



New Belgium Brewing

Unless you were in San Diego in April this year, you have probably never seen a single music video that covers energy cogeneration, bicycles, and employee ownership. The video was part of the ceremony announcing the winners of the Innovations in Employee Ownership Award, presented at the annual conference of the NCEO and the Beyster Institute. The company behind the video is New Belgium Brewing, one of this year's five winners.

The Company

Jeff Lebesch and Kim Jordan founded New Belgium Brewing in 1991. The company, which brews and distributes Fat Tire Amber Ale and five other beers in the western United States, now has over 280 employees. Early on, the company created a broad-based phantom stock program with a twist: all employees are eligible for phantom stock, provided that they are voted into the program by current participants.

In 1999 the company established an ESOP, which now owns 32% of the company. New Belgium uses many ownership culture best practices, including open-book management and short-term incentives based on company performance, but a major piece of the company's culture comes from something a bit harder to define or duplicate: a story.

The Vote

The story is about a pivotal event in 1998, when the company was considering a switch to wind-based power. The company's management knew that projecting costs and assessing risks were a necessary part of making a good decision, but they also knew the analytical answer wasn't enough. Employees had to be on board. They would help pay for the additional cost because their bonuses would be reduced, and they would have to find solutions to the inevitable glitches involved in any major change. Simply making the right decision was not enough; the whole work force needed to believe in the decision.

To get broad support, a management team can take two general approaches. One is communication, explaining the advantages. The other approach, which New Belgium followed, is to involve the whole work force in making the decision—that way the switch to wind energy would happen with employee support or it wouldn't happen at all. The company helped people educate themselves about wind power and let them weigh their own values. When the time came, the employees voted unanimously to adopt wind power.

Making that decision by a vote required an investment of time and effort by everyone at the company. That investment paid off in universal buy-in to the decision itself, and wind power is a success that New Belgium now integrates into the firm's public identity. The investment

also paid off in larger terms: the wind-power decision was a moment of truth where people realized that their role at New Belgium is greater than simply being employees.

But the vote isn't the end of the story. One of the biggest challenges that high-involvement companies face is "what next?" Taking the vote changes people, the company, and the work relationship. So what do employees do with this new responsibility and ownership ethic? The vote raised expectations, shook things up, and tapped new sources of energy, but that one-time jolt is not enough. The next step needs to be a system change.

POSSE

Companies often systematize employee ownership with an employee committee. At New Belgium, that committee is called POSSE, which is ESOP, spelled "backward-ish."

In its early days, POSSE developed an introduction to ESOPs and presented it throughout the company. POSSE also spent months defining itself, including writing bylaws and a statement of purpose ("to foster a clear understanding of employee ownership while encouraging trust, belief and participation").

POSSE does more than education. To nourish the spark of participation created during the vote on wind power, it needs to have an impact on the company that commands respect. For example, POSSE is currently working on a sabbatical program, an issue that any employee would want to have input on. POSSE is also structured into the management and governance of New Belgium: its vice chair represents ESOP perspectives on the management team and its chair rotates in on the board of directors.

POSSE also commissioned an employee survey that led the company to adopt two strategic priorities in its annual plan for 2007: "to engage all employees in a process of developing increased understanding of the rights and responsibilities of ownership," and "to implement a structure to clarify understanding of decision making."

Winning an Innovations Award took more than broad and deep employee involvement. New Belgium also consciously and creatively builds an internal community and strives to be a good corporate citizen. But one lesson from its story is that each company will have its own turning-point event like the vote on wind power. The energy from that event is like a shot of espresso, and the next step is to make sure that the ownership culture gets a balanced diet. Looking back on the vote and POSSE, Bryan Simpson, media relations director at New Belgium, says you need to "feed" the ownership culture. ■

See the NCEO or the Beyster Institute Web site in November for an application for the 2008 Innovations Award. Ownership Associates nominated New Belgium Brewing for the Innovations Award.