportunities for community service build social capital, and so it supports a variety of community service efforts. The Board of Directors contributes a portion of profits with direction from an advisory board of community leaders from the company’s domestic locations. Employees are paid for up to 16 community service hours per year; and in 2005 total volunteer hours exceeded 2,000. Antioch also sponsors a 15-week justice education course that explores poverty, racism, and environmentalism; 51 employees graduated in 2005.

**Bottom Line 2: The Planet**

Antioch reports on three areas of safety, environment, and suppliers. They evaluate the safety of their operations globally through safety programs and committees at each location, voluntary OSHA programs, and safety training, tracking and measurement. To measure their environmental impact, Antioch measures energy use, recycling efforts, and landfill waste disposal for each operating unit, and it is developing a sustainability tracking system for all domestic facilities. Antioch assesses suppliers by integrating the international SA-8000 social accounting standards into their internal audit standards. Suppliers are routinely audited and only products and materials with a demonstrated compliance to these standards are purchased. In the future, Antioch suppliers worldwide will be expected to meet ISO 14001 standards for environmental compliance.

**Bottom Line 3: Profit**

Two measures of financial sustainability that address the firm’s overall investment in human capital are included in the TBL:

- Net Sales per full-time employee per year is a core employee productivity measure that assesses the organization’s ability to optimize people, process and technology strategies.
- Net Operating Income reflects long-term gains in operational and human capital efficiencies to procure, manufacture, and distribute product to meet sales demands.

**Best Practices for Sustainability**

As an employee-owned company, employee owners at Antioch have the opportunity to shape the future success of the business, supported by their equity in the ESOP. Therefore, management’s job is to shape the environment where people work and to provide the resources, tools and support that people need for success.

Antioch’s performance management system is the hub of everything they do, bringing people together for success, and serving as the “glue” aligning values with business goals. Antioch managers work in partnership with HR Team members to guide performance management and related systems into place.

The HR manager’s role, though traditionally seen as transactional, has to be transformational in an ESOP. HR managers must have a passion for making a difference, mentoring others and making things happen.

People at Antioch believe that a strong community of work is built by meeting employees’ needs, by offering employees opportunities to help those in need, and by encouraging the growth and vitality of the local communities where they work. Through this win-win process, the fabric of Antioch’s culture is strengthened and employee-owners continue to share in a purpose beyond just work.

Antioch gained national recognition in 2004, when Business Ethics Magazine presented the firm with the Social Legacy Award for its 80-year commitment to the values established by the founder, Ernest Morgan would be proud.

Chandra Attiken is the Vice-President of Human Resources, The Antioch Company. Karen Thomas is the Associate Director of the Ohio Employee Ownership Center and coordinates Ohio’s Employee-Owned Network. Special thanks to the Nathan Cummings Foundation, the Ohio Labor-Management Cooperation program, Ohio Department of Development, and the Work in Northeast Ohio Council (WINOC) for the funding that made this study possible. Look for the next case study in this series about Great Workplaces, “Sustainability Reporting at YSI,” in the next issue of Owners At Work. 

Owners At Work Winter 2006/2007
In many ways, Ohio's employee-owned businesses look like traditional businesses because of their origins as family-owned or publicly owned firms. Nonetheless, many have evolved into leading-edge companies focused on socially responsible business practices and an ownership culture.

In a special project during 2006, Ohio's Employee-Owned Network sponsored a series of Great Workplaces: Sharing Our Successes forums in Dayton, Columbus and Akron. Participants shared ways they communicate the positive benefits of their culture and business practices to others and the ripple effects of those practices in building a sustainable world.

Support for the series was provided by the Nathan Cummings Foundation and a matching grant from the Ohio Department of Development. Co-sponsors were the Center for Performance Excellence at Wright State University, the Columbus Area Labor Management Committee, and the Work in Northeast Ohio Council (WINOC) and included the involvement of other family-owned, publicly-owned, union, governmental and education organizations throughout Ohio. For more information see http://dept.kent.edu/oeoc/GreatWorkplaces/GWmain.htm.

