



ANNUAL REPORT

2015

The NCEO is a self-sustaining nonprofit membership organization that provides practical resources and objective, reliable information about employee ownership to businesses, employees, and the public.

Thank you for reading our annual report!

Next year is the National Center for Employee Ownership's 35th anniversary, and we are proud to be a vital part of the employee ownership community.

We do not lobby, we do not facilitate transactions, and we intentionally make consulting a minimal part of our work so that we can focus on being a reliable and authoritative source of information and resources. We provide what you need to make decisions about employee ownership that you will be happy with.

This annual report covers some of the activities for which we are best known, such as our industry-leading conference, our 60-plus publications, our widely quoted research, and our weekly webinars. You'll also learn about some new happenings as well, such as our first-ever study of ESOP transactions and the continued growth of our ownership culture employee surveys: as of 2015, more than 100 companies have used the survey. In 2015 we met with government officials, issued over 1,600 continuing education certificates, released new publications, launched a directory of ESOP lenders, and experimented with new forms of in-person meetings.

The NCEO's staff of 13 people pursues our mission relentlessly, and we appreciate the chance to share with you the highlights from 2015.



Loren Rodgers
NCEO Executive Director

April 4, 2016

CONTENTS

- 1 Membership
- 3 Annual Conference
- 4 Publications
- 4 Webinars
- 5 Seminars
- 7 Research
- 7 Employee Surveys
- 8 Consulting
- 8 Training
- 9 Outreach
- 10 Financial Position
- 11 NCEO Staff
- 13 NCEO Board of Directors
- 14 Brief History
- 15 Impact

Membership

By **Monica Dozier, Eimear Elzy, and Simone Sheridan**

Our members—over 3,000 organizations and individuals—are the heart of the employee ownership community. They provide the knowledge, questions, data, ideas, and creative solutions that power both employee ownership and the NCEO.

The majority of our members are companies with some form of employee ownership plan, followed by service providers to such companies, academics, nonprofit organizations, policy makers, and individuals.

Companies that either have or are considering employee ownership (type 1 below) remain by far the largest segment of our membership. We saw a 12% increase in the number of professionals in our service provider directory, reflecting in large part the increased value of that directory, which moved from the members area to our public website in 2015. The large increase in academic memberships is due to collaboration with the Rutgers fellowship program for employee ownership scholars.

Members join and remain with the NCEO partly to be part of the employee ownership community and partly for the benefits we provide:

- **WEBINARS** are online presentations on ESOP legal, governance, culture, communications, and financial issues, plus equity compensation topics. All live webinars are free for members, and anyone covered by a membership can attend. Members also can purchase discounted access to a library of prerecorded webinars, available 24/7.
- **THE MEMBERS AREA** of our website has research reports, a searchable archive of newsletters, over 100 case studies, a discussion forum, an ESOP lender directory, and more.
- **THE EMPLOYEE OWNERSHIP REPORT**, our newsletter for members, comes out in print and digital forms every two months, keeping our members up-to-date on ideas and developments in employee ownership.
- **CALL OR EMAIL** our staff to discuss any employee ownership or ownership culture issues. If we do not know the answer, we'll find out.
- **OUR SEMINARS AND ANNUAL CONFERENCE** are available to members at discounted rates. Our events not only bring attendees face-to-face with expert presenters but also provide opportunities to ask questions and network with others, learning from both presenters and peers.
- **PUBLICATIONS** are available to members at a discount. Our more than 60 books and issue briefs provide detailed yet understandable guidance for company owners, managers, and advisors alike. Most publications are available in both print and PDF format.
- **THE OWNERSHIP CULTURE SURVEY** is an employee survey instrument designed exclusively for use by employee ownership companies. It measures the extent to which employees think and act like owners of their company and helps the company assess the strengths and weaknesses in its ownership culture.
- **DATA ON ALL ASPECTS OF EMPLOYEE OWNERSHIP** is available in multiple formats for members, including our summaries of research by others and our original research. Members receive access to downloadable research reports on these and other topics, and discounts on purchasing the full results.
- **SPEAKING AND CONSULTING:** The NCEO often speaks at company events on topics such as the current state of employee ownership, what it means to be an employee-owner, and ownership culture. On a limited basis, expert NCEO staff can provide paid consulting on plan design and ownership culture issues, typically on site or by phone. Because we do not seek long-term contracts, we provide objective advice on how to proceed.
- **TRAINING** features our prep course for the industry-standard Certified Equity Professional certification exam, an online course on ESOP basics, customized training webinars for ESOP boards and ESOP fiduciaries, and an online ESOP Fundamentals course.
- **CONTINUING EDUCATION CREDIT** is available for our live webinars, seminars, and annual conference.

Type	2013	2014	2015	% of members	Notes
1. Company (not service provider)	1,749	1,823	1,888	60%	Companies that sponsor an ownership plan or are considering adopting a plan
2. Service provider (no directory)	646	697	662	21%	Individuals who primarily provide service to companies with stock plans
3. Service provider (in directory)	287	288	322	10%	Offices that provide services to companies with stock plans
4. Academic	39	48	127	4%	Full-time students and teachers with no business interest in employee ownership
5. Nonprofit or Govt	22	28	12	1%	
6. Individual	11	22	52	2%	People who are not service providers
7. Friend of NCEO (Complimentary)	11	47	61	2%	These are for permanent complimentary memberships
Total	2,765	2,953	3,124		

New Members

Many of our new paid membership come through our website, where we want to ensure that the sign-up process is as simple as possible. Accordingly, we offer only three types of new memberships online:

- Introductory Memberships are \$90. Introductory memberships account for the great majority of our new paying members.
- Academic memberships are for full-time students or teachers who are not employed in the business sector and do not have a personal business interest in the subject. They cost \$40.
- Service provider directory memberships are for service providers. Directory membership covers all individuals at a single office location. The NCEO reviews applications for the directory, and then includes them in an online search tool, including a searchable map. The NCEO uses the directory as the first source of answers to our questions as well, and reaches out to them for support in research and other projects.

