Summer Means Employee Ownership

Featuring
Highlights from the 31st Annual Ohio Employee Ownership Conference
Photos
Award Winners Robin Industries and The Ruhlin Company
Keynote Address: Cindy Turcot

OAW Interviews:
Mary Ann Beyster on the Changes at the FED
Chris Michael on Employee Ownership Trusts
Thomas Dudley and Kramer Sharp on Certified EO program
To receive a free subscription, make an address change, and for other inquiries send relevant information to:

Owners At Work
Ohio Employee Ownership Center
113 McGilvrey Hall
Kent State University
Kent OH 44242
330-672-3028
oeoc@oeockent.org
www.oeockent.org

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The OHIO EMPLOYEE OWNERSHIP CENTER (OEOC) is a university-based program which provides information and technical assistance to retiring owners, buyout committees, labor unions, managers and community-development organizations interested in exploring employee ownership. Center staff can help locate competent and appropriate legal and financial advisors, and perform initial assessments to determine whether employee ownership is a viable option. The OEOC develops resource materials on employee ownership and participation systems, sponsors workshops and conferences for the general public, develops and delivers training programs for employee owners, facilitates cooperation among employee-owned firms, coordinates a comprehensive succession planning program, and assists international efforts to privatize businesses through employee ownership.

The OEOC is funded by grants from the U.S. Department of Agriculture and private foundations, as contributions from service provider professional members, Friends of the Center, and the companies that comprise Ohio’s Employee-Owned Network.

Join Ohio’s Employee-Owned Network!

Ohio’s Employee-Owned Network’s mission is to provide a forum for employee-owned businesses and others to learn from each other how to make employee ownership work more effectively at your companies; and to address the unique challenges and potential of employee ownership.

Network members jointly-sponsor a year-round series of education and networking events. Members enjoy group rates and discounts on program registrations; and non-members among the employee-owned business community are welcome to participate in most of the Network’s programs.

Other benefits of Network membership include: consultation with OEOC staffers, at no additional fee, on ESOP-related issues and challenges; and discounts on in-company education and training programs.

Interested? contact Chris Cooper at ccooper1@kent.edu or 330-672-0338 or log on to http://www.oeockent.org/resources-events/network-overview/
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The Certificate Program for Non-Professional ESOP Fiduciaries
September 11th-12th, 2017 Kent, OH
Presented in partnership with The Beyster Institute

The Ohio Employee Ownership Center has partnered with the Beyster Institute to bring their popular and well regarded program for Non-Professional ESOP Fiduciaries to Ohio.

One of the fundamental resources of the employee stock ownership plan (ESOP) movement is the large group of dedicated, well-intentioned people who agree to serve as trustees or other fiduciaries on behalf of their company’s ESOP. If you are one of those dedicated people, you have undoubtedly felt the concern that is inevitable when taking on that sort of responsibility. The Beyster Institute at UCSD has developed a special intensive education program to help relieve some of that concern – the Certificate Program for Non-Professional ESOP Fiduciaries.

This program is not just another seminar or conference; it is a comprehensive, and demanding, certificate program that prepares you and your fellow in-house fiduciaries with the knowledge and training you need to do the job.

And here is what some of your peers say about the event:

“Thanks to the entire Beyster team at UCSD! The course provided the education we all need to be successful and effective ESOP trustees for our companies. I feel better educated on what is and isn’t our responsibility as trustee. I feel empowered!”
Ramona Alms, ESOP trustee and CFO, Dini Spheris, Houston, TX

“I feel hugely more empowered to make decisions that won’t get my company into trouble! Very much worth the time away from the office.”
Liesl Deck, ESOP trustee and financial controller, GSI Water Solutions, Portland, OR

“Very useful and thoughtful program. I appreciate the knowledge, professionalism and wisdom in the room – Wow!”
Jon Fredricks, president, The Welk Group, Inc., Escondido, CA

“I feel better prepared for my role as ESOP trustee – and nice to know I’ve earned a certificate!”
Deanna Hansen, internal trustee, Environmental Science Associates, Los Angeles, CA

“I wanted to thank you for a great class. I really enjoyed it and feel like I walked away smarter and better suited to act as a trustee.”
Ryan Scally, publications manager, Parametrix, Bellevue, WA
Course content includes:
- A review of the standards for appropriate fiduciary action given the potential range of decisions that will have to be made.
- Small group work to assure that students grasp the full nature and responsibilities of the role.
- In-depth exploration of the practical responsibilities that fiduciaries must deal with in their role.
- Examination of a wide range of fiduciary decision-making situations, with practical guidance from our faculty and guest experts.
- Full agenda available at: http://www.oeockent.org/certificateprogram/

Instructors
- Martin Staubus, Executive Director, Beyster Institute at the Rady School of Management, UC San Diego
- Tony Matthews, Employee Ownership Consultant, Beyster Institute at the Rady School of Management, UC San Diego
- Dale Vlasek, Attorney, McDonald Hopkins LLC
- Davin Gustafson, Valuator and CPA, Apple Growth Partners
- Neil M. Brozen, Trustee Specialist, Ventura ESOP Fiduciary Services

DETAILS: September 11th-12th, 2017
Kent State University Hotel and Conference Center, 215 South Depeyster Street
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REGISTER ONLINE AT: http://www.oeockent.org/certificateprogram/

EARLY BIRD REGISTRATION RATE: $1000 for members of the OEOC’s Ohio Employee-Owned Network; $1395 for non-members; (After Aug 15, 2017 the registration fee will be $1200 and $1,595 respectively)

HOTEL: To reserve a discounted $119 sleeping room at the Kent State Hotel and Conference Center, call 855-353-4031 toll free to make your reservation. Be sure to mention the discount code ‘ESOP’ when making your reservation.

QUESTIONS? Contact the OEOC at 330-672-3028.

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Don’t see what you need here? This is just a sample of what we can help you with! Contact Chris Cooper at ccooper1@kent.edu or 330-672-0338 for more info.

Members of Ohio’s Employee Owned Network receive discounts on OEOC Training Services!!
Mary Ann Beyster is a friendly face (and voice) for regular readers of OAW and participants in our Annual Conference in Akron. Most of you may recognize her as the driving force behind the feature film “We the Owners” and a featured keynote speaker at our annual conference a few years ago. This time around, we catch up with Mary Ann to get an update on the exciting changes happening at the Foundation for Enterprise Development (FED), new video projects, and more. (pictures courtesy of Beyster Foundation for Enterprise Development [BFED] and Beyster Ventures, LLC)

Q: Mary Ann, what a pleasure talking with you again! Since it’s been a while, can you fill us in on some of the changes and new initiatives happening at the Foundation for Enterprise Development (FED) and affiliated organizations?

A: As part of our 30-year anniversary, FED launched a new resource, the J.R. Papers at the UCSD Special Collections, for educators and researchers. Consisting of more than 200 boxes of records and reports, this online finding aid catalogues:

- Thirty-five (35) years of stock plans, strategies for performance based stock allocations, creation and operation of an internal stock market, its impacts, and more. All of this from a company, SAIC, that uniquely became the nation’s largest research/engineering firm that is employee-owned.
- Every SAIC annual report and board book as a privately-held company
- Decades of internal R&D reports on technologies that have moved from government funded to commercial application, and
- 30 years of program materials from FED research, consultant, and program to advance entrepreneurship and employee ownership in the US and world.

Q: What an amazing collection; it must have been exciting to get a chance to explore these materials.

A: It was captivating to read these historic papers, and see what was implemented and what was not. For example, SAIC’s first management consulting review of its business model and plan. It was in the late-70’s. The expert consultant from Stanford University, stated that the EO model would find its limits soon, and that Dad, in his mid-50’s at the time, should focus on succession planning. As we know, my father did not follow conventional thought, and neither did SAIC. Thus, neither recommendation was adopted by SAIC or Dad, and neither was needed for decades to come.