These employee-owned firms gave presentations:

**YSI, Incorporated**

At the June forum at Wright State’s Kettering Center in Dayton, Lisa Abel, Director of Quality and Corporate Responsibility at YSI in Yellow Springs spoke about YSI’s sustainability reporting approach and why sustainability reporting makes sense in an employee-owned firm. YSI, a 33% ESOP-owned firm with 250 employees and 12 locations worldwide, has published annual sustainability reports since 2002. To learn more, see “Sustainability Reporting at YSI,” in the next edition of Owners At Work.

**Karlsberger Companies**

At the October forum at the NECA/IBEW Electrical Trade Center in Columbus, HR Manager, Karen Platt explained Karlsberger’s approach to developing people’s potential through an environment that encourages collaboration, creativity, continual mentoring, professional education, professional leadership and community service. The 48% ESOP-owned firm, headquartered in Columbus, has been in business for 80 years and is the second largest architectural firm in Ohio. It was voted one of the Best Places to Work in Central Ohio in 2005 and 2006.

**Casa Nueva Restaurant & Cantina**

Also at the Columbus forum, Business Director Leslie Schaller spoke about Casa’s commitment to local economic growth, participatory democracy and living wages as a 100% worker-owned cooperative business in Athens since 1985. Food supplies are sourced locally through 40-50 small farmers and suppliers, which is helping to revitalize the economy of the Appalachian region. In addition, worker-members learn entrepreneurial skills at work and 18 former members now own their own businesses. For more information about Casa Nueva, see “Worker Owned Restaurant Promotes Healthy Entrees and Entrepreneurs,” Owners At Work, Volume XIV No. 2, Winter 2002/2003 (view online at www.kent.edu/oeoc).

**The Chilcote Company**

At the November forum in Akron/Fairlawn, Michael Kelley, Chilcote’s HR Director, spoke on diversity and community stewardship. Employee ownership at Chilcote was started in 1984, and today the firm is about one-third ESOP-owned. The company hires locally and supports community-building efforts at their inner city Cleveland location. Twenty-eight employee-owners have been able to purchase their first home through special provisions in the company’s retirement plans. Almost 40% of the firm’s 144 employee-owners in Cleveland speak English as a second language; three translators helped with communications at the annual Employee Owner Luncheon on ESOP Day.

**Cornwell Quality Tools Company**

Also at the November forum, HR Manager Harry Walker explained Cornwell's measurement of human resource practices as an integral part of the firm’s strategic planning and workplace development efforts. He uses a network of business and HR-related data to measure business success, evaluate work culture, track productivity, costs and improvements, and develop succession plans. The firm was started in 1919 and established an ESOP in 1998. It is currently 18% ESOP-owned.
Chilcote Celebrates 100 Years in Business

The Chilcote Company, the oldest employer in downtown Cleveland's Quadrangle District, celebrated 100 years in business during 2006 with an Open House attended by 300 guests, including employee-owners and retirees. The firm is a worldwide leader in photographic packaging products. It was the national Employee Owned Company of the Year in 2004. Thirty-five percent employee-owned through an ESOP established in 1984, it has 460 employees at eight locations in five states. Special provisions in the ESOP have helped 28 employees to purchase their first homes. Leaders in building for the future, Chilcote encourages broader employee ownership through its customer and vendor network.

ESOP Refrigerator Displays ESOP Accomplishments

"Always include food" is a guiding principle for the ESOP Committee at Columbia Chemical Corporation in Brunswick. So it's no surprise that the committee provides education at the firm's Quarterly Dividend Lunches and posts educational information for employee-owners on the refrigerator in the lunchroom.

Columbia Chemical specializes in zinc plating additives and metal coatings and has been in business since 1975. The firm has about 30 employees and is 30% ESOP-owned. The ESOP Committee has five elected representatives who serve 2-year terms, plus two advisors from management.