New paid introductory memberships returned to historical levels in 2015, falling below our total for 2014.

NEW PAID INTRODUCTORY MEMBERSHIPS

	Count	% change
2007	807	
2008	706	-13%
2009	518	-27%
2010	612	18%
2011	663	8%
2012	597	-10%
2013	663	17%
2014	702	6%
2015	656	-7%

Membership Renewals

The cost of renewal for companies depends on how many employees they have.

- 1-50 employees: \$100
- 51-100 employees: \$175
- 101-500 employees: \$330
- 501-plus employees: \$465

Firms that provide services to employee-owned companies, even if they sponsor their own plans, are not considered company members.¹ Members of such firms may either renew as individuals (\$100) or as members of the service provider directory (\$350).

Renewals were up slightly substantially in 2015.

RENEWALS

	Count	% change
2007	1,696	
2008	1,771	4%
2009	1,711	-3%
2010	1,823	7%
2011	1,827	0%
2012	1,958	7%
2013	1,801	-8%
2014	1,813	1%
2015	1,948 ²	7%

¹ Employee-owned companies that also provide services to employee-owned companies may choose to be in our database as a company member, but in that case they will not receive notices of speaking opportunities or other notices intended for service providers.

²This reflects all renewals minus errors, duplicate renewals, or companies who renewed twice in one year (January and then December, for example).

Annual Conference

By Deborah Krant

The NCEO’s annual conference brings together attendees from across the US and around the world. The conference provides an ideal opportunity to learn, network, and share knowledge of employee ownership with others. In addition to general sessions featuring thought-provoking leaders in the field, attendees may select from over 120 breakout sessions and three half-day intensive preconference sessions that explore a variety of critical issues in five different track levels and numerous interest areas. The conference features interactive presentations and lectures from hundreds of top employee ownership experts and experienced leaders from successful employee-owned companies.

Our 2015 annual conference took place in Denver, Colorado, and continued our pattern of strong growth by exceeding expectations on numbers of attendees, networking, and new ideas being generated. Despite the fact that we have less membership in Colorado than in many other regions, we increased attendance by nearly 200 people, growing from 1,208 in Atlanta in 2014 to 1,403 in Denver.

The table at right shows attendance since 1994. We have estimated the percentage of conference attendees that are local (within driving distance and not staying overnight at the hotel). The last column, “% Companies,” is our estimate of the percentage of attendees who are from companies that have or are considering an ownership plan—in other words, it excludes service providers, academics, and members of nonprofits and governments.

We were thrilled with the support we got from service providers and companies. Sponsor organizations and firms numbered 108 and included service providers, employee-owned companies, and other related organizations.

Evaluations were thoughtful and extremely positive, and 99.8% of the respondents to our overall survey stated that they would recommend this conference to others. We did receive some constructive ideas for improvement, of course, and some wonderful quotes, a few of which are up on our conference website’s main page.

Preconference sessions continue to be very popular and sold out in advance of the conference. Attendance at preconference sessions grew. The compensation session we offered had 70 attendants and we had to cut off registration for the culture session at 120. The third session on governance issues, which was coordinated by the Beyster Institute had just under 100 attendees.

We revamped some of the staffing duties in the planning stages between December and April as some staffing changes took place. To cover the work, we added a full time temporary assistant, Christine Lewis, who has joined us again for the 2016 conference. Additionally, we had some emergency staffing issues just before the conference, but with the help of board members, volunteers, and several temporary workers, we were able to cover all the on-site positions, despite having almost 200 additional people attending.

ANNUAL CONFERENCE ATTENDANCE 1994–2015

Year	City	Attendance	% Change	% Local	% Companies
1994	Cleveland	381			
1995	Chicago	548	44%		
1996	San Francisco	504	-8%		
1997	Chicago	534	6%		
1998	Minneapolis	580	9%		
1999	San Francisco	583	1%	13%	
2000	Chicago	670	15%	30%	
2001	Seattle	601	-10%	14%	
2002	Chicago	650	8%	28%	
2003	San Francisco	608	-6%	21%	
2004	Chicago	755	24%	27%	
2005	San Francisco	671	-11%	20%	58%
2006	Minneapolis	770	15%	25%	59%
2007	San Diego	741	-4%	10%	61%
2008	Chicago	840	13%	20%	65%
2009	Portland	684	-19%	14%	61%
2010	Minneapolis	814	19%	23%	66%
2011	Denver	891	9%	13%	63%
2012	Minneapolis	1,046	17%	22%	65%
2013	Seattle	1,069	2%	15%	62%
2014	Atlanta	1,208	13%	20%	65%
2015	Denver	1,403	16%	10%	70%

Publications

By Scott Rodrick

We sell over 60 publications. All are from the NCEO except for a few we sell on behalf of the Certified Equity Professional Institute (CEPI), mainly to its students. As before, about 95% of our 2015 publication revenue came from direct sales; the rest came from Amazon and other outside vendors (mostly from print books sold through Amazon). In 2015 we released six new issue briefs; a new book, *Sustainable ESOPs*; and new editions of various publications, such as *Don't Do That*.

During 2015, we sold over 20,000 copies of publications, collected issue brief subscriptions and renewals, and charged shipping for a total of just over \$300,000. This 8% increase over 2014 is the first time we have exceeded \$300,000. The number of publications sold includes a number of bulk sales.

The digital format accounted for a little less than 25% of combined physical and digital publication sales (in dollars) during 2015, roughly the same as in the past few years but slightly smaller. Although we are a specialized publisher, this is in line with the book publishing industry as a whole, where the percentage of digital book sales initially soared and then leveled off.

