

# Workforce Engagement, Productivity, Wellbeing and Innovation

## Three Cheers for Employee Ownership

*Employee ownership is undergoing a revival. In the UK, the employee-owned sector contributes over £30bn to GDP and is growing by 10 percent per year. It has, however, a low profile, and its economic potential is often overlooked. In this article, **Peter Heslam** shines the spotlight on three companies that embrace employee ownership as a key to greater engagement, productivity, wellbeing and innovation in the workplace.*

Sounds of excited chatter gave way to hushed gasps, then spontaneous applause, and then a standing ovation. Such was the scene at a recent conference for store managers of the electronics retailer Richer Sounds. It occurred when its founder-CEO Julian Richer made an announcement that has caused greater reverberations than any of his hi-fi and entertainment systems.

Confronting his mortality on reaching age 60, Richer explained, it was time for him to hand his company to its workers. As the sole owner of Richer Sounds since he was a teenager, he would now transfer most of his shares to his employees and provide them with a 'thank you' bonus.

Employee ownership is still relatively rare in business. After all, it demands extraordinary courage and generosity for owners to give away the business they've worked so hard to build. This is what it took for John Spedan Lewis to establish the John Lewis Partnership in the early 20<sup>th</sup> century.

Its continued prevalence in shopping areas obscures how exceptional it is for a major company only to have employees as shareholders.

Nevertheless, interest in the employee ownership models of business is growing. They are associated with higher levels of workforce engagement, productivity, wellbeing and innovation. When The Technology Partnership (TTP) was formed in 1987 it found itself at the forefront of this new wave of interest. But to the founders, it seemed like an obvious choice.

The company was, after all, structured as a partnership, and in small new partnerships the partners are generally the only owners and employees. It was also in need of kickstart funding. Rather than looking only for external sources, it raised much of it through

its own employees, who became shareholders.

But at a more fundamental level, TTP's commitment to employee ownership, which now spans three decades, has been driven by a commitment to freedom. With a vision to apply technology intelligently and purposefully to

advance business and to progress society, its 300-strong workforce values the freedom to come to independent yet collective decisions that are in the long-term interests of the company and its clients. It does

not need to answer to the demands of external shareholders who may not share its values.

TTP's ownership model also promotes a partnership *ethos* throughout the company. This is reflected in its relaxed egalitarian



Julian Richer

Photo: bt.com

## The Rooflight Company announces plans to become Employee Owned



culture. When at the end of the working week the workers ‘down tools’, they do not disappear for the weekend without coming together for an informal social gathering in which relationships are formed that bridge social divides, reinforce shared values, generate trust and enhance satisfaction and wellbeing.

The quest for such workplace mutuality has recently led the Rooflight Company to adopt an employee-ownership model. As its name suggests, this company, founded in 1993, specialises in the design of rooflights. The wife-and-husband owners, Val and Peter King, decided a few years ago against selling the company or opting for a management buy-out. Instead, they considered their commitment to leaving a legacy, having built a values-based culture with innovation and sustainability at its heart. The best way to perpetuate this legacy, they concluded, was to put the company in the hands of those who had built it – its employees.

Having become an Employee Ownership Trust in March 2019, managers at Rooflight have commented that there is now a much greater sense of certainty about the future, and a greater sense of ‘having a say’ in the business. To foster this heightened sense of empowerment,

the company is forming five ‘Voice Groups’. The elected representatives of these groups will participate in the meetings of the Leadership Team and the Board of Trustees and will be involved in important decision-making. Finding the confidence to make such changes has been helped by Rooflight becoming part of a community of around 370 employee-ownership businesses in the UK, supported by the Employee Ownership Association.


Val believes that business can be a force for good ‘if we walk the walk and show others by our example that good business is about creating and sharing wealth, rather than extracting wealth.’ It has only recently occurred to her, she says, that ‘when you’re buying or selling a business, in a way you’re actually buying and selling people. If you fail to take that responsibility seriously, you’re in danger of exploiting people in the process. Employee ownership provides a model which has people at its heart, where people feel like an owner of the business.’<sup>1</sup>

All this reflects the fact that ownership is not just a business issue but a moral and theological one. In the Hebrew bible, the right to ownership is enshrined in the eighth commandment: ‘You shall not steal’ (Exodus 20:15). This right is not

absolute, for God is portrayed as owning everything; humans are stewards and trustees of possessions that belong solely to God.

Biblical theology pulls no punches, therefore, with those who become wealthy by oppressing the poor (Proverbs 22:16). The founders of Richer Sounds, TTP and Rooflight, most of whom are Christians, have become wealthy partly through providing jobs with exemplary employment practices for their employees. Their commitment to employee ownership demonstrates their awareness that they built these companies only with their help.

Julian Richer’s announcement, and the response with which his employees greeted it, echo a brief workplace exchange moments before Boaz, a responsible employer, met a poor foreign labourer called Ruth. On arriving at his fields, Boaz greets the harvesters ‘The Lord be with you!’, to which they reply ‘The Lord bless you!’ (Ruth 2:4). As with Richer, the owner’s goodwill towards his workers is reciprocated.

The amplifiers of some businesses emit shrill ‘profit maximisation’ feedback. But from the more ambient soundtracks of business leaders past and present can come far richer sounds. 

<sup>1</sup> A short general interview (not about employee ownership) with Val King can be found on the Faith in Business website ([www.faith-in-business.org/2019/01/val-king-in-conversation-with-kina-robertshaw-video/](http://www.faith-in-business.org/2019/01/val-king-in-conversation-with-kina-robertshaw-video/)).



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