Of course, we also marked this anniversary with an organizational and name change, which people can read about on fed.org. I also personally launched a new film production company, Yellow Warbler Media, and started new productions.

Q: You’ve also continued your work in film that began with “We the Owners”, to include stepping out as the director for your latest film, “The Kitchenistas of National City.” Can you tell us a little about this film, and what prompted you to both make, and direct, this time around?

A: After my first film, “We the Owners” (WTO), I wanted to try my hand at both producing and directing a documentary. Remember when we talked after the launch of WTO, could you tell I was hooked on story-telling through docs? What I didn’t expect was to capture a social entrepreneurship story about mothers changing a community in a health crisis. I met these ladies through an educational garden nonprofit that my family and I support. Over the course of a year and a half, I learned about their bravery of changing...
Q: Superficially, there may not seem to be a direct link between this film and “We the Owners” but looking a bit deeper they both seem to me to be stories about folks who are trying to take control, and ownership, of their own lives, or at least certain aspects of their lives. Do you see a linkage between the two films, or do they feel like very different projects?
A: These projects started out with very different motivations, but by the end I was struck by the common themes of creating positive change through an entrepreneurial spirit, place-based action, and connectedness to community and the environment. I suspect these themes will be explored in my next films as that’s what interests me and where my heart guides me. Pretty timely themes, right? Waiting for someone else to figure things out is not a good way to live a productive and happy life.

Q: To continue the “movie” talk, I see that you are planning a new film, “Enterprising Owners” that is both a celebration of the Fed’s 30th anniversary as well as of the life of your father, J. Robert Beyster, founder of SAIC and a huge supporter of employee ownership.
A: I launched this first episode of “Enterprising Owners” in June, and you can see the 9-minute film on vimeo.

It is a reflection on how far EO has come and how far there is to go. I have cameo moments of my father over those 30 years…with common sense statements that continue to be a challenge in business. Toward the end of the film, he states, “The idea behind employee ownership, is that the rightful owners of the company are the people who are creating it.” Many professors and companies have told me they will be using this with their students and employees.

Q: My understanding is that this is going to be the first in a series of films that will explore these ideas. What can we look forward to in the upcoming months?
A: This first episode is labeled as a “preview” version because my production team, Photogenie Films, and I are working through final edits and sound leveling. It is very good now, but will be even better with these important tweaks expected this summer. It is likely that one of the next episodes will be about people making a difference through EO in lower-income communities, and probably highlighting ties to urban economic development. For now, I expect to post episodes on my Vimeo channel. If people have suggestions and are interested in being involved, they should contact me.

Q: According to the preliminary promotional material you have sent out about “Enterprising Owners” you stress the importance of connecting the motivations and expectations of your father’s generation with that of the younger generations, specifically millennials. I think, especially at this moment in time, finding the linkages that hold us together is important, however tenuously it may seem that that they are holding us together. How did this central idea become the focal point for the series?
A: This is a film/series by millennials (with the exception of me, of course) for millennials. We’ve also got something for everyone…this first episode has both Bernie Sanders and Ronald Reagan. I’d like to capture history in each episode and set out the possibilities and concerns for the future. These will be short docs, and not commercials. But admittedly, I did highlight the FED’s perspective in the first episode. I didn’t want to lose the opportunity to use the first episode to celebrate our 30-year milestone and include my dad in one of my films. To say the least, I miss him dearly.

Q: Looking at all of these interesting and creative projects you have in the works, it seems to me that there is a very clear “entrepreneurial” spirit, and approach, that you have that, besides being technically in a non-profit context, is perhaps related (in more ways than one!) to what your father accomplished at SAIC, and perhaps makes another linkage across generations. Has this approach been a part of your thinking from the beginning, or is it perhaps something that is a more intuitive part of how you do things?
A: For the longest time, I never thought of myself as entrepreneurial. Ha! Let’s see. Turns out my career in engineering, technical consulting, education through a non-profit, and now filmmaking, all begin in an emerging market, move from ideation, prototyping and piloting, to product/program launch. Clearly, Dad was role model, as is my mother, but I have been very lucky to have people in my life that think big and raised my level of thinking about the world and myself.

Q: As always, I enjoyed the conversation, and thanks again for your time.
A: Chris, you all at OEOC and your members are doing great things for employee ownership. Let me end by saying that when I came into the EO field in 2005, John Logue was one of the first people to call to get a lay of the land. His passion and determination helped hook me into EO. I see you all carrying on and expanding that legacy with as much passion. Legacy is tricky. We live in different times, times that need new solutions, but are better off when learning from the past.

For more information on all the projects we discussed, check out:
- http://www.fed.org
- http://thekitchenistasmovie.org

A previous series of articles on Robert Beyster and the SAIC story, check out the Summer 2015 issue of Owners At Work here:
Employee Ownership Trusts:  
A New Model of Employee Ownership? 
Christopher Michael  
Attorney-At-Law

Chris Michael is an attorney based out of New York City that has been involved in the creation of ESOPs, worker-owned cooperatives, and now Employee Ownership Trusts. While gaining some traction in European countries (predominantly in the UK) EO Trusts are a relatively new concept here in the USA. OAW talked to Chris to get an overview of EO Trusts, how they are used, and a sense of the pros and cons of the model.

Q: Chris, thanks much for talking with us today. 
A: Thank you—it’s an honor to be speaking with the OEOC.

Q: After some time working with both ESOPs and worker owned cooperatives, you’ve begun working on what is, in the US at least, a new model of employee ownership. Can you briefly describe what is an Employee Owned Trust, and what prompted your interest in it?
A: An employee ownership trust (EOT) is a legal structure that allows a company to remain employee-owned in perpetuity. In short, the company shares go into a trust and stay there forever. The company is operated by the trustee on behalf of the employees like at an ESOP company. The company culture should also reflect its employee ownership structure like an ESOP. However, unlike an ESOP, an EOT is not a retirement plan. Employee-owners are “naked in, naked out.” They don’t have to make any contributions on the way in, and they don’t get bought out when they exit. Employee-owners don’t accumulate shares in individual accounts. Rather, they receive a percentage of ongoing profits, in accordance with a formula, throughout the duration of their employment. Of course, some of these profits can be channeled into a diversified 401k plan for retirement purposes.

I spend a lot of my time as an attorney working with employee-owned businesses, but I’m also a Ph.D. student writing a dissertation on the history of employee ownership. I tend to think long-term about things. And I’m just not quite satisfied with the idea of building employee-owned businesses that might sell out at any time in the future. Of course, the economy is constantly in motion, and business enterprises aren’t always intended to last forever. Nevertheless, it seems to me that we should be aiming for stability and preserving the employee ownership structure as long as possible. We shouldn’t make it easy to eliminate employee ownership at a company, and we certainly shouldn’t impose requirements on companies to sell out. The EOT offers a common-sense solution to this problem.

Q: My understanding is that this model had its genesis in the UK.
A: That’s right! The best-known EOT company is John Lewis Partnership, which is one of the biggest and oldest EO businesses in the world! It was founded in the late 1800s, transitioned to full employee ownership in 1950, and currently has 95,000 employee-owners. All employees are owners on day one of employment. Also, many folks don’t know this, but all employee-owners at John Lewis have equal voting rights. I should add that John Lewis is kind of like the Macy’s of the UK—a very upscale department store chain.

Q: How many Employee Ownership Trusts have you helped put in place?
A: I’ve put in place about half a dozen EOTs, and designed about another half a dozen that are soon to be implemented.

Q: What in your view are the basic pros and cons of the model as compared to both ESOPs and worker owned cooperatives?
A: EOTs are significantly less expensive and less time-consuming than ESOPs. When I describe the EOT concept to ESOP folks, it takes them quite a while to wrap their head around how simple it is. EOTs don’t require annual valuations. They aren’t retirement plans, so there is no reason for them to be regulated by the Department of Labor. There is far less reason for litigation, so trustee costs should be much lower. There are no repurchase obligations, and so there is no need for a fancy financial analyst to help with scheduling. You can see where I’m going with this...