Issue brief subscriptions continue to slowly decline and now stand at 167, 11 of which are licensed multi-person subscriptions at a higher rate that cover a total of 75 people. It continues to be a challenge to get authors to commit to and then author the briefs we would like to publish, and there also is the problem that our existing publications already cover much of the field. Due to the declining subscriber base and lack of interest in authoring, we recently decided to discontinue offering subscriptions and renewals. Existing subscribers will be sent new briefs until their subscriptions expire.

In 2016, we will continue to release new issue briefs at least every two months. As always, we will release new editions of various books, such as *An Introduction to ESOPs*, our equity compensation texts used by the CEPI, and more.

The table below summarizes the number of copies of our publications we distributed. We saw a substantial increase in the number of print books we sold from 2014 to 2015.

The number of units (each unit is a single print or digital copy of a book) can change sharply from year to year: authors and others sometimes buy bulk copies of publications, and a single large bulk order can have a significant impact on the number of units we distribute. These numbers do not include issue briefs that we distribute as part of a subscription, reprints of articles, reprints of individual chapters from a book, or digital reprints that are licensed in bulk (e.g., where the NCEO is paid a sum so an author can freely redistribute a digital reprint of an article), except that such a reprint may be counted as a single publication sale.

Units distributed	2013	2014	% change	2015	% change
Print publications	14,667	14,494	-1%	16,991	17%
Digital publications	1,978	2,083	5%	2,265	9%
Total	16,645	16,577	0%	19,256	16%
Digital as a % of total	12%	13%		12%	

Webinars

By Colleen Kearney

Our live webinars are one of the core benefits of NCEO membership: an unlimited number of participants from a member company can participate. NCEO offered 41 webinars in 2015 in four tracks: introductory ESOP topics, ongoing ESOP issues, ownership culture, and equity compensation issues. Webinars are free for our members and offer continuing education credit. Attendance in 2015 was down from an average of 40 in 2014 to 34 in 2015.

	2010	2011	2012	2013	2014	2015
Average attendance	29	22	28	40	40	34

Evaluations of webinars have always been, and remain, very high overall – more than 60% of our presenters were rated “excellent,” and the majority of the remaining presenters were rated either “good” or “very good.” Webinar replay subscription sales continue to grow steadily to 94 subscriptions sold/renewed in 2015.

Webinar sponsorships have become more difficult to find, mainly because more service providers are offering their own webinar series.

Seminars

By Colleen Kearney (all except Get the Most) and Deborah Krant (Get the Most)

The NCEO's seminars are designed to provide a more intensive, smaller-group environment, structured for a high degree of interaction among presenters and attendees. Each seminar generally has a focus on a specific content area. In 2015, our seminars included:

- "Is an ESOP Right for You?" explores the financial, legal, and cultural feasibility of an ESOP for companies considering them.
- "The S Corporation ESOP Seminar" explores issues specific to S corporations, such as transitioning from C to S, anti-abuse testing, and incentive pay.
- "Get the Most Out of Your ESOP" covers the communications and culture issues that unlock the power of employee ownership
- "The ESOP Symposium" is the largest and most broadly focused of our seminars. It is a two-day, two-track event covering the key issues facing all ESOP companies: valuation, governance, regulatory compliance, sustainability, growth, and much more.
- "Equity Compensation for Companies Staying Privately Owned" focuses on practical solutions for private companies that want to get liquidity for their employees and investors while staying private.

The biggest change in our seminar offerings in 2015 was an overhaul of the ESOP Symposium. Previously, attendees signed up for one track or the other, but this year we allowed attendees to move freely between tracks. Overall evaluations continue to rate the meetings very highly. The networking wine and cheese that was added to each meeting continues to be well received. The seminar's content remains a combination of the two meetings we merged to create it, one on governance and one for mature ESOP companies.

Our Is an ESOP Right for You? seminars did very well in 2015, almost doubling the number of attendees we had in 2014. We started offering these meetings twice per year in 2013. Combined with this year's strong attendance, that means that the number of participants increased from

28 per year (on average from 2010 to 2012) to 69 (on average from 2013 to 2015). These seminars cover the full range of topics, from legal to financial to cultural, that someone considering establishing an ESOP needs to understand and weigh.

The Get the Most Out of Your ESOP seminar took place in Baltimore, Maryland, this year. In an effort to increase attendance, we revamped the structure of the meeting and made it two full days instead of three. We also created a half-day bonus forum on marketing and community outreach that was offered at no charge to those attending the full meeting. These changes were very successful, with an increase in attendance on the first main day from 41 to 66, and on the second main day from 44 to 58. Nevertheless, this seminar is the only one of its kind that we offer and clearly fulfills some of our core education objectives. Evaluations were very positive, with attendees saying they get a lot out of the meeting. Positive comments on speakers noted the high number of company representatives speaking along with the speakers from organizational development firms.

The S Corporation ESOP Seminar drew people interested in maximizing the benefit of their S corporation ESOP status and those interested in possibly converting to an S corporation ESOP. Registration was lower than in 2014 but similar to prior years.

Our meeting Equity Compensation for Companies Staying Privately Owned included collaboration with Santa Clara University's Certified Equity Professional Institute, which provided the meeting location. The content described alternatives to IPOs and being acquired for companies, with a focus on how to make best use of equity compensation in the absence of a planned liquidity event.

Overall, the average attendance and total number of attendees is on an upward trend, although 2015 had somewhat fewer attendee-days than 2014. (We differentiate between "attendees" and "attendee-days" only in 2015 because that is the first year in these meetings where a single registration covered more than one day.)