PT Tech = EBO Group

The 52 employee-owners of PT Tech Inc. have given their company a new name—EBO Group Inc., which stands for “Excellence By Owners.” Through a recent restructuring, PT Tech and its subsidiary, TransMotion Medical, are now wholly owned subsidiaries of EBO Group. EBO also refers to their “excellence-by-objective” system for performance-based management, which links each employee’s job efforts and self-development to the larger goals of the business.

The firm, located in Sharon Center, provides products in the areas of specialty clutches and brakes, torque limiters, hydraulic power takeoff for engines and medical chairs. Their ESOP was established in 1990 and EBO Group, Inc. is now 56% employee-owned.

CTL Engineering Pays ESOP Loan

The 220 employee-owners of CTL Engineering and their invited guests celebrated the payoff of their ESOP loan with a big party. The event was organized by the firm’s ESOP committee. “Our mission is to boost morale and show everyone the value of the ESOP,” said member Jessica King.

One example of the committee’s philosophy of combining education and fun is their design for the payoff party T-shirts, which read “7 years of monthly payments: $3,300,000; 7 years average stock value increase: 12%; All employees under one roof: priceless”.

The firm, headquartered in Columbus, is 85% employee-owned. CTL provides engineering and consulting services in environmental, geotechnical, roofing, forensic, product testing and civil engineering areas.

Quarterly ESOP Allocations at Xtek

Xtek Inc., a 100% employee-owned firm in Cincinnati, makes quarterly ESOP allocations to raise employees’ awareness of how they are steadily building wealth in their ESOP accounts. “Allocating only once a year just wasn’t cutting it,” explained Jenny King, HR Director. “So we introduced quarterly allocations, at 5% of compensation earned in the quarter. At the same time we introduced a profit sharing plan.”

Each quarter the company sets aside a set percentage of profit. First, this “pool” is used to cover the cost of allocating stock worth 5% of compensation to each participant’s account. Any excess is paid out in the form of profit sharing. The amount left over from the pool is divided by the number of people who worked in the quarter. Everyone gets the same profit sharing check. This drives home the idea that ESOP shares are not free and have a cost associated with them. If not enough profit was earned to cover the cost of the allocation, there is no profit sharing payout. The date of hire is the plan entry date for the ESOP, so every employee gets an ESOP allocation. A quarterly valu-

The ESOP committee of Columbia Chemical Corporation uses the ESOP Refrigerator space for education of ESOP participants. Seated is John Postan, Production Foremen and a member of the ESOP Committee. Standing left to right is Suzanne Meldon, Customer Service; and the two newest ESOP participants Kathy Fryberger, Customer Service and Joe McDaniel, Automotive Specialist.
Lockery Manufacturing is Involved in the Community

The 75 employee-owners at Lockrey Manufacturing, a contract job shop in Toledo, organize a company-wide community service project every six months with a special 5% community service fund set up within their bonus pool. Employees get involved from beginning-to-end on each project through the leadership of an employee committee that solicits project ideas from employees and selects the project finalists. Employees vote to select the winning project. Past projects include a Cancer Walk, Relay for Life, Special Olympics, Habitat for Humanity, Memory Walk, a park shelter and a park clean-up. Lockrey established their ESOP in 2000 and is 51% employee-owned.

A Dream Fulfilled: Carbo Forge Becomes 100% Employee-Owned

Carbo Forge, a steel forging manufacturer in northwest Ohio, completed a dream of their late owner and original founder Myron "Mike" Kraak on June 30, 2006. They became 100% employee owned. It all started in 1989 when Kraak was looking for a retirement strategy. He liked the idea of employee ownership and created a 43% employee stock ownership plan with the idea of eventually going to 100% employee ownership. By the late 1990's Mr. Kraak's health began to deteriorate, before he was able to complete his ESOP dream, and in June of 2001 he sold his shares to three senior managers.

