

NCEO



NATIONAL CENTER FOR
EMPLOYEE OWNERSHIP

ANNUAL REPORT

2017

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.

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Thank you

for reading our 2017 Annual Report!

The NCEO's measure of a successful year is our mission statement, which is to provide practical resources and objective, reliable information about employee ownership to businesses, employees, and the public.


In terms of making progress on that mission, one event that made 2017 stand out is the release of the study *Employee Ownership and Economic Well-Being* in May. This research uses a nationally representative database from the federal Bureau of Labor Statistics, so its quality is unimpeachable, and its results are inspiring: employee-owners have greater net household wealth, more income from wages, more job stability, and higher counts on many other measures of economic well-being. This study is a powerful example of one of the benefits the NCEO brings to the employee ownership community. We don't lobby, but research like this influences policy makers.

Similarly, we don't enforce laws or regulations, but we do help create and share best practices. In 2017, we provided over 45,000 person-hours of education, most of it qualifying for professional continuing education credits. We don't do transactions, but we provide tools to help people involved in transaction to make them turn out better.

As an organization, we generate new information, from *Employee Ownership and Economic Well-Being* to forthcoming analysis of investigations by the Department of Labor. We connect people to their peers and to experts, both at our conference and other events, and through our webinars, publications, articles, and now, through the booklet *Employee Ownership: Building a Better American Economy*, an introduction to employee ownership for business owners, employees, and policy makers.

Despite all of our publications and original resources, we are not just a source of information. We hope to be your partner in getting this right.

All of us on staff at the NCEO are proud of 2017, and we recognize that we can only serve the employee ownership community because you, our members, make it possible for us to continue our work. Your stories and your creativity inspire us.



Loren Rodgers
NCEO Executive Director

April 9, 2018

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A Message From the Board

We're pleased to share the NCEO's 2017 Annual Report with you. Founded 37 years ago to create broader awareness of employee ownership, the NCEO today has more than 3,000 members, is the preeminent publisher of information about employee ownership (with more than 60 titles), and delivers education, information and networking opportunities through its in-person meetings. The annual conference, praised by attendees for its content and quality, is now the largest annual meeting on employee ownership in the world. This is accomplished by a staff of 14 talented, dedicated, and incredibly productive individuals. They are supported by volunteers who contribute in various ways, and by a 24-member board of directors, of which we are proud to be part.

2017 has been a year of notable accomplishments at the NCEO. Attendance at the annual conference in April exceeded the record set in 2016. Research funded by a grant from the W.K. Kellogg Foundation produced exciting findings on the economic benefits of employee ownership for ESOP participants. The third quarter was marked with the launch of our first annual Fall Forum — a new smaller-format conference that attendees found to be more intimate and very conducive for networking with other employee-owners. Members showed a surge of interest in the Ownership Culture Survey: at over 120 companies, employee-owners have now completed over 25,000 surveys. In November, the NCEO released its newest publication, *Employee Ownership: Building a Better American Economy*, edited by John Case, which features compelling stories, research results, and easy-access explanations of employee ownership and its potential to make our economy better.

We are proud to be part of this exceptional organization, and we encourage you to take advantage of the resources it provides, to actively participate in its meetings, and to help spread the word about the benefits of employee ownership—for companies, for employees, and for the economy.



—Judy Kornfeld
Chair



—Mary Boettcher
Vice Chair

Membership

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.

Members join and remain with the NCEO partly to be part of the employee ownership community and partly for the benefits and resources 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, the Document Library, and more. In 2017, we added the ESOP Q&A to the members area, a database of over 700 commonly asked ESOP questions and answers.
- **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 speakers 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 70 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 and is important for members who need to recertify their HR, IRS, CPE, legal, or other credentials.

Type	2015	2016	2017	% of members	Notes
1. Company (not service provider)	1,888	1,987	1,999	61%	Companies that sponsor an ownership plan or are considering adopting a plan
2. Service provider (no directory)	662	659	651	20%	Individuals who primarily provide service to companies with stock plans
3. Service provider (in directory)	322	347	373	11%	Offices that provide services to companies with stock plans
4. Academic	127	117	123	3.7%	Full-time students and teachers with no business interest in employee ownership
5. Nonprofit or Government	12	15	11	0.3%	
6. Individual	52	51	87	2.3%	People who are not service providers
7. Friend of NCEO (Complimentary)	61	67	57	1.7%	These are for permanent complimentary memberships
Total	3,124	3,243	3,301		

New Members

Many of our new paid memberships 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 the service providers for support in research and other projects. These memberships cost \$400 to initiate and to renew.