SEMINARS: FIVE-YEAR SUMMARY

	2011	2012	2013	2014	2015
Total attendance	363	395	464	583	425
Total attendee-days	"	"	"	"	524
Average daily attendance	33	36	36	45	47

SEMINARS: DETAILED FIVE-YEAR SUMMARY

	2011	2012	2013	2014	2015					
The ESOP Governance Meeting	Atlanta	Seattle	Minneapolis	Denver	<p>Atlanta In 2015, the ESOP Symposium combined these two meetings into a two-track, two-day event.</p> <ul style="list-style-type: none"> ● Day 1: 50 ● Day 2: 49 					
● Fiduciary Issues	24	31	34	37						
● Effective Boards of Dir: Best Practices in Governing an ESOP Company	34	34	22	46						
● Executive Compensation in ESOP Companies	23	25	22	40						
The ESOP Company Symposium	Dallas	Denver	Minneapolis	Denver						
● Handling the Repurchase Obligation	32	49	34	63						
● Challenges & Solutions for Mature ESOP Companies	35	46	33	63						
● Strategic Planning for Your ESOP	26	29	34	57						
Is an ESOP Right for You?	San Jose	Atlanta	Phoenix	St. Louis			Scottsdale	Miami	Scottsdale	San Diego
	20	33	29	27			27	25	44	45
The S Corporation ESOP Seminar (titled "Best Practices for S Corporation ESOPs" in 2011 to 2014)	Chicago	Atlanta	Phoenix	St. Louis	Scottsdale	Philadelphia	St. Louis			
	50	41	47	42	58	60	45			
Get the Most Out of Your ESOP	St. Louis	Chicago	Costa Mesa, CA		St. Louis		Baltimore			
● Day 1	20	35	47		41		22			
● Day 2	50	44	54		44		66			
● Day 3	49	28	39		22		58			
Equity Compensation for Companies Staying Privately Owned							Santa Clara, CA			
							46			

Research

By Nancy Wiefek

In 2015, we continued our project to get the most out of the data on ESOPs and other plans collected by the Department of Labor. We produce a comprehensive database of ESOP plans that is used widely by our members and the research community.

This year, we began including a research piece in each of our newsletters. We have dug into the Form 5500 data in new ways, including breaking out public ESOPs and KSOPs. We have also helped ESOP companies with industry-specific research for their newsletters and other communications.

We are building on and strengthening our reputation as the primary resource for data on ESOPs and other qualified retirement plans that hold company stock. We responded to external requests for data, including intricate 5500 data breakouts for the Department of Labor, and mapped all current ESOP companies to federal congressional districts.

This year we designed and fielded our ESOP corporate governance survey, which we will present and discuss at our national conference. We have developed a plan to increase the number of responses we receive to our surveys, including getting input and refining our survey instruments, and this year we invested in premium survey software to make the survey-taking process as user-friendly, streamlined, and targeted as possible.

We continued to produce custom reports from our 2014 ESOP executive compensation survey. We talk with everyone who purchases a report to help them get the most out of the data. We will field a new version in Spring 2016.

In 2015 we undertook a large project to design and field our first ESOP transaction survey. This involved multiple steps to gather input to craft and vet questions and carefully plan our approach to disseminating the results. We were able to report on the timing, cost, and characteristics of 240 transactions. Our findings were highlighted by the BNA in its *Pensions and Benefits Reporter*.

We collaborated with the CEPI (Certified Equity Professional Institute) and NASPP (the National Association of Stock Plan Professionals) to design and field a questionnaire about ESPPs (employee stock purchase plans), which will have public results in early 2016.

Nancy attended and presented at the employee ownership fellows meeting in June. She regularly connects with and encourages college students exploring ESOP research.

Employee Surveys

By Dallan Guzinski

Research shows that the existence of employee ownership is not sufficient on its own for companies to attain the competitive and performance advantages associated with ownership. Companies must also build an ownership culture—a workplace where employees think and act like owners. The NCEO's employee-owner surveys are designed exclusively for employee ownership companies as a tool to measure the effectiveness and quality of their cultures according to employees. The surveys measure how employees feel about various aspects of their company's culture and practices, which allows leadership teams and communications committees to assess ways that the company can more effectively capture the benefits of employee ownership. The NCEO's survey resources include data from more than 16,000 employee-owners at just over 100 employee ownership companies around the country.

In 2015, the NCEO surveyed a total of 2,500 employee-owners at a wide range of ESOP companies throughout the country with anywhere from 50 to more than 1,000 employees. The companies represent several different industries, such as retail, manufacturing, brewing, and engineering.

The NCEO's focus in 2015 was to improve the surveys with the additions of tables and charts that more effectively illustrate a company's strengths and weaknesses, allowing them to identify key areas where they can productively focus their efforts to create an action plan for developing their ownership cultures.

The NCEO also began to look at the relationship between employee engagement in improvement efforts at their companies and the extent to which employees truly feel like owners of the company. Though we have just started this type of research and analysis, initial results suggest that a larger percentage of employees that have more recently engaged in group-level improvement efforts in their workplaces identify as owners than those that have either never engaged in such efforts or have not engaged in such efforts for more than six months. Demonstrating this to ESOP companies has been extremely valuable and serves as a great catalyst for committees to discuss their employee engagement practices and their importance to making employees both feel and act like owners.

In 2016, the NCEO will continue exploring new ways to do such research and analysis while creating as much value as possible for ESOP companies and committees using our survey tool.

Employee Surveys	2011	2012	2013	2014	2015
Number of employee-owners surveyed	N/A	1,126	889	2,929	2,501
Total number of surveys conducted	11	9	9	13	9

Consulting

By Loren Rodgers

Corey Rosen and I both do speaking and limited consulting with companies. Generally, the NCEO does no more than the equivalent of one day of consulting for any given company. Some of this work provides guidance to companies on issues including the suitability of an ESOP or equity plan, development of a communications committee, the broad structure of an LLC, or culture change. The NCEO may also speak at events, such as employee meetings. Consulting also includes fees for serving on boards and related governance bodies. We engaged with around 50 companies in 2015. Corey Rosen is on five ESOP company boards. Loren Rodgers is on one company board and one company board advisory committee.