As per worker-owned cooperatives, a lot of folks are nervous about the unrestricted democracy. In contrast, an EOT can be structured just like most ESOPs, with a circular “board appoints trustee, trustee elects board” structure. However, an EOT can also be structured as a “constitutional” democracy where employees have equal voting rights, but constitutional protections ensure basic elements of good governance and financial management, such as requiring reinvestment of a percentage of earnings back into the business. I should add that it’s also much easier to accommodate business owners during a sale to an EOT. I have a pet theory that most selling business
owners aren’t altogether that worried about employee-owners having equal voting rights—they’re just worried about employee-owners having equal voting rights while they’re still “on the hook” with seller financing! An EOT can easily resolve this concern by providing for an independent trustee during the sale period. After the loan is paid back and the business owner is fully “cashed out” of the company, a provision in the EOT trust document can toggle on employee voting rights. You get the benefits of a worker-owned cooperative without the commonplace obstacles that prevent their formation. I’d add that this same “staging” process for employee voting rights can also be used in ESOP transactions.

Perhaps the main differentiator is that EOTs can be structured to maintain the company under perpetual employee ownership. We know that the ESOP trustee has a duty to sell the company out of employee ownership when presented with a sufficiently high offer. We also know that demutualization is a longstanding historical problem with the worker-owned cooperative. For selling business owners whose primary concern is legacy and the perpetuity of the employee ownership structure itself, and who are willing to sacrifice certain tax benefits, then an EOT is the best option. One last note here—a lot of folks also like the fact that certain core values can be locked into an EOT, such as making sure that the company is environmentally responsible, or that it donates some percentage of net income to their state center for employee ownership!

Q: One of the complaints I’ve heard about the model is that there are insufficient protections for employees, both at the time of the deal and as an ongoing entity. How would you respond to this?
A: For better or worse, a business owner can do about whatever they want with their company. They can shut the business down forever and sell the physical assets. They can attempt to preserve the business by giving it to a family trust. They can also preserve the business by selling to an employee ownership trust. All of these things can be done on a business owner’s terms without interference from the government. An ESOP is distinguished because selling business owners and businesses receive certain tax benefits. In exchange for these benefits, ESOP transactions and ESOP companies are tightly regulated. Right now, business owners do not receive any tax benefits by selling to an EOT, and so they are not burdened by regulation. I would add that, as with an ESOP transaction, employees are not paying out of their own pockets on an EOT deal. So, again, a business owner can do whatever they want with their company—as long as employees and taxpayers aren’t paying for it. I’m not unconcerned about problems that may arise, but I also don’t see this as a pressing issue. The business owners that I work with are selling to an EOT for the right reasons.

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Q: What in your view would be an ideal scenario in which an Employee Ownership Trust makes sense or work best?
A: Right now, ESOPs enjoy immense tax benefits. So, for any company with a valuation greater than $1M, an ESOP is probably going to be the best fit. An EOT would be great for anything smaller than that. Putting aside company size, if a selling business owner really values the idea of creating a perpetually employee-owned company that can never be sold out, and they are willing to sacrifice the tax benefits, then an EOT would be the way to go.

Q: Looking at the current legal and regulatory framework here in the US, what if any impediments do you see that would, or can, impede the growth of the model?
A: My contribution here has been to identify the appropriate legal framework for an employee ownership trust in the United States. I published two law review articles about this—one in a top tax law journal, the other in a top trust law journal. I don’t see any legal or regulatory impediments to the EOT. The EOT can be used today by any company in any state in the country. That said, the main issue moving forward is whether Congress will give EOTs the same tax benefits enjoyed by ESOPs. The quickest way to do this would be to make the EOT an eligible holder of S corporation stock and grant tax-exempt status to EOTs. This would give S corp EOT companies the same tax benefits as S corp ESOP companies.

It would also be smart to ensure that ESOP companies can transition to an EOT without suffering any adverse tax impact. I’ve recently spoken with a couple of ESOP companies that would love to transition to perpetual employee ownership and eliminate their endless repurchase obligations, but the tax impact of a transfer to an EOT is just too burdensome. As a final plug, I would add that I recently drafted model state legislation that features the EOT, alongside ESOPs and other forms of direct employee share ownership. We don’t have to wait for federal legislation. In 2017, the Ohio legislature might create a state-level capital gains exemption for business owners who sell to an EOT or an ESOP.

Q: Chris, as always I appreciate your time.
A: Likewise, Chris!

More information on EO Trusts, their uses, and relevant laws can be found at the following links:
- http://cmichael.ws.gc.cuny.edu
- http://cmichael.ws.gc.cuny.edu/articles/oaw

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Thomas Dudley
Kramer Sharp
Certified EO

Certified EO is a relatively new membership organization based out of the Bay Area in California whose self-described goal is in “uniting employee-owned companies with a common brand that will raise national awareness of employee ownership and provide a source of differentiation for our members.” OAW talked to the founders about their goals and objectives for the organization.

Q: Thomas and Kramer, thanks much for joining us today.
TD: Of course!
KS: Glad to be here.

Q: So what is a “Certified Employee-Owned” Company?
KS: There’s a few ways to answer that. To the general public we’d say a Certified Employee-Owned company is a business rooted in the local community and where the employees have a stake in the value they create at work through significant and broad-based employee ownership.

To employee-owned companies we would say a Certified EO Member is a company that’s looking to help make employee ownership part of the national consciousness. A company that wants to carry the flag and create visibility for the great things happening in our community.

Q: Can you describe a little the thought process and circumstances that drove you to begin the project?
KS: We want to make employee ownership something every American cares about. This is the perfect time for employee ownership to come to the forefront and address many of our country’s problems, but unfortunately employee ownership is practically invisible! We’re trying to spark that conversation and get visibility for employee ownership.

TD: For a bit of background, the idea for Certified EO originally came out of some research I was doing as a PhD student. I got interested in public opinion on employee ownership and found very strong support among Americans in a nationally-representative survey. I started talking about this with Kramer and we thought it was exciting, but also hard to reconcile with how hard it is to find employee-owned businesses. We figured a certification program would not only help businesses tap into popular support for employee ownership but would also create a recognizable brand that would raise awareness and make it easy for people to vote with their dollars and resumes.
KS: At this point we’ve developed the program and we support our members in a few different ways. Obviously there’s the brand - having one mark that’s used across companies will help us build something recognizable and iconic. Beyond that, we’re making it very easy to message employee ownership by building toolkits for marketing, recruitment, and internal communications. We’ve found that employee-owners are too busy with normal business operations to learn the nuances of employee ownership, so we’re doing the leg work for them. By becoming marketing experts on employee ownership, we allow our members to maintain their products and services while still being able to take advantage of American’s desire to support employee ownership. Finally, we’re sharing best practices among members and even doing 1-on-1 coaching sessions when the need arises.

Q: On a personal level, what piqued your interest in employee ownership?
KS: I first learned about this from Tom. We’ve been close friends since college and we started talking about it a bit when he was in grad school. The benefits of employee ownership are something more Americans should be privy to.

TD: To be honest I’m not sure how I first heard about employee ownership – probably an article online – but the idea hooked me very quickly. I think it just resonates with some people. I started to explore employee ownership through reading and by going to some local worker cooperative groups like NoBAWC. At some point I learned about programs in business schools where you can study organizations so I applied to a few and was lucky enough to get into the Organizational Behavior Department at the Stanford GSB. At that point I dove into the academic work on employee ownership, met Joseph Blasi, and became a Beyster Fellow. At some point my interests turned to public opinion on employee ownership and here we are.