In 2017, we had the most new paid members since our historically successful 2007 numbers.

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%
2016	680	4%
2017	721	6%

Membership Renewals

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

- 1-50 employees: \$115
- 51-100 employees: \$200
- 101-500 employees: \$375
- 501-plus employees: \$530

Firms that provide services to employee-owned companies, even if they sponsor their own plans, are not considered company members*. Members of such firms may either renew as individuals (\$115) or as members of the service provider directory (\$400).

In November of 2017, we raised renewal prices an average of 14% for all membership types except for Academic.

** 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.*

Annual Conference

In 2017, the NCEO’s annual conference brought together attendees from across the U.S. and around the world. The conference annually 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 selected from over 136 breakout sessions and five half-day intensive preconference sessions that explored a variety of critical issues in five different track levels and numerous interest areas. The conference featured interactive presentations and lectures from hundreds of top employee ownership experts and experienced leaders from successful employee-owned companies.

Our 2017 annual conference took place in Denver and continued our pattern of growth. We saw a minor increase in the number of attendees, but we exceeded expectations on networking opportunities and new ideas being generated. We grew from a total of 1,681 in Minneapolis in 2016 to 1,702 in Denver in 2017.

The table at right shows attendance since 1994. We have estimated the percentage of conference attendees who are local (within driving distance and not staying overnight at the hotel) in the column “% local.” 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 113 and included service providers, employee-owned companies, and other related organizations.

Evaluations were thoughtful and extremely positive, and 99% 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 continued to be very popular. We increased from three preconference sessions in 2016 to five in 2017, but overall attendance did not grow over the year previous. A preconference session on compensation had 73 attendees. A session on communication and culture topped out at 93, the basics session was filled with 55 attendees, “Is an ESOP Right for You?” had 42, and the corporate governance session had 74. The Governance session was coordinated by the Beyster Institute at the University of California San Diego.

The conference grew substantially since we had first signed the contract for this venue, and we had to reserve more space in the additional meeting rooms across the street, connected by above and underground walkways. This posed some problems for attendees trying to make their way between buildings for sessions.

With the help of board members and other volunteers, including a very active host committee, we were able to cover all the on-site positions, despite having a big crowd and complicated locations for meeting spaces.

ANNUAL CONFERENCE ATTENDANCE 1994–2017

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%
2016	Minneapolis	1,681	20%	28%	63%
2017	Denver	1,702	1%	8%	64%

Publications

We sell more than 70 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—but even there, in 2018 we became the publisher for the CEPI books assigned to its students (see below). As before, almost all of our 2017 publication revenue came from direct sales; the rest came from Amazon and other outside vendors (mostly from print books sold through Amazon). In 2017 we released two new issue briefs; new editions of various books, such as *Executive Compensation in ESOP Companies*; and the booklet *Employee Ownership: Building a Better American Economy* (discussed below).

During 2017, we sold more than 17,000 copies of publications and received other publication-related income (not including shipping) for a total of almost \$294,000, just about the same as in 2016. The number of publications sold includes bulk sales such as publication reprints and orders for large quantities of *An Introduction to ESOPs*.

After our 2017 conference, board member John Case proposed a new type of NCEO publication: a full-color, heavily illustrated booklet that would explain employee ownership to a general audience—something that could be given out to everyone from employee-owners to policymakers. The NCEO agreed; NCEO Founder Corey Rosen worked with John to produce the original text, and later on NCEO staff provided additional input on both the text and design. We released the print version in December, sending a free copy to every NCEO member in the U.S. interested in ESOPs (2,550 in all) and providing it as a free PDF download as well. Subsequent sales have been promising but rather irregular; we hope that many companies will buy a copy for every employee. We also give a copy to every new member.

In 2018 we produced the new *GPS 2018 4-in-1 Volume*, a combination of several equity compensation texts formerly published by the CEPI and assigned to students in its certification program. We also hope to finish a new book on ESOP distributions and diversification. We will release a new edition of our *ESOP Repurchase Obligation Handbook*, and we also are revising our *ESOP Communications Sourcebook* and *Equity Compensation for Limited Liability Companies* for release later this year.

Webinars

Our live webinars are one of the core benefits of NCEO membership. An unlimited number of participants from a member company can participate. The NCEO offered webinars most Tuesdays in 2017 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 per webinar was down in 2017 from a three-year average of 39 (2014 to 2016) to an average of 35 per webinar in 2017.