Training

By Loren Rodgers

The biggest training project by far is our exam preparation course for candidates for the Certified Equity Professional Institute (CEPI) exam for stock plan administrators. Achaessa James manages the CEPI course, and she made dramatic improvements to the course in 2013. Satisfaction and pass rates have always been strong, but the quality of the course remains dramatically higher than before.

The remainder of our training is our online ESOP Fundamentals class, although disappointingly few companies make use of it.

Continuing Education Certificates

Continuing education credits continue to be an important part of our meetings and webinars. We provided the following number of certificates in 2015:

Conference	406
Seminars	116
Webinars	1,118
Total	1,640

Outreach

By Timothy Garbinsky and Ramona Rodriguez-Brooks

2015 saw a major shift in the state centers project, to date our largest outreach project ever. After conducting meetings with stakeholders in Georgia, California, and Pennsylvania, and a very well attended seminar in Huntsville, Alabama, our focus shifted after the conference. We formed a task force to help guide the state centers efforts and focus our thinking, and decided to pursue the Pennsylvania Center for Employee Ownership (PaCEO) as a prototype.

We chose Pennsylvania largely because of the amount of interested volunteers in the state, chief among them Dan Adley, CEO of KTA-Tator, and Ken Baker, CEO and part-owner of New Age Industries. The second half of the year was then spent setting up the PaCEO to be as successful as possible to obtain the greatest proof of concept. The NCEO made a three year pledge to match \$50,000 in donations to the center each year for three years, and devoted considerable time and resources to finding an inaugural executive director. Kevin McPhilips started as the executive director of the newly incorporated 501(c)(3) in January 2016.

We also were able to be in touch with new audiences, including a small-group meeting with US Secretary of Labor Thomas Perez.

The outreach program continued to involve reaching out to journalists and other likeminded organizations in an attempt to form partnerships.

In 2015, we continued with the social media strategy that was instituted in 2014, which emphasizes light, clickable content on Facebook and Twitter while continuing to use the LinkedIn group to post about new NCEO offerings. Facebook and Twitter continue to be the biggest areas of growth and our post reach, engagement, and new followers have all increased over the last year. For example, the five highest-viewed Facebook posts combined in 2014 reached 649 users, while in 2015 they reached 1,271 users. The LinkedIn group has remained consistent with frequent posts by the NCEO and active group members, but had a decrease in new members in 2015.

Platform	2014 Total Followers	2015 Total Followers	2015 New Followers	% Net Increase in 2015
LinkedIn Group	2,166	2,329	171	+8%
Twitter	606	843	272	+39%
Facebook	491	719	228	+46%
Total	3,255	3,926	671	+21%

Looking forward to 2016, we will revisit our strategy and use social media more effectively to achieve overall outreach goals by broadening the audience and scope of our social media presence.

In 2015 we began tracking some measures of our success in reaching new audiences, summarized in this table.

Metric	Q1	Q2	Q3	Q4	Total
Brand New Customers	NA	NA	304	271	575
Brand New Member Contacts	246	152	179	207	784
New Complimentary Members	22	11	15	9	57
NCEO Site Hits	170,093	165,710	153,438	158,566	647,807
New Social Media Followers	15	236	151	111	513
Media References	10	10	17	14	51
Events Spoken At	3	5	0	6	14
Event Audience Attendees	42	211	0	242	495
EO Consultations	4	14	17	12	47

The definitions used in this table are:

Brand New Customers: Persons who were added to our database

Brand New Member Contacts: People covered by an existing membership who were added to our database (usually an additional contact at a member company)

New Social Media Followers: Includes LinkedIn, Twitter, and Facebook

Media References: The number of unique articles that cite the NCEO

Events Spoken At: The number of events hosted by other organizations at which an NCEO staff member spoke

Event Audience Attendees: The number of people who were in the audience for those presentations

EO Consultations: The number of unique speaking/consulting engagements, including service on boards, performed by NCEO staff

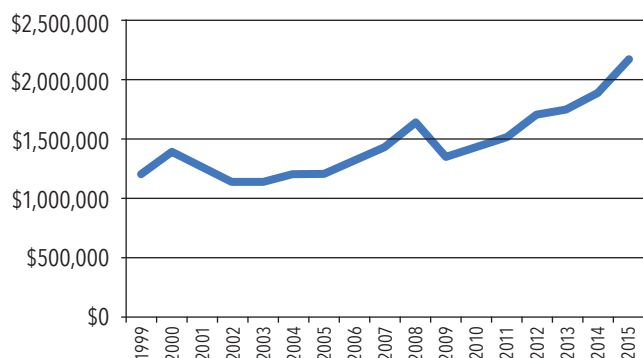
Financial Position

The NCEO's business model is built around its members. We have never relied on grants, so we rely on our members and the public to keep us focused on what is useful to them. They do this, in large part, by deciding which of our activities to support, whether that means attending our conference, buying a digital book, using the Ownership Culture Survey, inviting us to speak, or commissioning research.

Our ordinary income has generally increased over the past years, although its course has not been smooth. 2015 marks the first year our total ordinary annual income exceeded \$2,000,000.

The NCEO's primary measure of financial performance is our operating income statement, compiled on a cash basis. The income statement at right shows our operating income and operating expenses. *Other income and other expenses* (not reported here) include other revenue such as investment income and donations to the NCEO. It also includes other expenses such as investments in our infrastructure (database systems), special expenses related to moving our office, the staff bonus, and depreciation.

