

# Employee Ownership Report

JANUARY–FEBRUARY 2013 / Volume XXXIII, No. 1

## New Research on Corporate Governance Practices

### PART 2: TRUSTEE INFORMATION

This summer, the NCEO conducted a 43-question survey on how ESOP companies are approaching key corporate governance issues, including board composition, director terms, director and trustee compensation, the characteristics of the ESOP trustee, and the role of ESOP participants in governance. The survey is the largest ever conducted on ESOP corporate governance practices, with 501 valid responses from a diverse sample of ESOP companies, as well as 27 valid responses from non-ESOP companies for comparison. The results show differences between the governance practices at companies based on size, industry, region, percent ESOP, and other demographic categories. This article, which is the second of two that examine the survey results, focuses on trustee types and trustee compensation.

#### Trustee Types

Companies have a lot to consider when choosing a trustee. Should the trustee be directed or non-directed/discretionary, or external or internal? If the company decides to have a trustee committee, who should be on it? All of these issues depend on factors that include the size of the company, its financial situation, and its culture. Current trustee practices at ESOP companies vary. Survey participants are almost evenly split between directed (54%) and non-directed/

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## Innovative Team Profiles

Management processes at employee ownership companies commonly revolve around employee teams. Some of the most innovative—and effective—approaches to teams can be found at **W.L. Gore and Associates** (maker of Gore-Tex and other products), **Herman Miller** (the iconic furniture manufacturer), and **KCI** (a Maryland engineering company). All three have ESOPs; publicly traded Herman Miller has an ESPP as well. The team process is described in case studies of the companies written by Dr. Frank Shipper of Salisbury State University and various colleagues and appear in the business school textbook *Strategic Management*.

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**Seattle, WA • April 24–26**  
 Preconference sessions: April 23  
[www.nceo.org/register](http://www.nceo.org/register)