Q: How has the response been from the employee ownership community for the certification?
KS: Very positive! This community is deeply passionate and committed to the ideals of employee ownership, and having the support of individuals who have led the charge of employee ownership has been very inspiring. We received support as we developed the idea, figured out the standards, and continue to receive support as we build out the program. We’ve also

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Radd L. Riebe  
+1.216.737.2938  
rriebe@stoutadvisory.com

Matthew J. Hricko  
+1.216.373.2960  
mhricko@stoutadvisory.com

Owners At Work Summer 2017
had a lot of interest from companies. We have 25 Founding Members and are in talks with more companies.

Q: Let’s say I am a leader at an employee-owned company interested in becoming certified; what does the process look like?
KS: From start to finish the process takes no more than 8 hours. The main activity is a certification questionnaire that prospective members fill out and return to us along with the legal documents that govern their employee ownership program. We review these documents, ask any follow-up questions, and get back with a decision.

With the certification process we’re looking to verify significant and broad-based employee ownership. To us significant is at least 30% employee-owned. We do have additional certifications for Majority and 100% employee-owned businesses. We also plan to share high-level categorizations of governance and engagement in the members section of our website to provide some transparency. Today they are very opaque.

Q: Generally speaking, the OEOC works with a broad-based, and very diverse, group of employee-owned businesses. This includes ESOPs, worker co-ops, direct ownership schemes, hybrids, and others. Does the certification program tend to focus on a specific type of employee-owned business?
KS: We designed the certification program to be big-tent. Our certification standards abstract away from the specific vehicle so all of those types of companies you mentioned would be eligible, as well as types of employee ownership that haven’t been invented yet. All that matters for us is significant and broad-based employee ownership.

TD: At the same time, today’s ESOP is by far the most common type of employee-owned company and that’s reflected in our membership. We do have two perpetual trust companies, a direct-share ownership company, and have been in talks with a few worker cooperatives. We want our Founding Members to represent the full diversity of the employee ownership world.

Q: In both the short and long term, what are your plans for the program going forward?
TD: In the short-term, we will continue to recruit great employee-owned companies, help them communicate employee ownership, and build national awareness. In five years we want to have 700 or 800 members and for our employee ownership Mark to be as well-known as Fair Trade and Organic. Consumers will use our mark to vote with their dollars in favor of employee ownership. We will help employees find jobs at employee-owned companies. Local institutions and governments will have set-aside for Certified employee-owned companies because they know employee ownership is the key to a strong local economy.

Of course by 2050 we want there to be 50 million employee-owners in America. We’re big supporters of 50x50!

In the very long term our ultimate goal is to build an employee-owned economy. We want the employee-owned company to be the default way that business is organized. That’s not something we can accomplish alone, so we’re glad to be part of such an amazing community.

More information on Certified EO, including details on how to get certified, can be found on their website at:
- https://www.certifiedeo.com

Don’t forget to check out the upcoming webinars for ESOP companies
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Good morning everyone. I guess I don’t really need to introduce myself, I got a fairly good introduction! But the one thing I am going to say is that when we started the Vermont Employee Ownership Center we relied on the Ohio Employee Ownership Center to really help us, because it’s such a great center. It’s been around much longer than we have been. And so, I thank the Ohio Group and all of you for helping make Vermont be successful also.

The title of my talk is: Employee Ownership - Movement or Not. I really believe it is, so today I want to discuss the evidence that there’s really change afoot. But I also want to talk about what it means to each and every one of us; what it means for our organizations, and how we can all be a part of this movement. What can our organizations do? Because I believe it’s happening, and don’t we all want to be a part of this amazing movement? I know I sure do.

Let me start with me. I’ve been at Gardener’s Supply since its inception in 1983. Are any of you gardener’s out there? Some of you may have heard of us. We are mainly a catalog and web business, so some of you may have gotten our catalogs. We recently produced a short video about us, so, I thought I’d just show that just to give you a bit of the essence of who Gardener’s Supply is.

Video is available at http://www.oeecnt.org/ohio-employee-ownership-conference/

I love that piece. We’re in the best business to spread the joys and rewards of gardening. Because gardening nourishes the body, elevates the spirit, builds community, and makes the world a better place. We have 215 employees, with about 130 seasonal employees, and right now is the busy season. We have a lot of new employees or repeat seasonals. We have four locations, all located in Vermont, and started our ESOP in 1987. We are an S Corp 100 percent ESOP, although, we started as a C Corp for those that want to know a little bit about that kind of thing.

Just to talk a little bit about our history. We did not start our ESOP for ownership succession; we started because it because our owner believed in shared ownership. He believed that we should be invested in the company that we work for, and that it would influence how we worked at the company. So,[35 years ago in 1987] he started the ESOP. We went very slowly, from 0 to 19 percent. In 1999, we made our first jump to 30 percent. Then in 2006, we were at 30 -- 45 percent. Then it became about ownership succession, and in 2009 we went to 100 percent employee owned.

As I go through my talk today I will refer to Gardener’s Supply a little bit. But the real emphasis I want to make is on the employee ownership movement.

Over the years, we have not seen an increase in the number of ESOPs, we’ve had about 7,000 ESOPs and about 300 to 400 co-ops for a number of years. Now, we know sitting in this room that we have many new ESOPs. But what we’re finding is that the number of ESOPs being started is being offset by the
number of ESOPs being terminated, mainly because the companies are being acquired. Now that isn’t necessarily a bad thing, right? Because the wealth is continuing to spread to all of the employee owners.

So, why do I think that there’s an increase coming? First, we have the wave of the baby boomers owners 55+ that are looking to transition their businesses. The National Center for Employee Ownership estimates there are 150,000 companies that are ripe for becoming employee owned. But what I’m also hearing about from all the professionals that Roy just talked about as I’ve been around to all these different conferences, chapter meetings, and state center meetings, is that professionals are busier than ever and they’re seeing a change in how the business is coming in.

As I was listening to them talk about his change, I literally cornered a couple of them and asked them to give me, in their words, how they’re seeing the change. So first, I have up here [in the video] is Rich Glassman from ESOP Plus and then Joe Marx from Principal. Some of you may know them but I just wanted you to hear their words.

MR. GLASSMAN: As we been discussing we all have a pretty good understanding of where the demographics are in this country. And certainly, those of us involved in the ESOP community have looked at the number of baby boomers who own businesses today. And are looking at -- we think will be looking for an opportunity to get [completely] out of their business, succession planning and all that good stuff that comes along with transitioning out of the business. For the first time -- and we’ve been in a while, but maybe for the first time, I am seeing, personally, in my own practice a -- real pickup in activity of people asking questions about ESOPs. Personally, I’ve been waiting for this a long time, but I have accountants, I have lawyers, I have business owners calling me instead of me just calling them.

They’re calling me. They’re talking about ESOPs. I have to admit it’s maybe just the beginning. But hopefully, it is the beginning of a ground swell of a lot more activity in the ESOP community.

MR. MARX: We’re just seeing a tremendous amount of interest in employee ownership in ESOPs. And for years I get calls from advisors and people asking about ESOPs. But there hasn’t been a whole lot of movement or activity pursuing the feasibility or moving forward with the transaction. But now, I’m getting calls, probably several times a week from advisors or business owners that say, “I need to know more about ESOPs.” Especially from the advisors who don’t know anything about ESOPs. And they’re saying this company wants to put an ESOP. You need to help me put it in. and we’re just seeing a lot more companies actually moving through the feasibility, looking and thinking about actually putting the transaction in place.

And it’s just a tremendous uptick in the amount of calls that we’re getting where people actually want to move forward with some sort of transition plan and are seriously looking at ESOPs.

The way people are thinking and acting and asking about employee ownership is changing. Let me do a further call out to all of our professionals. They all just stood up here. They’re coming to these conferences. The NCEO, the Las Vegas and Washington D.C. conferences, they’re part of the ESOP Association and its advisory committees that think about finance and legislative and regulatory issues, and ownership culture, and fiduciary and administration, valuation. And they’re thinking deeply about the ESOP issues. And they’re the ones who are keeping up with what the DOL and the IRS are saying. And they care about what ESOP professionals are communicating to all of us as company members.