ORDINARY INCOME 1999–2015



PRELIMINARY OPERATING INCOME AND EXPENSES 2014–2015

	2014	2015
Operating Income		
Membership	470,623	517,016
Publications	278,770	303,356
Events and webinars	919,623	1,068,553
Training	88,128	109,865
Consulting / speaking	26,620	46,395
Employee surveys	46,880	59,440
Research	29,690	30,050
Miscellaneous revenue	157	-4,718
Funds released	36,154	52,102
Total Operating Income	\$1,896,646	\$2,182,059
Operating Expense		
Event expenses	407,475	471,112
Salaries & related expenses	801,530	839,514
Other personnel expenses	67,436	99,832
General expenses	258,800	291,665
Occupancy expenses	61,912	88,008
Travel	21,766	19,643
Miscellaneous expenses	92,069	90,233
Total Operating Expense	\$1,710,987	\$1,996,674
Net Operating Income	\$185,659	\$282,052

NCEO Staff

NCEO staff work from our office in downtown Oakland, California. We are proud of our city, and if you are in the area, we welcome you to come by and say hello. For those of you who cannot make it to visit in person, here is an introduction to each of us.



Loren Rodgers
Executive Director
At NCEO since 2005

Loren Rodgers joined the NCEO in 2005 as its research director and became its executive director in 2010. He writes extensively on employee ownership in professional and academic publications and has spoken at events around the world. Since he entered the field in 1995 as a consultant, he has worked with hundreds of companies and presented to thousands of people. His expertise includes ESOPs, equity compensation, best practices for employee ownership companies, research, effective communications, employee motivation, corporate governance, ESOP transactions and operations, and business literacy. Loren has a master's degree in public policy from the University of Michigan, where he studied employee ownership and international development with a focus on Slavic Europe.



Corey Rosen
Founder
Cofounded NCEO in 1981

Corey Rosen, Ph.D., is the cofounder and senior staff member of the NCEO. He co-authored, along with John Case and Martin Staubus, *Equity: Why Employee Ownership Is Good for Business* (Harvard Business School Press, May 2005). Over the years, he has written, edited, or contributed to dozens of books, articles and research papers on employee ownership. He is generally regarded as the leading expert on employee ownership in the world. Corey received his Ph.D. in political science from Cornell University in 1973, after which he taught politics at Ripon College in Wisconsin before being named an American Political Science Association Congressional Fellow in 1975. He worked on Capital Hill for the next five years, where he helped initiate and draft legislation on ESOPs and employee ownership. In 1981, he formed the NCEO.



Monica Dozier
Customer Service and Procurement Manager
At NCEO since 2007

Before joining the NCEO, Monica worked with students with disabilities and The One-Stop Career center at the College of Alameda, and then in a number of departments at the Peralta Community College District, including payroll, budget and finance, purchasing, and human resources. She earned an associate's degree in social studies and general curriculum from the College of Alameda in 1999, and is planning on pursuing a bachelor's

degree in the near future. Monica is responsible for completing online orders, processing payments, shipping orders, assisting with customer services, and assisting staff with other assignments as needed. Monica is passionate about helping others, which is apparent in her daily work assisting NCEO customers. She comes from a large family she enjoys spending time with; she is the mother of three lovely daughters.



Eimear Burke-Elzy
Managing Director
At NCEO since 1993

Managing Director Eimear Burke-Elzy is the NCEO's most senior staff member, having served since 1993. She handles all of the NCEO's financial matters and oversees all administrative operations. Originally from Ireland, Eimear lived and studied in Spain and France, where she met her husband before coming to the U.S. She has four terrific kids she has raised while working here and is an active community volunteer and busy soccer mom.



Timothy Garbinsky
Outreach Coordinator
At NCEO since 2014

As the outreach coordinator for the NCEO, Timothy Garbinsky works with volunteers, allied organizations, and the press to creatively and effectively disseminate information about employee ownership and advance the NCEO's mission. He earned his BA in English from Duke University in 2009 and has since worked as a content creator and an educator, skills which he will transfer to the NCEO. Originally from the D.C. metropolitan area, Tim has lived, worked, and studied in three continents over the past decade, cultivating a passion for other cultures and all peoples. He likes to read and write, listen to and create music, and stay active whenever possible.



Dallan Guzinski
Director of Workplace Development
At NCEO since 2013

Dallan Guzinski is the director of workplace development at the NCEO. He was born and raised in the Bay Area and received his master's degree in political science from Pennsylvania State University. At the NCEO, Dallan works closely with employee-owned companies to develop and administer custom employee surveys that are used to help gauge the quality of their ownership cultures and take full advantage of employee ownership. He is also a contributor to NCEO publications and webinars. In his free time, Dallan enjoys traveling, hiking and exploring California's abundant natural beauty, meeting new people, and discovering both new and old music. He also boldly claims to be one of the most devoted European football (soccer) fans you will likely ever meet here in the States.



Achaessa James, CEP

Product Manager

At NCEO since 2010

Achaessa James, CEP, is a product manager at the NCEO, where she works on broad-based equity compensation projects, writes on current regulatory and administrative issues, and advises NCEO members on equity compensation planning. Achaessa has designed and delivered equity administration and corporate governance education programs to attorneys, paralegals, and accounting staff. As part of her staff functions at the NCEO, she can work with companies on a preliminary basis to review legal, accounting, tax, and other issues relating to all forms of equity compensation, as well as matters concerning plan design, administrative setup, and training programs. She also maintains an active consulting practice outside the NCEO to provide longer-term administrative, audit, and corporate transaction support for private companies. Achaessa is a Certified Equity Professional through the CEP Institute at Santa Clara University's Leavey School of Business. She has worked in the venture capital and start-up community since 1999, supporting private stock placement transactions, IPO registrations, and administering non-public and micro-cap company equity compensation plans for companies such as Shop.com, Classmates.com, Jones Soda, and Telegent Systems.



Colleen Kearney

Seminar/Webinar Director

At NCEO since 2000

Colleen Kearney's original position as seminar director has evolved along with technology into the world of Internet-based meetings. Now, as the NCEO's seminar/webinar director, she organizes several in-person seminars and about 45 webinars each year. Colleen's previous experience includes planning medical conferences for surgeons as well as many types of fundraising events for the Arthritis Foundation, such as managing a marathon training team. She was also the vice-chair of a local Half Marathon/10K event that is a major fundraiser for a K-12 school system in California. Colleen is a volunteer leader for Sierra Club National Outings-Hawaii Subcommittee.