	2010	2011	2012	2013	2014	2015	2016	2017
Average attendance	29	22	28	40	40	34	43	35

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

Seminars

The NCEO implemented a major change in our events in 2017. Instead of smaller events focused on a specific issue or audience, we combined three of our fall meetings into a single “mini-conference,” the Fall ESOP Forum. The forum maintains the character of the seminars in that it provides a more intensive, smaller-group environment, structured for a high degree of interaction among presenters and attendees, but it also offers the advantage of a larger meeting, where each attendee can customize an agenda to meet her needs. The Fall ESOP Forum combined into one event what had been three.

- “The ESOP Symposium” had focused on governance and a variety of issues specifically designed for mature ESOP companies.
- “The S Corporation ESOP Seminar” had explored 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” had covered the communications and culture issues that unlock the power of employee ownership.

In addition to the Forum, we hold two ESOP feasibility meetings per year – both titled “Is an ESOP right for you?” Both the spring and fall sessions did very well in 2017 with an average attendance of 49 people per seminar. These

seminars cover the full range of topics, from legal to financial to cultural, that someone considering establishing an ESOP needs to understand and consider. Scottsdale continues to be a popular location for this meeting in February. Evaluations of this meeting continue to be high.

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. Attendance continued to be a struggle with 2017 attendance up slightly to 36 from 29 in 2016, but down from 46 in 2015. We do not plan to offer this event in 2018, although we may shift to an every-other-year model.

The average attendance and total number of attendees is on an upward trend, and the total number of person-days attending NCEO seminars in 2017 climbed dramatically from 616 to 1,071—a 74% increase. That increase is primarily from the large attendance at the Fall ESOP Forum, including the 165 people who attended its preconference session. In the table below, we differentiate between “attendees” and “attendee-days” starting in 2015. That is the first year in these meetings where a single registration covered more than one day.

SEMINARS: SEVEN-YEAR SUMMARY

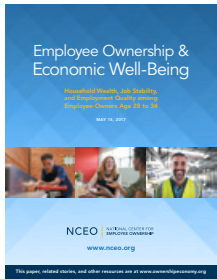
	2011	2012	2013	2014	2015	2016	2017
Total attendance	363	395	464	583	425	492	520
Total attendee-days	"	"	"	"	524	616	1,071
Average daily attendance	33	36	36	45	47	56	179

SEMINARS: DETAILED FIVE-YEAR SUMMARY

	2013		2014		2015		2016		2017	
Is an ESOP Right for You?	Phoenix	St. Louis	Scottsdale	Miami	Scottsdale	San Diego	Scottsdale	Providence	Scottsdale	Santa Fe
	29	27	27	25	44	45	54	34	52	46
The ESOP Governance Meeting	Minneapolis		Denver		<p>Atlanta</p> <p>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 	<p>Austin</p> <p>The two meetings remained combined in 2016.</p> <ul style="list-style-type: none"> Day 1: 63 Day 2: 61 	<p>Tampa</p> <p>The Fall ESOP Forum</p> <p>We combined the symposium with two other meetings, Get the Most Out of Your ESOP and the S Corporation ESOP Seminar, into a single "mini-conference."</p> <ul style="list-style-type: none"> Preconference: 165 Main Conference: 386 			
● Fiduciary Issues	34		37							
● Effective Boards of Director: Best Practices in Governing an ESOP Company	22		46							
● Executive Compensation in ESOP Companies	22		40							
The ESOP Company Symposium	Minneapolis		Denver							
● Handling the Repurchase Obligation	34		63							
● Challenges & Solutions for Mature ESOP Companies	33		63							
● Strategic Planning for Your ESOP	34		57							
The S Corporation ESOP Seminar (titled "Best Practices for S Corporation ESOPs" in 2011 to 2014)	Phoenix	St. Louis	Scottsdale	Philadelphia	St. Louis	Denver				
	47	42	58	60	45	81				
Get the Most Out of Your ESOP	Costa Mesa, CA		St. Louis		Baltimore	Indianapolis				
● Day 1	47		41		22	40				
● Day 2	54		44		66	68				
● Day 3	39		22		58	61				
Equity Compensation for Companies Staying Privately Owned					Santa Clara, CA	Santa Clara, CA	Santa Clara, CA			
					46	29	36			

Research

We completed a major research study funded by the W.K. Kellogg Foundation, as part of a \$200,000 grant. The resulting report describes this first-of-its-kind quantitative and robust evidence of the association between employee ownership and positive outcomes at the level of individual workers. The sample design also allows for examining workers of color, families with young children, and people with low income. This research project has been successful on at least two fronts: increasing the research credibility of the NCEO and inserting ESOPs into the wealth inequality conversation.