Jeff Woitha, Carbo's President and CEO and one of the buyers of Mike's shares, recalls the challenges that the company faced in working towards 100% employee ownership. "We as a company were not ready to be 100% employee owned. First the culture needed to be created to pull something like this off. Unfortunately, Mike's health did not allow him to see that culture mature, and he passed away in March of 2003."

Kraak did not have children of his own. "He treated us like his family," said Woitha, "and always gave us guidance. I knew how important all of the employees here were to him, so we began the journey to 100% employee ownership."

The challenge of fulfilling Mike's dream was not only about developing the culture. "Understanding all there is to know about ESOPs and how it all works was also a challenge," explains Woitha. "We were very inexperienced about the ESOP because it was Mike's baby. He handled everything when it came to the ESOP, so when he passed away we had our work cut out for us."

Carbo's controller, Rick Egbert, and Woitha set out to learn more about ESOPs. "We became members of the Network and started attending educational programs on ESOPs. The experience we gained through the Network has been immeasurable," says Egbert.

"Between the CEO and CFO roundtables and dinners and the annual conferences, we gained quite a bit of knowledge to help us better administer our plan, formulate our game plan and assemble our team to take our company to 100% employee owned," said Woitha. "After three years of planning, we became 100% employee owned on June 30th."

Carbo Forge, in its 45th year of operation, manufactures hammer and press steel forgings in its Fremont location and serves several markets including ordnance, heavy truck, light truck, automotive, aftermarket, material handling, agriculture, and firearms. Carbo Forge is certified to the new TS16949:2002, automotive standard as well as ISO9001:2000. Woitha attributes Carbo's success to the 44 full and part-time employees. "It's the people that make the difference. You can have all the technology in the world behind you but if you don't have the people you will not be successful."

PRC Celebrates 40 Years

The employee-owners of Prentke Romich Company, headquartered in Wooster, celebrated their 40th anniversary in business during 2006 by giving 40 of their speech-output devices to individuals around the world who otherwise would not be able to purchase their devices and communicate independently. PRC was founded in 1966 by Barry Romich and Ed Prentke, pioneers in augmentive and assistive communication technology for people with severe disabilities. PRC is 10% employee-owned through the ESOP established in 2003 and has 90 employees in the U.S. and 25 in Europe.
2007 Network Program of Events

CEO and CFO Roundtables
Join your peers throughout the year for several roundtables, including a continuing series of informal gatherings hosted by ComDoc, Inc.

CEO & CFO Roundtable
Thursday, April 19, 3 - 6 PM   Hilton Akron/Fairlawn

CEO and CFO Networking Dinner
Tuesday, May 22, Brookside C. C., Worthington
Hosted by ComDoc, Inc.

CEO and CFO Networking Dinner
Tuesday, September 11, Firestone C. C., Akron
Hosted by ComDoc, Inc.

The ABCs of ESOPs for Employee Owners

ABCs of ESOPs: An Interactive Orientation
September 19, Toledo   November 13, Cincinnati
— ABCs for Newly-vested Participants
— ABCs of Age 55 Diversification
— The ESOP Game

Employee-Owner Boot Camp
April 19, Akron/Fairlawn

Fundamentals of Ownership for Employee Owners
April 20, Akron/Fairlawn
— ABCs of ESOPs for Employee Owners
— How Business Works: Making money, building value
— Front-line Leaders: Out of the suggestion box and into the conversation

Finance Basics for Employee Owners
October 18, Kent

ESOP Communication Workshops
Sessions for ESOP communication committees, HR representatives and others responsible for encouraging ESOP awareness and building an ownership culture

Becoming an ESOP Learning Organization
April 19, Akron/Fairlawn   November 14, Cincinnati