And they’re writing white papers about issues that are unclear in the ESOP world. And they’re learning themselves. And they’re volunteering their time to teach us about the intricacies of ESOPs. And sure, they’re looking to get more business, but they care. And they’re the ones who are committed to this cause. And when I was on track to become the chair of the ESOP Association, who did I hear the most from about their ideas to make our organization better? It was the professionals. And I heard them loud and clear. And this is the group that is telling us that they are busy, but they’re seeing a change in how people are connecting to them. We’re getting asked to speak at new events. I just spoke at the annual meeting of the Vermont CPAs. We’re speaking at chamber events and trade associations. This never would have happened ten years ago, because they wouldn’t have known to ask us. So, this should result in more ESOPs, right? Well, I certainly hope so, and I believe so. But even more importantly, those owners and non-ESOP professionals are calling us and asking for more information. They know enough to ask and that is the change.

....

Let’s talk about the academic world. I spoke
with Joseph Blasi, professor of Rutgers School of Management and Labor Relations. He’s an academic researcher who supports the study of employer ownership, and he’s whose data that we’re using. And the data is very compelling. What he found is that during the recession employee owned companies laid off people at a rate of less than 3 percent. In non-employee owned companies the rate was 12 percent. In addition, when they looked at people that were seeking employment elsewhere it was 12 percent in an employee owned company, 24 percent in a conventionally owned company. These are amazing statistics. And this is very compelling. So, how do we use this to our advantage?

Ten years ago, there were three professors studying employee ownership. Joseph Blasi and Doug Kruse, and John Logue from Kent State University and the Ohio Employee Ownership Center. This year we have over 120 professors and students that are actively studying and teaching about employee ownership. And they’re in 30 different states in 30 different universities. And we’re now talking Rutgers, Harvard, Yale, Cornell, and Princeton. Recently I was asked to go to the Rutgers Fellowship Program event in New Jersey, and I sat and I listened to the topics that they were talking about and I was struck and stunned... each of these students and people doing this research was representing a top school in the country, and in some cases around the world. This did not exist ten years ago.

The movement is happening.

I consider the change in academia as extraordinary. If you take that generation of people that are all learning about employee ownership and you fast forward, they will know about employee ownership in a way none of us knew.

It’s happening in the smaller schools too. My son goes to Western State Colorado University, in the middle of nowhere in Gunnison, Colorado, 2,600 students. And twice he’s come to me after I became Chair and has asked about employee ownership; twice he texted me to say his professors had brought up employee ownership in the classroom. Two different professors! It’s happening.

And then there’s the media.

We are seeing more stories in social media and local newspapers; when I spoke with Joseph Blasi, last May he was writing an article for Time Magazine. What would you say was the biggest story that went viral about employee ownership in the past year? That’s right, Chobani. And it wasn’t an ESOP, but you know what? You don’t really care when things go viral. It was about employee ownership. And one of the best things that can happen in an industry is to have a target story go viral. This happened this past year when the owner of Chobani gave 10 percent of the company to the 2,000 employees with values ranging from $150,000 to $1 million per person.

Now, this isn’t just ESOP people looking at it, this is everybody looking at it. New York Times, 250,000 views. A local NBC Nightly News, 45,000 views. And last week, I don’t know if you guys saw it, the owner of Chobani was on 60 Minutes. I waited, I waited, I waited, and at the very end he brought up sharing the stock with the employee owners.

But it happened. And I say we take it where we can get it.

It was also the first time where I had multiple friends that tagged me in these stories and said, “Hey, I saw this.” And they don’t work in the employee ownership world. They were doing it because they knew I did. And they saw it.

And then there’s attendance at meetings.

We are showing a surge in employee ownership across the country. The ESOP Association almost had 11,000 people attending national and chapter events, up 50 percent from 2007. We have meetings like this that we’re getting record attendance, same with the Vermont Employee Ownership Center. We’ve not had an increase in ESOP companies in total, and yet companies are grasping the concept and attending meetings.

One of my key strategic goals as a Chair of the ESOP Association that I’m passionate about is that we collaborate more with the National Center for Employee Ownership and ESCA. So, last year the three chairs and staff officers got together. And we didn’t just talk about where we competed. We talked about where do we collaborate? Where do we work together more? That’s where we focused our energies. Because if can have more employee ownership we’re all going to do better, right?

What’s important is that we were looking at the bigger vision. How do we promote ESOPs? These three organizations are working more closely than ever. And that’s a change. The NCEO started a task force to establish state centers in every state. This center right here and the Vermont Employee Ownership Center are model centers. Ohio and Vermont have the highest employee ownership per capita in the U.S., and I believe it’s a direct result of these state’s centers. We
now have the Rocky Mountain Employee Ownership Center. We have the New York/New Jersey center. California is just starting one. Pennsylvania has started a center modeling after Ohio and Vermont. I believe there’s clear proof that the establishment of a state center is crucial to the education and awareness needed for employee ownership to be a viable alternative for our business owners. So, for our state and federal people, there’s a bill coming out next week that Bernie Sanders’ is doing, which we hope you’ll sign on to, the goal is to get money to state centers, because they need funding to be able to do this.

There was a study done a few years back that compared ESOP companies with a participatory work environment by industry against non-ESOP companies in the same industry. The data showed an average increase annually and value at 2 percent. Now, you might say that’s not that much, but you compound that over ten years and it’s a very large number. And the key was participation.

What should you do? Share your stories. Tell your congress people... We have the most bills ever right now being introduced in Congress...three to four bills that are going to be introduced this spring. So, are you talking with your congress people and senators to get them to sponsor these bills? One of our favorite events for our employees is to go up on the Hill when they go to the annual conference in Washington. Have congress people come and visit your places, they want to see what you’re doing, they need to be educated about that.

Share your stories with the media. Employee ownership resonates for our customers. Tell your stories - speak at conferences, trade associations, chamber events... get the word out for your own business. Think bigger than your own organization!

Be a model company internally. What are you doing to encourage participatory work environment? The statistics clearly show if you match employee ownership with participation you will outperform your competition. Learn what methodologies work for you. Create the culture that is right for you.

At Gardener’s Supply, we created a document called the rights and responsibilities of the employee ownership. You have a right to be well informed about the strategic direction and financial health of the business. But you have the responsibility to pay attention, read it, give input. You have the right to contribute and share in the financial success of the company. And you have responsibility to be aware of your personal role and how you can further the success of the company, and be a participating and engaged employee.

Think about what you can do to be a better person, which then translates to a better employee, better company, and show the world the success of employee owned companies.

What if I listen more? What if I assume positive intent towards my co-workers? What if I entertain new ideas and play the devil’s advocate when it’s needed? What if I request more feedback (and listen to it)? What if I offer more feedback when it’s needed? What if I consider another perspective without judgment? What if I imagine or wish without limits? What if I try to walk in my co-worker’s shoes just to understand what’s going on with them?

What if I spend time outside my comfort zone? What if we as a company or as an organization make an effort to share our histories and learn about each other? What if we help others understand their value and encourage an environment of trust and collaboration in all that we do? What if we celebrate success more often?

What if we consider team results as more important or more impressive than personal success? What if we encourage risk taking and proactively practice open mindedness? What if we all respect one another at the time -- all the time and encourage new points of view?

This would create an open, supportive, inquisitive, positive innovative and employee owned culture. And guess what? That would make us all better.

We want employee ownership to succeed. So, for the rest of the day I hope you take full advantage of all the amazing people that you all are. And that you learn new ideas and you offer your ideas to help others. The best way that we can continue the employee ownership movement is to be successful, and that does not just mean financial success.

Let’s show the world that an employee owned company is not only financially successful, but that we treat our employees the best. We have the most innovative business practices and involvement. We have a great governance structure. And we’re keeping the businesses in the communities they want to be in. There’s a movement happening.

There’s a change afoot. Now, let’s make it happen.