The specific data reports on people who were aged 28 to 34, and the results for this hard-to-reach group are inspiring: employee-owners had better economic well-being across a wide array of measures. They had 92% greater household net worth, they had more income from wages, more job stability, and more access

to vital benefits such as health insurance and tuition reimbursement. Employee ownership helped lift these workers further from the poverty line. Employee-owners who are parents had more resources to provide for their families, and all of these benefits applied across demographic lines.

The research and outreach teams worked together on a campaign to contextualize, distribute and publicize the research findings. The results of these efforts can be seen at OwnershipEconomy.org

Research Director, Nancy Wiefek, is currently working on analyzing the most recent round of interview data from these same respondents, who are ages 30 to 36: how these workers are faring as they get older: are they still at the same job, have they been laid off in the interim, attended classes, gotten wage increases. She will present results at the Beyster Symposium in June.

Nancy received an appointment from the Dean of the Rutgers' School of Management and Labor Relations as the Robert W. Edwards Fellow for the Advanced Study of Employee Ownership for 2017-2018. This fellowship is in part recognition for the work she completed on the *Employee Ownership and Economic Well-Being* project and to support further research.

We received grant funding from the Employee-Owned S Corporations of America (ESCA) to conduct a survey of their members to measure the impact of S corporation ESOPs on their employees' financial well-being. This study was designed to shed light on how lower-wage and near retirement workers fare at these companies. Results of this study will be published in 2018.

In 2017, we designed and fielded our ESOP Repurchase Obligation survey. From that data we created a special report sponsored by ESOP Economics that was distributed at the Fall ESOP Forum in Tampa. We also produced a full report and a chapter that will appear in the forthcoming updated *ESOP Repurchase Obligation Handbook*.

We designed a new feature on our website, ESOPs by the Numbers (www.nceo.org/r/esopnumbers), which provides a succinct and comprehensive overview of the counts and breakdowns of the ESOP universe that we update each year.

In 2017, 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.

Research highlights are a regular feature in each of the NCEO's newsletters, and we continue to dig into the Form 5500 data in new ways, including breaking out public-company ESOPs and stand-alone ESOPs. We have also helped ESOP companies with industry-specific research for their newsletters and other communications. We continue to gather input and feedback on how to report the Form 5500 data to best serve the ESOP community.

Employee Surveys

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 25,000 employee-owners at approximately 120 employee ownership companies around the country.

In 2017, the NCEO surveyed a total of 8,333 employee-owners at a wide range of ESOP companies throughout the country with anywhere from 40 to more than 2,700 employees. The companies represent several different industries, such as retail, manufacturing, hospitality, transportation, and engineering.

In 2017, the focus of the NCEO’s director of culture and engagement, Dallan Guzinski, was to continue exploring methods to improve the use of these results in consultation with member companies while ensuring the reports and overall feedback from the NCEO was as valuable as possible to companies, leadership teams, and ESOP committees. We have learned more about how employee-owned companies use the reports and results in practice, which may change how we visualize data after 2018. This has given us a great deal of insight on which areas of our reports are most useful and important, which we intend to use to create new and more efficient modes of communicating and using employee feedback to drive strategy so that our efforts can focus more on services we provide after the completion of reports concerning how companies improve their cultures based on the data we receive.

In 2018, the NCEO will focus its efforts assessing our data management methods and survey processes so that our surveys and culture services are more efficient, reliable, and valuable. We hope to reduce the amount of time spent on administration of surveys and development of reports so that more of our efforts are focused on our interaction with client companies.

Employee Surveys	2013	2014	2015	2016	2017
Number of employee-owners surveyed	889	2,929	2,501	5,471	8,333
Total number of surveys conducted	9	13	9	14	17

Consulting

Corey Rosen, Loren Rodgers, and Dallan Guzinski 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 over 60 companies in 2017, not counting the countless short conversations we had with hundreds of our members. Corey Rosen is on five ESOP company boards. Loren Rodgers is on one company board and one company board advisory committee.

Training

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 has been maintaining and building on the dramatic improvements to the course in 2013, resulting in high satisfaction and pass rates.

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

Outreach

Continuing the thread started in 2016, 2017's outreach efforts were focused on the collection, creation, and dissemination of memorable stories. We conducted interviews primarily with retiring employee-owners. We saw this demographic as best positioned to make a powerful emotional case for how employee ownership can dramatically improve the lives of working people. We also spoke with or solicited stories from current employee owners as well as founders and selling owners.