Deborah Krant, CMP

Conference Director

At NCEO since 1997

Deborah has over 34 years of experience in event and meeting planning. Her job includes creating and handling budgets and timelines, obtaining sponsorships, organizing speaker selection, finding locations and negotiating hotel contracts, dealing with menus and on-site logistics, creating marketing campaigns and working with other staffers to develop conference and meeting structures including evaluating. She spent 20 years producing arts events, and the last 18 years as the NCEO's conference director. She received her CMP (Certified Meeting Professional) in 2000. An active member of MPI (Meeting Professionals International) she is a past member of the board of directors of Litquake, a San Francisco literary festival, and currently volunteers

to produce various festival events each fall. Since the fall of 2010, she has taught classes at the San Francisco State University College of Extended Learning in the certificate program in event planning; she currently teaches the core class "Fundamentals of Event Planning." Additionally, she sometimes acts as author tour agent for her writer husband. She has a BA in theatre from University of Michigan and a certificate in meeting planning from San Francisco State.



Christine Lewis

Events and Administration Assistant

At NCEO since 2015

Christine assists the conference director and seminar/webinar director with the planning and execution of meetings and the annual conference. She also supports the managing director with customer service and administrative operations. Originally from the East Coast, Christine has a BBA in marketing from George Washington University, a degree in travel and tourism from Stevenson University, and professional certification in meeting planning from San Francisco State University. Her diverse work experience includes management and administrative positions in the hospitality and art academic environments. Christine has three fabulous children, who are all food professionals in the San Francisco Bay Area. A lifelong learner, Christine enjoys taking a variety of classes at local colleges. She and her husband enjoy traveling to Hawaii, eating the great food and wine of Northern California, and snuggling with their miniature dachshunds Pancake and Waffles.

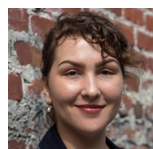


Scott Rodrick

Director of Publishing and Information Technology

At NCEO since 1994

As the NCEO's director of publishing and information technology, Scott is in charge of all publications except the newsletter for members (the Employee Ownership Report). He designed and created the NCEO's present line of books and is the author or coauthor of several books himself, including the best-selling *An Introduction to ESOPs* (14th ed. 2014) and *Understanding ESOPs* (2008). He is an attorney and served at the U.S. Department of Labor as an attorney-advisor from 1991 to 1993 before coming to the NCEO. After obtaining bachelor's and master's degrees in music from UC Davis and UCLA respectively, he earned his J.D. from California Western School of Law, where he graduated magna cum laude. Scott created the NCEO's first website in 1994 and has maintained the NCEO's presence on the internet since then. Twice a month, he prepares the NCEO's email bulletin and sends it to over 10,000 subscribers. As the NCEO's director of publishing, Scott does everything from gathering the material to laying it out and getting it printed.



Ramona Rodriguez-Brooks

Events and Administration Associate

At NCEO since 2013

Ramona graduated magna cum laude from the University of California, San Diego

with a BA in sociology with an emphasis in social inequality and a BA in theatre. Her professional background includes theatre management, events, and education/outreach. At the NCEO, she assists the conference director and the seminar/Webinar director with the planning and execution of meetings, manages the NCEO's evolving social media needs, and supports the office with various tasks such as filing orders and subscription management. On her free time, she enjoys spending time with her family, cooking, and exploring the Bay Area.



Simone Sheridan
Data and Membership Manager
At NCEO since 2015

As the data and membership manager, Simone maintains and develops the NCEO's member database. She has a diverse background in database management, which includes the building and maintaining of fossil insect databases for the American Museum of Natural History in New York and donor databases for social services and environmental nonprofits in the Bay Area. Originally from Vancouver Island, Simone received a BFA in Painting from Pratt Institute in Brooklyn, NY. In addition to painting and printmaking, she enjoys crotchet and knitting, reading about biology, and exploring outdoors.



Nancy Wiefek
Research Project Director
At NCEO since 2014

As a research project director at the NCEO, Nancy Wiefek manages ongoing research projects and explores new ways to make the research relevant to our members. She brings experience studying broad trends in politics and the economy and brings that to bear in placing the research in context. Nancy graduated summa cum laude from Temple University with a BA in political science and a minor in Russian. She earned an MA and PhD at Penn State University in political science with a focus on survey methods. Her book *The Impact of Economic Anxiety in Postindustrial America*, published in 2003 by Greenwood Publishing, used original survey data to examine the impact of emotions and economic anxiety on political beliefs and opinions. In her free time, she loves to be around animals and the ocean, and catch up on the latest scientific findings on the role of emotions in human and animals.

Photos (except Acheassa James) by Pamela Arriera

We have two other regular contractors:

- Laura Myers does graphic design and layout for most of our handouts, our newsletter, conference materials, etc.
- Deborah Willoughby is a copy editor.

NCEO Board of Directors

The NCEO's board of directors, as of the end of 2015

Chair: Mark Lewis, Woodfold Manufacturing

Vice Chair: Judy Kornfeld, ESOP Economics

Secretary: James Mauch, Tenmast Software

Immediate Past Chair:

Tom Roback, CEP QKA, Blue Ridge ESOP Associates

At-Large: Alison Wright, Hanson Bridgett LLP

Ex Officio: Corey Rosen, NCEO

Steve Baker, Great Game of Business

John Brown, Business Enterprise Institute, Inc.

Neil Brozen, Bankers Trust Company

Jeffrey Buettner, ButcherJoseph & Co.

Adele Connors, Adworkshop

Alex Freytag, ProfitWorks LLC

Matt Keene, Chartwell

Cecilia Loftus, Prairie Capital Advisors

Jorge Martin, Certent, Inc.