Thank you!
There is a common theme to all of our award winners this year that can perhaps be best summarized by the word commitment: a commitment to values, community, and to employees. This is true of Robin Industries Inc., even though it’s a relatively new ESOP.

Robin Industries, presently headquartered in Independence, Ohio, is a manufacturer of high quality rubber and plastic components for the automotive, medical, government and industrial markets. Robin differentiates itself as a single-source supplier of custom design, engineering, prototype tooling, and component assembly services. Their multiple facilities in Ohio, Mexico and China allow them the flexibility to efficiently supply their customers with esteemed products to their locations globally. The components they make require the highest standards of quality and reliability.

Despite its status as a ‘young’ ESOP, Robin has been in business in the Cleveland area since 1947, and has been committed to the idea of employee ownership since the mid 80s. At that time the founder of Robin Industries, Fred Nonneman, implemented a program that allowed employees to directly purchase company stock. Over the years, as many as 40 employees owned upwards of 7% of the stock in the company; and though the program was successful for what it was, it really wasn’t meeting the goals of company, its leadership, or its founder.

When it came time for Fred and other family members to transition out of the company, they began to explore a more formal program for selling stock to the employees, and in 2012 the company instituted its ESOP selling 49% of the business in the first transaction. As the company describes it, there was no better way to preserve Robin’s legacy and promote its success than placing the next generation of ownership in the hands of those who have built, and will continue to build, the company in the coming years.

When the remaining family shareholders made the commitment to sell their remaining shares to the ESOP once the debt from the initial sale was retired. So, the company is in the middle of a second stage transaction that will result in it becoming a 100% employee-owned company virtually as you read this.

Robin established their ownership culture systematically and with firm intent; an ESOP Communications Committee formed in 2015 with the goal of facilitating communication about the ESOP. Committee responsibilities include answering questions from participants, as well as planning and running activities that build awareness and encourage all employees to “think and act like owners.” The Committee membership is pulled from the various locations and parts of the business that don’t always get an opportunity interact with each other. One of the more popular events began by the committee was an annual T-shirt slogan contest. Last year’s winning slogan was “ESOP…Molding Our Future”.

It is clear that even in the short 5 years that Robin has had their ESOP in place, it has provided the employees the opportunity to more closely connect their personal success with the company’s success, and it is for this that we at the OEOC are proud to present Robin Industries with the 2017 ESOP Impact Award.

2017 John Logue Employee Ownership Excellence Award: The Ruhlin Company

When the OEOC staff gets together to discuss who will receive the John Logue Employee Ownership Excellence Award at the annual conference, we begin with a discussion of the values and vision of John Logue.

Like many people in attendance at each year’s conference, Dr. Logue was entrepreneurial in spirit, and despite all his
academic credentials, had the profoundly practical goal of helping businesses rooted, in numerous ways, in the communities in which they are located. These values, vision, and practical goals are perhaps best expressed in the OEOC’s Mission Statement: “To promote employee ownership in order to broaden capital ownership, deepen employee participation, retain jobs locally, and increase living standards for working families and their communities.”

These ideas were at the forefront of our minds as we decided to select The Ruhlin Company as the recipient of this year’s award.

Found in 1915 by John G Ruhlin (a bricklayer with an entrepreneurial streak) and his two brothers Charles and Edward, the company was formed to bid on (and win) a contract to build a new school in Creston. Since that time, The Ruhlin Company has grown to become a full service contracting and construction business based in Sharon Center, Ohio that offers an array of comprehensive services from General Contracting and Construction Management to Design-Build. Their experience includes facilities for education, healthcare, parking decks, historical renovation, industrial, governmental and municipal buildings, energy conservation and alternative energy generation, structural erection, heavy civil projects, bridges, dams, highways and transportation infrastructure.

The company has more than 225 employees and has a primary base of operations in Ohio, and adjacent states of Michigan, Indiana, Kentucky, West Virginia, and Pennsylvania. Ruhlin began its ESOP in 1977, and its 90 employee owners currently own 82% of the company. Currently the company is led by CEO/President Jim Ruhlin, a 3rd generation owner from the Ruhlin family.

And, like the vision of John Logue, Ruhlin has maintained a business ethic that is based on values such as customer service, employee relationships, productivity and profitability, and safety. In addition the company is firmly rooted in their local community. Each year the company, and its employee owners, donate time and resources to local schools and universities, hospitals, parks and zoos, public service entities like the American Cancer Society, American Heart Association, Habitat for Humanity, and many others. The company is also committed to sustainable and LEED certified design and construction methods, and is an active supporter in Minority and Diversity business participation practices. Underlining these practices is the fundamental idea that a business is not just a business, but a good participant in our communities.

For these, and many other reasons, the OEOC can think of no more qualified candidate, and are proud to designate The Ruhlin Company as the 2017 recipient of the John Logue Employee Ownership Excellence Award.
Need the Services of an ESOP Services Professional?

The Ohio Employee Ownership Center’s Professional Members are dedicated to providing ESOP companies, and prospective ESOP companies, with the quality assistance they need.

Log on to [http://www.oeockent.org/directory/](http://www.oeockent.org/directory/) to find the professional assistance you need!
2017 Employee Ownership Milestone Awards

Every year, the OEOC honors companies that have reached a milestone of employee ownership (5, 10, 15, 20, etc.). This year we were fortunate enough to honor 19 companies. Their stories are below, and their pictures start on page 26.

5 Years

The Brewer Company heritage of providing high quality coating and sealant products to their customers actually began over eighty years ago. In May of 1933, The Brewer Company was founded as a Company specializing in the construction of brick and concrete pavements. The Coatings Division was formed in Cincinnati in 1953. In 1992, The Company acquired roof coating and fabric saturating facilities which enabled them to further diversify their product lines to include commercial grade coatings, asphalt-based emulsion coatings and saturated fabrics. In 1996, the Company expanded its pavement sealer manufacturing capabilities into the Chicagoland area, and in 1998 they began manufacturing refined tar-based pavement sealer from their new facility located in LaSalle, Illinois. In January of 1999, The Brewer Company acquired a company in Chicago, Illinois. This acquisition allowed them to expand their mid-western supply of pavement maintenance products through distribution facilities located in Bensenville and Markham, Illinois. The Company also services pavement maintenance customers nationwide through their catalog and website (www.asphaltstore.com). In December of 2012, after more than 80 years as a closely held family business, the Company created a 100% Employee Stock Ownership Plan (ESOP) wherein current and future employees of the Company may have an opportunity to share in the ownership of the Company. Looking toward the future, the Company expects to further expand in new and different locations. The Brewer Company will continue to be a leader in the industry by continuing to safely satisfy customers with Quality, Service and Value.

Duramax Marine LLC is a 100% Employee Owned Geauga County manufacturer. They are the world leader in the design and manufacture of environmentally friendly water lubricated bearings for use in marine propulsion systems, cutter-head dredges, hydroelectric turbines and industrial pump applications. They engineer water-lubricated bearing systems that will perform in the most demanding marine and industrial applications and offer advanced designs when applications require a more engineered solution. In addition to their water lubricated bearings they design and manufacture complimentary products including propulsion shaft seal systems, heat exchanger systems and impact protection systems. In business for over 100 years tracing their roots to the Ohio Pail Company and The Johnson Rubber Company, Duramax Marine was spun off in October 1999. The Company moved from the Johnson Rubber location in Middlefield, Ohio to their current location on Great Lakes Parkway in the Troy Township Industrial Park in June 2001. The manufacturing area covers 50,000 square feet where the raw materials are prepped, molded and machined into the finished products. An additional 13,500 square feet houses the sales group, customer service, engineering group and testing and product development lab. Employment has grown from 52 people in 1999 to their current level of 91 people. To meet their domestic and international customer needs the Company has sales offices in Portsmouth, NH, Miami, FL, Seattle, WA and San Diego, CA. The Company operates 10 warehouses located within their domestic distributor network along with international distributors in Europe, Latin & South America and South East Asia. In addition to their Troy Township location the Company operates Duramax Marine Industries in Norwalk, Ohio. This is a metal stamping and welding shop where the Company fabricates marine heat exchangers which are custom designed and engineered to meet customer specifications in the domestic and international ship building market. The Company operates a dock bumper fabrication facility in New Orleans, LA as well. The Company’s success can be attributed to its foundation and commitment to the core values of uncompromising customer service, providing quality products, developing value relationships, ethics and integrity and the relentless pursuit of knowledge.