ESOP Communication Panels
April 20, Akron/Fairlawn

How to Start (or Jump-Start!) Your ESOP Communications
September 20, Toledo

Teaching the Nitty-Gritty of Your Summary Plan Description
October 17, Kent

ESOP Fiduciary & Administration Forums

ESOP Repurchase Planning Forum
March 28, Cincinnati

ESOP Fiduciary Training Workshops
October 24, Cincinnati   December 5, Kent

ESOP Administration Forum: As your ESOP Matures
October 25, Cincinnati   December 6, Kent

ESOP Board of Directors Forums
This forum brings Directors, CEOs, officers and in-house ESOP trustees together on governance issues in ESOPs
May 23 Columbus   September 12 Akron

21st Annual Ohio Employee Ownership Conference

Pre-Conference Events
Thursday, April 19

ESOP Communication Roundtable  Building an ESOP Learning Organization
3:00 P.M. – 6:00 P.M.

Employee Owner Boot Camp
3:00 P.M. – 6:00 P.M.

CEO & CFO Roundtable
3:00 P.M. – 6:00 P.M.

Network Dinner 6:00 P.M. – 7:00 P.M

Company Showcase Reception 7:00 P.M. – 9:00 P.M.
Introduce your products & services, and highlight your firm’s experience with employee ownership. Displays can be left up for continued viewing during the conference the next day.

Conference
Friday, April 20

The best one day training for employee owners!! Bring a group for educational sessions on:

Management strategies for an ownership culture
ESOP communication tools & strategies
Making employee ownership real
Governance and strategic planning in ESOPs
Best practices for involvement/rewards
ABCs of ESOPs for employee owners
Front line leadership
How business works for employee owners
ESOP technical panels
And much more !!!!
This issue of Owners At Work is sponsored by

The Ohio Department of Development’s Labor-Management Cooperation Program,

The Cooperative Charitable Trust,

&

The sponsors on this and the next two pages

Still looking for a trusted ESOP adviser?

Crowe Chizek and Company LLC provides ESOP services to more than 500 clients in 47 states. For trusted guidance over the long haul, look to Crowe.

To learn more about Crowe’s ESOP services, please contact A. Lori Stuart at astuart@crowechizek.com or 614.280.5229.

Crowe Chizek and Company LLC is a member of Horwath International Association, a Swiss association (Horwath). Each member firm of Horwath is a separate and independent legal entity. Accountancy services in the state of California are rendered by Crowe Chizek and Company LLP, which is not a member of Horwath. © 2007 Crowe Chizek and Company LLC

SES Advisors has been committed solely to the creation and management of ESOPs since 1988. Whether you are in the initial stages of considering an ESOP, or are looking for ongoing guidance and plan maintenance, SES Advisors can help you.

Facing the future together.

> Feasibility Analysis
> Transaction Planning & Execution
> Finance Sourcing
> Plan Recordkeeping
> Education & Employee Communication

Visit us online or call Jim Steiker at 215.508.1600 or Bob Massengill at 973.540.9200 to discuss your options.

www.sesadvisors.com

MENKE & ASSOCIATES, INC. specializes in designing and installing Employee Stock Ownership Plans (ESOPs). We are the nation’s most active firm dedicated to designing and installing ESOPs and have been a leader in the ESOP industry since over inception in 1974. We are one of the few firms in the country providing comprehensive ESOP services, including financial consulting, legal, employee communication, investment banking, and business perpetuation planning.

ESOP Administration Services
We are a national firm with six regional offices, providing annual administration / recordkeeping services for approximately 1,000 ESOPs nationwide.