Many of these stories have been placed in our newsletter or on ESOPinfo.org, our sister website. In a similar vein, we set up a new website to showcase the research that came out of the project on *Employee Ownership and Economic Well-Being*. We set up OwnershipEconomy.org to act as a more intuitive, attractive way to view the data. Some stories that we deemed related were also placed on that website, and it has turned into an effective reference tool while we continue to work on the front-end of the website and make it more user- and novice-friendly.

We had far greater success with creating and distributing our own new outreach materials. A version

of the data on economic well-being, either the full report or an announcement, was sent to every state and federal legislator listed as being on an economic or business committee. We also partnered with NCEO board member and veteran business writer John Case on a new booklet introducing employee ownership and ESOPs to the wider world. This booklet is an example of how we want our outreach materials to be going forward—inviting, visually stimulating, serious but not dense. This booklet and a new 2 page overview of ESOP research highlights have been well received and will be followed by more, similar booklets and infographics.

In addition to stories, in 2017 we continued our work with state centers, especially the Pennsylvania Center for Employee Ownership (PaCEO). The PaCEO has built alliances with over 100 organizations, presented about employee ownership to over 1000 people, and worked with state and local governments.

In 2015 we began tracking some measures of our success in reaching new audiences, and in 2017 we experienced increases over 2016 in almost all metrics. 2017's results are summarized in this table.

METRIC	Q1	Q2	Q3	Q4	2017 Total	2016 Total
Brand New Customers	494	329	742	544	2,109	1,558
New Complimentary Members	46	42	54	42	184	103
NCEO Site Hits	169,776	150,444	135,554	142,305	598,079	664,447
New Social Media Followers	152	209	113	106	580	745
Media References	40	63	71	28	202	95
Non-NCEO Events Spoken At	0	3	2	5	10	8
Event Audience Attendees	0	175	81	1020	1,276	586
Alliance Meetings	9	9	3	06	21	26
EO Consultations	17	16	14	8	62	39

The definitions used in this table are:

Brand New Customers: First-time customers without a membership

New Complimentary Members: Unpaid memberships given to companies and other stakeholders

NCEO Site Hits: Number of online sessions on our website measured by Google Analytics

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

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

Non-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

Alliance Meetings: Meetings with allied or potentially allied organizations

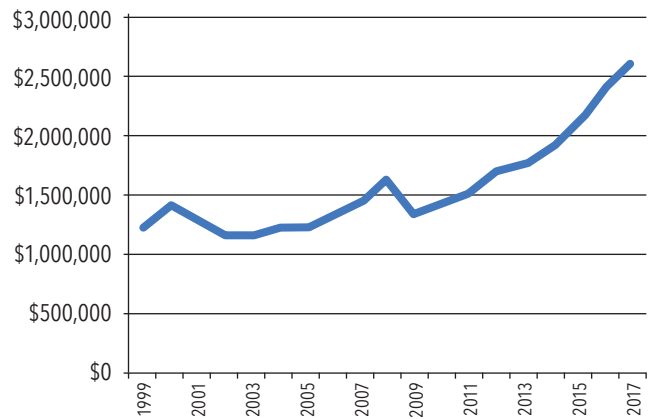
EO Consultations: The number of unique speaking/consulting engagements, including service on boards, performed by NCEO staff

Financial Position

The NCEO's organizational structure is intentionally designed to keep our members at the center of all we do. The core principle is to make sure that our customers and members decide 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, with the climb especially pronounced since the economy recovered following the 2008 financial crisis. Since that year, our ordinary income has approximately doubled, from \$1,350,830 in 2009 to \$2,665,065 in 2017 (unaudited). Ordinary income is our revenue from our activities, and includes the vast majority of our income. It does not include "other income," such as donations, grants, or investment income.

ORDINARY INCOME 1999–2016



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 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, PhD 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 PhD 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 Capitol Hill for the next five years, where he helped initiate and draft legislation on ESOPs and employee ownership. In 1981, he formed the NCEO.



Jordan Boone
Events and Administration Assistant
At NCEO since 2017

Jordan Boone supports the NCEO as an events and administration assistant by working with the conference and seminar team coordinating sponsor relations, registrations, memberships, and other event details. Jordan graduated from the University of North Carolina at Chapel Hill with a BA in Environmental Studies in 2012 and brings a diverse set of experiences to the NCEO. She has

planned events for a social service agency, managed the membership program for a park, and continues to work as a freelance florist.