E²G|The Equity Engineering Group, Inc. is an engineering firm that was established by 13 industry experts in 2002 with the goal of providing specialized engineering consulting services for new and aging infrastructure in the oil and gas industry. E²G’s strategy to develop and transfer technologies that help clients improve plant profitability by maximizing equipment availability, managing risk, and controlling fixed-equipment costs requires a dedicated team of industry professionals with a passion to lead and innovate. In 2012, E²G, through the establishment of their ESOP, became an employee-owned company that attracts some of the most talented engineers and innovators in the industry – the “go-to” consultants that provide practical advice and solutions for the most complex problems in a timely manner. E²G’s employee-owners are dedicated to working collectively across the disciplines required for full life cycle management to maximize efficiency and productivity for clients. E²G|The Equity Engineering Group, Inc. - Smart Technology. Answers for Today. Insights for Tomorrow.

Markey’s Rental & Staging began its operations in 1959 as a 16 mm film rental company established by Mrs.

Owners At Work Summer 2017
Martelle “Marty” Markey. Over the next twenty years, Markey’s Rental & Staging’s line of business evolved into an audiovisual rental company. Today, Markey’s Rental & Staging is a comprehensive communication company for Event Rental and Staging, In-House Support Services for Convention Centers and Hotels, On-Site Corporate Services, Computer Rental, Duplication, Video Production and Basic Equipment Rental. On December 31, 2012, Markey’s became an employee-owned company via an Employee Stock Ownership Plan (ESOP), an exciting move for all employees and their customers alike.

**Robin Industries Inc., see ESOP Impact Award on page 18**

### 10 Years

Founded in 1962, **Herbert, Rowland & Grubic, Inc. (HRG)** is a full-service consulting engineering and related services firm. Since its inception, HRG has valued the contributions of its employees, their skills, and abilities. Therefore, in 2007, the firm transitioned from a closely held company to an Employee Stock Ownership Plan (ESOP). HRG’s management made a conscious decision to maintain ownership of the company with the people who help it continue to grow, its employees. HRG’s dedicated staff includes professional engineers, geologists, environmental scientists, surveyors, landscape architects, GIS specialists and related support personnel. Located in seven offices throughout Pennsylvania, West Virginia, and Ohio, the firm’s employee-owners provide a full-service approach to every project. HRG’s service offerings include water resources, land development, water & wastewater, transportation, geomatics, environmental, and financial consulting. From the initial concept to project completion, the firm has built a reputation as being innovative, responsive, and accurate. HRG has a proven track record of forging lasting partnerships with local leaders to ensure critical infrastructure is safe and that revitalization of their communities remains strong.

Founded in 1963, **Hy-Tek Material Handling, Inc.** is the premier single-source provider of material handling solutions for an extensive range of industries including manufacturing, distribution, retail, pharmaceutical, food, electronics, automotive, and parcel handling. Since opening their doors for business 54 years ago, Hy-Tek and their best-in-class industry partners—including manufacturers of industrial trucks and equipment; conveyors, rack, and shelving—have been providing customers with turnkey solutions ranging in size from $25,000.00 to $25,000,000.00. From customized one-of-a-kind handling and storage systems to pre-assembled buildings and off-the-shelf products—Hy-Tek’s experienced team of engineering, sales, operations, project management, and installation professionals partner with customers to help enhance productivity, streamline processes, and boost profitability. Headquartered in Columbus, Ohio and employee-owned since 2007, Hy-Tek Material Handling serves customers in the United States, Canada, and Mexico from offices in Atlanta, Cincinnati, Cleveland, Dayton, Indianapolis, New Jersey, and Philadelphia. Hy-Tek’s four divisions—Integrated Systems, Industrial Equipment, Lighting Solutions, and Storage & Handling—deliver cost-effective, efficient solutions for every material handling application.

**Mills James,** headquartered in Columbus with offices in Cincinnati and Cleveland, is among the nation’s largest and most comprehensive production companies. For over three decades, Mills James has helped some of the country’s biggest brands plan, develop and execute the videos, meetings and events that have shaped, driven and celebrated their growth. In 2007, Mills James founders Ken Mills and Cameron James decided an Employee Stock Ownership Plan (ESOP) provided the best strategy to transition ownership for the future, put more of the firm into employees’ hands, and assure the company’s deeply-ingrained creative culture would continue to thrive. They sold the rest of their stock to the company’s ESOP in 2015 making the creative media company fully owned by its employees. Today, Mills James is a company of 160 employee-owners providing video, event and creative production services to advertising agencies, Fortune 500 corporations, startups and non-profits.

**Palmer-Donavin,** from their humble beginning in 1907, has progressed from manufacturing tinware and macaroni into an industry leader in the two-step distribution of residential building supplies and custom entry doors. With headquarters in Columbus, Ohio and 8 branch operations in Ohio, Michigan, Illinois, and Minnesota, each location is committed to providing their clients – primarily independent lumberyards and big box retailers – with manufacturer-direct inventory, the highest quality custom entry doors, and the best customer service in the industry. A 100% ESOP, Palmer-Donavin’s 450 employee owners are united in their mission to create value for all stakeholders through innovation, performance, and integrity. They accomplish this by adhering to their Core Values: Building Trust, Customer Focus, Continuous Learning, Sense of Ownership, and Do It Right the First Time. Palmer-Donavin’s commitment to their employees was rewarded in 2015 when the Company was recognized as one of the Best Places to Work in Central Ohio. They are thrilled to be celebrating 10 years as an ESOP and look forward to many more.

**Plan-E-Tech industries Inc.** is a manufacturer of thread rolling dies for the nail and bolt industry. They manufacture planetary thread rolling dies for customers both domestic and throughout the world. Plan-E-tech has been doing this since 1984. They also produce both cylindrical and planetary dies for the fastener industry to produce thread on bolts & studs. The production of dies
for bolts was added in October of 2004 with the acquisition of Demeter Machine Company. Plan-E-Tech Industries Inc. has been an ESOP since 2007 when it was acquired by Fastener Industries Inc. Fastener Industries Inc. is 100 percent employee-owned and so is Plan-E-Tech. Plan-E-Tech Industries Inc. has and will continue to produce the highest quality dies to their customers within a short lead time and at a competitive price. They are committed to doing so while providing their employees a safe, healthy and fair work environment.

**Richard L. Bowen + Associates, Inc.,** founded in 1959, combines talent, innovation, and technology to provide exceptional architecture, planning, engineering, and construction management services, together as one. Headquartered in Cleveland, Ohio for over 55 years, the firm’s 62 employees provide services both locally and across the U.S. on retail, public safety, education, corporate office, industrial, and governmental projects. Our architects and engineers are experienced in a wide scope of project types, and bring a reputation for quality work. We maintain the technical capabilities to explore all methods of design, from the innovative to the traditional. Our team of designers uses the most current design programs and tools available. Our in-house 3D modeling and animation staff utilizes state-of-the-art multimedia technology to study everything from massing and programming concepts to strategies for a building’s orientation to its surroundings. The firm has structural, electrical and mechanical engineers who are licensed in multiple states across the U.S. Our principals and staff are committed to our community and are active in several foundations which support education, social services, and the arts. Members of our firm regularly assume key leadership positions in professional organizations including the American Institute of Architects. In 2007, the firm initiated an Employee Stock Option Plan (ESOP) when Richard L. Bowen sold 30 percent of his shares to employees. The ESOP has since grown to 40 percent ownership.