Scott Rodrick, NCEO

David Solomon, Levenfeld Pearlstein, LLC

Mary Stenvig, Realityworks, Inc.

Brian Sweeney, Redpath and Company

Cecil Ursprung

On April 1, 2016, Jorge Martin and Alex Freytag will be rotating off the board. We warmly thank them for all they did for the NCEO while board members, and we look forward to continuing to collaborate with both of them.

Also on April 1, 2016, four new members will join the NCEO board. We welcome:

Elizabeth Bauer, Gilded Rogue Enterprises

Barbara Clough, Newport Group

Amanda DeVito, Butler/Till

Veronica Ortiz, Web Industries, Inc.

Brief History

In 1979, Corey Rosen was working as a professional staff member in the US Senate, where he had been involved in drafting some of the legislation on employee stock ownership plans (ESOPs). At that time, there were very few plans (they had only been given statutory blessing in 1974) and even less general information about employee ownership. Few company owners or managers understood what an ESOP was and how it might work for them. Among people engaged in employee ownership, there was no reliable research on what made some plans work well and others poorly. Rosen was convinced that if more people knew about the idea, more people would find it attractive, and that if there were more research on what made plans effective, more companies would use them for the benefit of their employees and their other shareholders.

Rosen decided that to create this broader awareness, an organization needed to be devoted to that purpose. In 1980, he incorporated the “National Center for Employee Ownership.” His initial thought was that foundations would provide funding, and during the last half of 1980, while still working full-time in the Senate, he prepared grant applications. In November 1980, the Democrats lost control of the Senate, meaning that in January, Rosen would be unemployed. That event, not surprisingly, focused his attention on moving the NCEO forward. He was able to get a part-time consulting job to bring in some income, and began to generate materials on employee ownership.

Karen Young, who had worked on the same committee in the Senate, joined him to cofound the NCEO, and also worked on an unpaid basis. Her addition was critical,

as she brought the ability to create an organizational structure to complement the substantive work Rosen had done. She also developed considerable subject matter expertise.

The grant applications yielded no results. Foundations were not impressed with an organization with no paid staff, a few manuscripts in process, an office in an 8 x 10 room, and an idea almost no one had ever heard of. Undaunted, Rosen and Young pursued the other track they had been planning for long-term viability, namely to seek members, sell publications, and, eventually, to hold seminars and conferences. They wrote and had printed a first issue of a newsletter and put together a resource guide on employee ownership. The newsletter and a membership appeal was mailed to prospective members, culled from lists of people other people shared with the NCEO. By the end of 1981, the NCEO has about 200 members. It also had two publications—a resource guide and a general publication called *The Employee Ownership Reader*. Work with the media had yielded a number of favorable stories, which generated inquiries. Some of these people joined or bought the book. At year’s end, revenues were about \$27,000.

Over the ensuing years, membership grew gradually, the list of publications expanded, media coverage increased, and the NCEO received a grant to do a research project. By 1983, the NCEO was self-sustaining; by the mid-1980s, it had grown to five staff people and about 1,000 members.

In 2011, Corey Rosen took a new title, Cofounder and Senior Staff Member, and Loren Rodgers became the executive director of the NCEO.

Impact

As an organization, we have been successful by conventional measures. Revenues and membership have grown, staff has increased, more services are provided, etc. The real question for us, however, is how well we are meeting our organization's mission. While it is difficult to engage in a self-assessment, here are what we see as our major accomplishments.

First, we have increased awareness of employee ownership substantially. We have generated a tremendous amount of prominent media coverage that would not have happened otherwise. That helps people be more aware, but it also moves employee ownership forward. If people believe something is a trend because they see it in the media a lot, it becomes one. We have also had considerable success in becoming the "go-to" source for the media on employee ownership, often reshaping major stories, such as the demise of United's ESOP. The biggest contributor, however, is our website, which has a huge number of visitors and consistently comes up first or second on Google searches no matter what aspect of this you are looking for. But as much as we have succeeded with this, it is still the case that most businesses who should or at least could consider broad-based employee ownership don't. So much remains to be done. Moreover, most companies with these plans are not members and are not willing to part with \$90 to join even when they learn about us.

Second, we have created a better understanding of the dynamics of employee ownership. Our work on ownership cultures has, we believe, been a large part of why employee ownership companies have been so far out in front of the business world in developing innovative employee participation practices. There is probably nothing we have done, in fact, where our impact has been easier to define. Back in the 1980s, when we first came out with this research, it generated a lot of flak from most of the employee ownership community for us. People said we never should have raised these issues and that they were too controversial and too difficult to implement. But we

stuck with it because the data could not be clearer. Today, our views on what makes employee ownership work have not only been thoroughly verified by independent academics but have become the conventional wisdom (if not always practice) in the employee ownership community. But here too there is work to be done. As noted, getting people to agree we are right and getting them to do it are not the same things.

Third, we have increased understanding of technical issues and provided a forum for debate on them. For instance, early on we pushed on the issue of including the impact of the repurchase obligation in valuation. The response ranged from indifferent to negative, with a few supporters. It took a long time, but we seem now to have prevailed.

Finally, our work has increased the credibility of employee ownership politically and, finally, academically (academics catch on slowly). Our research has set the tone for other investigations and clarified that employee ownership really can work.

Our most difficult area has been equity compensation. On the one hand, our books are widely considered the definitive sources on equity compensation and are required material for the certification course of the Certified Equity Professional Institute (CEPI). This does not generate a lot of new members, however. Most people who work in this area are plan administrators of providers; most focus primarily on executive compensation in public companies. The National Association for Stock Plan Professionals serves their needs well, so this is not a market we can (or believe we should) try to penetrate. The real potential is private companies. We have had some success here with publications geared toward decision-makers who do not want to use an ESOP but do want a broad-based plan of some other sort. We have also done quite a bit of introductory consulting on this. But we have reached only a tiny fraction of the potential audience here, and we need to find ways to do more in this area.