

ISSUE HIGHLIGHTS

- The IRS announced that it will no longer issue periodic determination letters. *See page 11* to learn more about what this means for you and your company's plan.
- You may be working hard to keep your benefit levels from creeping far above market rates. Should you bother? See the analysis *on page 6*.
- When a company combines broad-based stock options and employee-friendly practices, the results can speak for themselves. Read the Jet.com story *on page 13*.
- The 6,795 ESOPs are spread out across many industries, but they have some surprising concentrations. Our industry-by-industry analysis, including a breakdown by private and public companies, is *on page 3*.
- In our new "first person" series, recently retired ESOP participant Rob Zicaro reflects on values, community, retirement, and making music. *See page 7*.
- Some leadership teams have more success than others in building ownership practices among employee-owners. Part of the difference may be in the practice of "humble inquiry." *See page 9*.
- Employee-owned companies are over-represented on the *Forbes* Top 25 Small Employers List. *See page 12*.

EMPLOYEE OWNERSHIP REPORT

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UK-STYLE EMPLOYEE OWNERSHIP IN THE UNITED STATES

WATG: Employee-Owned Through a Perpetual Trust

In 2014, the design firm WATG became the first US company to create employee ownership through a perpetual trust, an innovative model in the United States that is becoming common in the United Kingdom.

WATG is an integrated planning, architecture, and interior design firm founded in 1945 in Honolulu, specializing in hospitality, urban, resort, and entertainment design. The firm's 365 employees now work in nine offices around the world on high-profile projects from hotels and resorts to business districts and an urban forest in Istanbul.

"Generation X and Millennials view ownership differently than Baby Boomers, and we were running out of buyers."

—Company president Mike Seyle



Prior to becoming employee-owned, the company was owned by members of its senior leadership, who had each bought shares in the business. Their individual ownership stake ranged from less than 0.1% of the company's shares to nearly 10%. The owners had buy-sell agreements giving them the right to sell shares back to the company, so WATG was often buying 5% to 7% of its equity each year. In addition, the company's success caused the price of shares, determined as adjusted book value, to continue rising, making it harder for employees to buy shares.

—Continued on page 4

NEWS

Employee Ownership Centers: A Growing Movement

The Pennsylvania Center for Employee Ownership (PCEO) and the Rocky Mountain Employee Ownership Center (RMEOC) each has a newly appointed executive director, signaling a possible revitalization of state / regional employee ownership centers. Kevin McPhillips is the new executive director of the PCEO, and Halisi Vinson is the new executive director of the RMEOC.

—Continued on page 12



MINNEAPOLIS / APRIL 12-14
PRECONFERENCE APRIL 11

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