**UNIVERSAL OIL, INC.** has been supplying industrial lubricants and fuels to businesses in Northeast Ohio since 1877. The original company, Parker Refining Co., founded by Albert Mendelsohn, produced and sold paint, roof coating, greases and similar maintenance products. With the advent of the automobile, gasoline and automotive lubricants became its mainstay. Today, UNIVERSAL OIL, INC. has developed into a distributor of fuels and a manufacturer and distributor of high quality lubricants. The company also provides full time technical service to its clients, and is certified by the U.S. Coast guard to transfer fuel to ships along the coast of Lake Erie. In January, 2007 they became an employee-owned company (An ESOP), and their employee/shareholders are continuing the tradition of providing quality products and professional service that has been handed down through their history serving a diverse customer base, including commercial and industrial firms, schools and municipalities.

**20 Years**

**Hammontree and Associates, Limited,** professional engineering consultants, was founded in 1966. After several ownership transitions (one utilizing the ESOP) now leading the firm are President and Chief Executive Officer Charles F. Hammontree, Vice President Michael M. Vale, and senior partner James C. Bollibon. In 1980, the firm expanded to include operations in Pennsylvania and West Virginia. H & A is now a regional provider of professional engineering and surveying services to both public and private clients. From its design centers in North Canton, St. Clairsville, Ohio, and Pittsburgh, H&A has grown to place among the leaders in consulting civil engineering. H & A is organized into service areas with staff specialized to manage a variety of project types. Service areas include: Civil Site Development, Energy Support and Permitting, Transportation and Bridge Engineering, Structural Engineering, Environmental and Municipal Engineering, Landscape Architecture and Surveying. The H & A customer base includes government entities, energy exploration firms, public utility companies, commercial developers, industrial manufacturers, individual businesses and homeowners.

Founded in 1949, the **Paquin Company** is a full service distributor for hydraulic, pneumatic, linear motion, components and systems. With their well trained staff they can offer innovative solutions for their industrial and mobile customers. The Paquin Company backs this with a complete inventory of the industry’s finest products from manufacturing leaders such as, Accumulators Inc., Barksdale, Ingersoll Rand, Graco, and Danfoss. The Paquin Company also offers value added services, such as custom engineered products, design & solutions, certified in house repairs, modifications, fabrications, and assemblies; making it easy for customers to successfully apply their products. The success of The Paquin Company is best reflected by the quality of the products that they are able to represent and their hard earned reputation for integrity and good customer service. The Paquin Company has maintained a leadership position by attracting, and retaining only the most talented and qualified individuals with the technical know-how, education, and personal skills necessary to support their customers. In 2013, The Paquin Company became a 100%, employee owned company. In 2014, The Paquin Company expanded operational capacity moving from Euclid to Mentor. They also combined one of their subsidiaries, Global Intex LLC., an electrical connector manufacturer, under one roof.

**25 Years**

**Joy Cone Co.,** founded in 1918, by Lebanese immigrant, Albert George, along with other family members, bought
some second-hand cone-baking machines and started the George & Thomas Cone Company. In 1992, one of the major shareholders of the company was bought out through an ESOP. As such, the company is now an ESOP and is known as Joy Cone Co. after its signature brand of ice cream cones. In 2016, Joy Cone Co., the largest maker of ice cream cones in the United States, acquired BoDeans Baking Group, a maker of specialty cones in Iowa, and Altesa, the largest maker of ice cream cones in Mexico. At the same time, Joy became a 100% ESOP company. With the acquisition, Joy becomes the largest manufacturer of ice cream cones in the world. Joy is an independent, family-oriented and operated business, practicing the art of cone baking for 99 years. Their employees are a part of that family. It explains how they have managed to build a very successful operation. The Company’s success comes from considering the needs of their employees and their families. Joy offers flexible work hours which enable their employees to reconcile their personal schedules with the Company’s production schedules. The results have been greater efficiency and happier employees. Family ties, attention to detail, and old-fashioned quality are the ingredients that make their cones the best cones in the world.

30 Years
Gardener’s Supply Company, see Conference Keynote on page 15.

GBS Corporation, headquartered in North Canton, Ohio, is a leading information solutions provider, partnering with some of the world’s most established brand names as well as smaller forward-thinking organizations. Across every one of their diverse product and service platforms, they innovate increased productivity for their customers. Since their founding in 1971, GBS has understood the value of identifying and investing in technologies that change and improve the dynamics of how their customers do business. From developing feature-rich software solutions to deploying advanced print and marketing services using multi-million dollar equipment, GBS is always engaged in upgrading its technology capital because they know how high-tech can translate to high productivity. GBS has approximately 320 employees and has been an ESOP since 1987 and 100% employee owned since 2000.

In 1988, Mr. Joseph, the sole owner of Joseph Industries, Inc. wanted to retire. The creation of the ESOP gave him an opportunity not just to retire but to have his business continue to grow beyond his career, giving the ownership to his employees. Fastener Industries, an ESOP since 1980, helped with the cash to make this a reality and then bringing the Joseph employees into the Fastener ESOP family. There are now seven divisions in the Fastener family and fifty employee owners at Joseph Industries. The ESOP is a tax-advantaged mechanism for businesses to create liquidity and share ownership with its employees.

With Congress enacting tax incentives for employee stock ownership plans, it provides significant advantages for the company and its employees. The ESOP is a retirement plan rewarding employees with a better quality of life now and in their futures. It makes employees feel more connected, more dedicated to the business for improving profitability and gives them direct opportunities to participate in the decision making process affecting their work as well as their fellow employee owners. Joseph Industries’ mindset believes keeping employees motivated and involved is a small price to pay for ESOP benefits: It gives them as a company access to growth capital, an improved tax structure, and employees that really think like owners.

SJE-Rhombus® is a 100% employee-owned leading control solutions provider, combining over 40 years of expertise in pump controls with the latest technology to deliver energy efficient, cost-effective products for a wide range of applications. The Company offers a complete line of Sump, Effluent and Sewage Controls for residential and commercial applications, including control panels, alarms, float switches and accessories for pump control and alarm notification. Custom Embedded Controls provide innovative engineering solutions for software, firmware and hardware designs using printed circuit board assemblies for high and low volume OEM applications in a wide variety of markets. In 2013, SJE-Rhombus combined its Engineered Control Solutions businesses to unify under the new brand PRIMEX®. PRIMEX specializes in custom designed water control solutions built to individual specifications for municipal and industrial applications featuring VFDs, remote monitoring, PLC/HMI, SCADA, systems integration and more. With corporate headquarters in Detroit Lakes, MN, SJE-Rhombus has eight locations world-wide. They work closely with customers to ensure competitive pricing and lead times by utilizing multiple company resources, collaborative vendor relationships, and cell-based lean manufacturing techniques. While operating under ISO 9001 quality standards, new product designs endure extensive in-house and field testing before submittal to recognized independent laboratories for safety testing and approval, including UL, CSA, CE and TUV. This commitment to quality, coupled with the best one-on-one customer service in the industry, makes SJE-Rhombus the clear choice as a preferred partner from product concept to manufacturing. SJE-Rhombus’ ESOP was established in 1987 and became 100% employee-owned in 1998.

40 Years
The Ruhlin Company, see John Logue Award for Employee Ownership Excellence on page 18. OAW
Highlights from the 31st Annual Ohio Employee Ownership Conference

On this and the following 4 pages, we present some snapshots from our Annual Conference. More than 335 people joined us in Akron for the event, and (we believe) a good time was had by all!. Log on to our website, http://www.oecokent.org, for the full picture album, and videos from the 2 main events, the Morning Keynote, and the afternoon award ceremonies. And finally, and as always, we hope you can join us on April 27th, 2018 for the 32nd Annual Ohio Employee Ownership Conference!
Don’t forget to mark your calendars for the 32nd Annual Ohio Employee Ownership Conference
Friday April 27th 2018
SEE YOU THERE!
Thanks To Our Sponsors!