

OUR EXPERIENCE OF EMPLOYEE OWNERSHIP

Being the UK's first large employee-owned law firm, we understand first hand what it takes to make a successful Employee Ownership (EO) transition.

We have learnt a few lessons along the way, and here, we share with you some of our client's success stories as well as experiences from our own journey.



STAY FLEXIBLE TO SUCCEED

We were approached by an employee owned business because the scheduled payments to the founder were coming to an end. The original shareholder agreement needed refreshing particularly as the company was moving towards financial freedom.

We worked closely with the trust and the company's auditor to ensure that the agreement reflected the accounting treatment of the dividends and the potential employee bonus.

We made the agreement:

- Flexible for current financial commitments as well as the future financial freedom.
- Simple and accessible for readers and trustees, addressing complex situations.
- Confirmed the parties' original understanding of the bonus policy.

“ The transition to an employee ownership model is often seen as the culmination of many months of work. However, it is the first step of an evolution. As the newly adopted employee ownership structure evolves, it is important that the legal framework moves with it. The documentation should be reviewed at key stages to make sure it remains fit for purpose. ”



GAVIN POOLE
Corporate Partner and
EO Specialist

THE IMPORTANCE OF ENGAGING THE STAFF

A client came to see us a year after becoming employee owned as their employees felt that nothing had changed.

We recommended that the business involve the trustees more which in turn led to greater staff engagement.

Using our own experience having become an EO law firm in 2016, we advised and supported them on the following:

- The trustees shaped the profit share policy, considering the fine details such as whether there should be an eligibility period and whether the profit share should be flat across all staff or not. This gave the trustees a sense of responsibility to make these important decisions fairly.
- We encouraged them to celebrate EO Day as a reminder of what EO is and its impact.
- We suggested that employees were given membership certificates to assist with their sense of ownership. These are now proudly displayed in team members' lockers.

“ These changes got the trustees thinking about their own personal impact on the businesses profit and what they could do to make savings and increase efficiency. ”



CAT CARLTON
Corporate Partner and
EO Specialist

GET THE GREAT IDEAS HEARD

When I became an Employee Trustee, lots of employees approached me with great ideas for improving or developing the business. It became apparent that there was no process for these ideas to be fed through to the firm's decision makers.

We've therefore launched an online platform where employees can submit their ideas. Employees can vote to either support or oppose ideas, and when an idea reaches a certain level of support we formally submit it to the Management Board for consideration.

- It's ensured the employees know that their voices are heard, and is a tangible display of the firm's commitment to employee ownership.
- It's increased employees' engagement with the Employee Trustees.
- There is a greater diversity among the business' hundreds of employees compared to the small Management Board shaping the firm's development.
- As only those ideas which reach a threshold of support are submitted to the Management Board, this has overall saved management time.



DAVE ROBBINS
Employee Trustee and
Corporate Associate

EMPOWER YOUR TRUSTEES

Reflecting on my three years as an Employee Trustee at Stephens Scown it's evident to me how essential it is to empower Employee Trustees to become leaders in order to make positive change.

There were two practical applications that helped the Trustees achieve this at Stephens Scown:

- Firstly, our People Development Director put a greenhouse over us so we knew we had the space and oxygen to acclimatise to our new roles – and that he was absorbing anything which might knock us off course.
- Secondly, I felt that our collective did not have the required structure and leadership needed for a group of 10 individuals to deliver together. So, I recommended and implemented a new role of 'Trustee Co-ordinator' which one Trustee would hold for three months and be the focal point and leader for the group. This enabled us all to feel empowered to step up during our term, with the full support of the Trustees group behind us.



SAM MOLES
Employee Trustee and
Digital Marketing Manager

PUT THE TRUST IN TRUSTEES

When the new group of Employee Trustees at Stephens Scown were appointed to replace the original Trustees, we didn't understand how our role fitted in to the firm, or how our role should interact with the firm's Management Board.

Soon after our appointment, the Management Board introduced an initiative which we didn't think would benefit the business – but rather than have a constructive conversation with them explaining how we felt the issue could have been approached differently, we sent an email to the Managing Partner on Friday evening explaining how the initiative was an awful idea and that we wouldn't support it.

Understandably the Management Board did not appreciate the way we approached the situation, and the relationship became very strained. Thankfully, one member of senior management recognised our naivety, and gave us space to devise a Roles and Responsibilities document to reflect the remit of the Employee Trustees, and how we felt the Employee Trustees could work efficiently with the Management Board.

We now have a great working relationship with the Board, collaborating and consulting with them on numerous projects.



DAVE ROBBINS
Employee Trustee and
Corporate Associate

GIVE IT TIME

We asked the MD about their plans for appointing employee trustees. Their intention was to choose themselves to make sure the “right” people were trustees. They settled on two to represent the 80 employee owners.

There was a lot of debate about how future trustees would be appointed. We gently suggested they involve the trustees in the decision-making process and it was agreed that the employees would vote in employee trustees in future.

The MD felt that the term of each trustee's appointment should only be 6 weeks to make sure no one was committed for too long, due to concerns that a truculent employee could stifle the trustee board.

We suggested that 6 weeks would mean a lot of time spent choosing employee representatives. Next, a term of 6 months was proposed. Our experience indicated that this would be a frustrating amount of time for a trustee as they would just start to understand the role and the expectations of them when their term was up. 18 months was then agreed as this would mean that a trustees' proposal could be implemented in that period.

This length of time has proven successful; the representatives are grateful to be trusted to implement changes, and the trustees are pleased they don't have to go through the changeover process too often.



CAT CARLTON
Corporate Partner and
EO Specialist

TIMING CAN BE KEY

We were approached by a business that had identified a very clear date to transition to the employee ownership model.

We produced a timetable document for all interested parties to see. It outlined the key milestones for advisers and client to achieve in order to meet the deadline.

We had weekly meetings to measure progress against the ambitious timetable. We were pleased to complete the transition on budget and on time.

For a different client, we were able to provide post-transition support. The trustees were not sure about their role and how to provide the governance expected of an employee owned business. We helped them put in place some more effective meeting tools such as:

- agenda setting
- minute taking
- actions lists
- maintenance of statutory books
- requisite filings

All of which have provided a more secure footing for the trustees to be better informed to make decisions.



GAVIN POOLE
Corporate Partner and
EO Specialist

THE IMPORTANCE OF PLANNING

At Stephens Scown, when our Trustees rotated following the completion of term from our previous cohort, our new collective began with high energy and a vision for what we wanted to achieve.

To facilitate and to help focus this we agreed and created a roadmap of the necessary milestones together and introduced an activity tracker using Microsoft Teams' Planner (which allows you to attribute tasks to individuals and the dates with which each milestone is to be reached).

Visualising, attributing and agreeing activities helped us enormously to:

- ensure work was fairly shared and everyone had the opportunity to step up and deliver.
- aid delivery of projects to agreed timeframes.
- help us pull in the same direction rather than competing along ten different paths.
- communicate to our organisation and fellow employee owners what we were doing and what we would deliver which aids transparency and support.

What we hope is that the next group of Trustees will have these tools at their disposal and can also apply their own collective vision and roadmap of activities.



SAM MOLES
Employee Trustee and
Digital Marketing Manager

OUR EMPLOYEE OWNERSHIP TEAM



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We understand the technical aspects of the journey, and being employee owned ourselves, have unique insights into the core principles and underlying values needed for a successful transition and ongoing support.

We believe that EO has an important part to play in the future shape of business and it's our intention to provide the best support to companies taking that journey. We'd like to be able to help you too.



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