The Nation’s Largest ESOP Advisor

Contact us at: (800) 347-8357
www.menke.com
KPS CAPITAL PARTNERS, LP

EMPLOYEE BUYOUTS  •  OPERATING TURNArounds  •  FINANCIAL RESTRUCTURINGS
BUSINESSES OPERATING IN BANKRUPTCY  •  DIVESTITURES OR SPin-OFFs  •  OUT-OF-FAVOR INDUSTRIES

- Over $600 million of committed capital to make control equity investments in restructurings, turnarounds and other special situations.
- Our constructive approach to special situations investing is unique: we involve a broad group of stakeholders — unions, government, vendors and customers — in the development of a turnaround strategy to create viable, profitable going concerns.
- Undertake and complete complex, multi-constituency restructuring transactions that other private equity firms generally avoid because of the required time commitment, skill set and complexity.
- Have saved over 10,000 jobs working with unions.
- Received the highest possible rating from the AFL-CIO Investment Product Review of Private Capital Funds.

We look forward to discussing opportunities with you. Please call:

KPS CAPITAL PARTNERS, LP
Eugene Keilin  •  Michael Psaros  •  David Shapiro  •  Raquel Palmer

New business contact: Michael Psaros at 212-338-5108 or mpsaros@kpsfund.com

200 PARK AVENUE • 58TH FLOOR • NEW YORK, NY 10166 • www.kpsfund.com
ESOPs — the road less traveled.

If you are approaching a turning point in the ownership of your business or considering liquidity options, we can help. Krieg DeVault is a leader in structuring innovative ESOP transactions for private and public companies throughout the country. We are also frequently called on to provide creative solutions to obstacles presented by “mature” ESOPs. A substantial part of our practice is devoted to mergers and acquisitions involving ESOP companies.

To learn more, please visit us on the web or contact any of the ESOP professionals below at (317) 636-4341.

Stephen D. Smith  •  Sharon B. Hearn  •  Paul F. Lindemann
Lisa A. Durham  •  Alexander L. Mounts
www.kriegdevault.com

ESOPs — the road less traveled.
Ohio’s Employee-Owned Network
Spring 2007 Events

21st Ohio Employee Ownership Conference
April 19–20
Akron OH

Pre-Conference sessions
Thursday, April 19: 3:00—6:00 P.M.
ESOP Communication Roundtable: Becoming an ESOP Learning Organization
CEO and CFO Roundtable
Employee-Owner Boot Camp
Network Dinner - 6:00—7:00 pm
Company Showcase Reception - 7:00—9:00 pm

21st Annual Ohio Employee Ownership Conference
Friday April 20 9:00 A.M. – 4:45 P.M.
Management strategies for building an ownership culture
Getting started with ESOP education, communication, and culture-building
Fundamentals of Ownership Track for Employee Owners:
• ABCs of ESOPs for Employee Owners
• How Business Works: making money and building value
• Front-line leaders: out of the suggestion box and into the conversation
Fun and Games at Work: ESOP committee tools and strategies
Governance and strategic planning in ESOPs
Employee-owners speak out: making employee ownership real
Sharing success: best practices for employee involvement and rewards
And much more!!!

ESOP Repurchase Planning Forum
Wednesday, March 28
Cincinnati/Blue Ash OH

CEO and CFO Networking Dinner
Tuesday, May 22 Brookside CC, Worthington
Hosted by ComDoc, Inc.

ESOP Board of Directors Forum
Wednesday, May 23, Columbus

See Page 20 for more details

Other Events of Interest

March 7, 2007 Reynoldsburg (Columbus), OH
The ESOP Association OH/KY Chapter - Spring Conference
Call 440-989-1552 for details

March 21-23, 2007 San Diego, CA
National Center for Employee Ownership/Beyster Institute
Employee Ownership Conference
Call 510-208-1300 for details

May 15 & 16, 2007 Washington, DC
30th Annual ESOP Association Conference
ESOPs: Creating a REAL Ownership Society
Call 202-293-2971 for details

July 20 - 22, 2007 University of North Carolina Asheville
Eastern Conference for Workplace Democracy
Building Cooperation: East to South
http://www.east.usworker.coop/ for details

OWNERS AT WORK
Winter 2006/2007
Volume XVIII No. 2

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

Non-Profit Organization
U.S. Postage PAID
Kent OH 44242
Permit No. 2

RETURN SERVICE REQUESTED