



July 16, 2015

This letter is the NCEO's public commitment to supporting the development of state centers for employee ownership by focusing on establishing a successful example in Pennsylvania.

The NCEO supports state centers because we believe that they are the best opportunity to address the key challenge facing employee ownership: business owners are currently less likely to choose employee ownership because they are making choices based on deficient information. The ingredients essential to overcoming this barrier are compelling stories, personal connections, and effective content, all of which are perfectly suited for delivery via state centers.

Pending the approval of a fully vetted business plan, the NCEO expects to support the Pennsylvania Center for Employee Ownership (PCEO) for a minimum of three years through both financial and in-kind support. That support will include:

- **Matching funding:**  
the NCEO will match contributions from in-state sources up to \$50,000 per year. The NCEO's match will be in addition to amounts donated to the NCEO and earmarked for the PCEO.
- **Hiring a Pennsylvania-based employee:**  
the NCEO will recruit and hire, with the involvement and support of Pennsylvania volunteers, a full-time staff person for the PCEO. The target hire date is October 1, 2015.
- **Managing the PCEO employee:**  
the NCEO will work with PCEO volunteers to create a work plan and accountability system for the employee.
- **Staff support:**  
NCEO staff will provide professional quality adult learning modules for presentations, ready-to-customize print / PDF documents, a ready-to-customize state center website, government relations kits, press kits, record-keeping, HR support, and other resources.
- **Training / networking for volunteers:**  
The NCEO will assemble, based in part on the Pennsylvania experience, a manual of best practices, and will provide training and structured networking for volunteers.

The outcomes that the NCEO hopes for in supporting the PCEO are to reach more people about employee ownership, to increase the amount of employee ownership, and to develop tools, materials, and best practices that may be useful in supporting other state centers.

## Scope

As a condition of its financial and staff support, the NCEO asks the PCEO to honor the following:

The PCEO should focus solely on reaching new companies that are candidates for employee ownership; services for companies that are currently employee owned will be left to other organizations.

Feasibility analysis or other types of consulting will be left to other organizations and consultants.

The PCEO will engage in education of government officials and legislators, but will leave direct election and campaign involvement to other organizations.

The PCEO should remain focused on the mission of the overall state centers project:

State centers market employee ownership. Their core goal is education, primarily for business owners and secondarily for people who interact with them. Education means giving people the right combination of an emotional story and technical information through events, one-on-one meetings, online resources, and print materials. The desired outcomes are that business owners have improved awareness, understanding and appreciation of employee ownership, that they have minimal barriers to taking next steps, and that intermediary organizations better share information about employee ownership, all resulting in more employee ownership.

The PCEO should be inclusive towards other forms of employee ownership besides ESOPs, including worker cooperatives and equity compensation plans. The various forms may have completely different marketing channels / materials / approaches.

The PCEO will be incorporated as a Pennsylvania 501(c)(3) nonprofit corporation. In order to maintain these conditions and the mission of the PCEO, the sole member of the state center will be the NCEO. In practice, decisions about the state center will be controlled by a board of Pennsylvania volunteers.

The NCEO will assess the progress of the PCEO 18 months after the hiring of the PCEO staff person. Its third year support will be contingent on sufficient progress and potential during that assessment.

### **Next steps**

If the volunteers currently involved in the PCEO agree with the items in this letter, the NCEO will take two steps simultaneously.

We will begin the process of hiring a PCEO staff person by creating a job description and an accountability system. Our target for base compensation is \$70,000 per year, based on a salary survey for Pennsylvania nonprofit organizations. We will offer retirement and health benefits under the same conditions as the NCEO's Oakland staff, and will create an incentive pay worth up to 10% of base pay based on the fulfillment of the targets described in the accountability system. We will aim to have the PCEO staff person ready to begin work on October 1, 2015.

The accountability system, which the NCEO and Pennsylvania volunteers will develop jointly, will consist of a one year action plan focused on results to be achieved quarter by quarter. Each quarter a more detailed plan would be produced and approved. Activities could be topics of weekly meetings via teleconference, and the responsibility for managing the employee would increasingly shift from the NCEO to the Pennsylvania volunteers.

Simultaneously, the NCEO will work on core materials for the Pennsylvania center.