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.



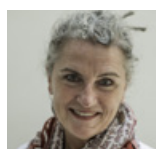
Timothy Garbinsky
Outreach Coordinator
At NCEO since 2014

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 Culture and Engagement
At NCEO since 2013

Dallan Guzinski is the director of culture and engagement 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.



Andrea Johnson
Events and Administration Assistant
At NCEO since 2017

Andrea Johnson is an events and administration assistant at the NCEO, where she joined the team in December 2017. She has worked in the events industry since the late 1990s and occasionally produces freelance social and philanthropic events as the owner of Laughing Bubble Events. Andrea has a B.S. degree in Media and Communication from Missouri State University. In her free time, she likes to travel, go dancing, and spending time in her kitchen whipping up interesting dishes and working on her spaghetti sauce empire.



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 more than 38 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 B.A. in theatre from University of Michigan and a certificate in meeting planning from San Francisco State.



Nathan Nicholson
Research Associate
At NCEO since 2016

As research associate, Nathan Nicholson assists in managing the NCEO's research and survey projects, as well as its internal company and member data. A recent Bay Area transplant from upstate New York by way of D.C., Nathan has a professional background in public policy analysis, nonprofit administration, and legal research. Before joining the NCEO, he worked at FairVote, a D.C.-area nonprofit dedicated to election policy reform. He received his BA in Linguistics from Cornell University in 2012.



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* (16th ed. 2016) 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 Web site 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 12,000 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

As Outreach and Membership Coordinator, Ramona focuses on spreading the word about the benefits of employee ownership to companies, community groups, business leaders, and the public. She also works to ensure that the NCEO's membership is supported and growing. She brings to her job diverse professional experiences from managing education and outreach programs at a small theater company, to line cooking at a large film studio, to running all technical aspects of live performances. Ramona has a BA in Sociology with an emphasis in social inequality and a BA Theatre from the University of California, San Diego and can often be found having detailed conversations comparing and contrasting Mexican culinary styles in Northern and Southern California.



Nancy Wiefek
Research Project Director
 At NCEO since 2014

As a research 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 B.A. in political science and a minor in Russian. She earned an M.A. and Ph.D. 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 and Lia Sutton

We have two other regular contractors:

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

NCEO Board of Directors

The NCEO's board of directors, as of the end of 2017

EXECUTIVE COMMITTEE

Chair: Judy Kornfeld, *ESOP Economics*

Vice Chair: Mary Boettcher, *Realityworks, Inc.*

Secretary: Matt Keene, *Chartwell*

Immediate Past Chair: Mark Lewis, *Woodfold Manufacturing*

At-Large: Alison Wright, *Hanson Bridgett LLP*

Ex Officio: Corey Rosen, *NCEO*

MEMBERS

Richard Armstrong, *Great Game of Business*

John Brown, *Business Enterprise Institute, Inc.*

Neil Brozen, *Ventura ESOP Fiduciary Services*

Jeffrey Buettner, *ButcherJoseph & Co.*

John Case

Barbara M. Clough, *Newport Group, Inc.*

Amanda DeVito, *Butler/Till*

Cecilia Loftus, *Wells Fargo*

Kevin Long, *Employee Benefits Law Group*

Veronica Ortiz, *Web Industries, Inc.*

Bill Roark, *Torch Technologies*

Sandra L. Reid, *The Davey Tree Expert Company*

Glenn Ripley, *Mission Bell Manufacturing*

Scott Rodrick, *NCEO*

David Solomon, *Levenfeld Pearlstein, LLC*

Joanne Swerdlin, *Swerdlin and Company*

Brian Sweeney, *Redpath and Company*

Cecil Ursprung

On March 31, 2018, Jeff Buettner and Glenn Ripley rotated 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.

On April 1, 2018, one new member joined the NCEO board. We welcome Suzanne McDowell, of *King Arthur Flour*.

Brief History

In 1979, Corey Rosen was working as a professional staff member in the U.S. 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, after leaving his Senate job, 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 had 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, Loren Rodgers became the executive director of the NCEO, and Corey Rosen took the new title of founder. Since then, the staff of the NCEO has increased from 10 to 14, with the increased staff power focused on outreach, research, and supporting the growing annual conference and webinar program.

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. 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. Our membership continues to increase, from 2,920 at the end of 2011 to 3,243 at the end of 2016, but this membership represents less than half of all employee-owned companies and a much smaller percentage of companies that would be good candidate for employee ownership.

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 was controversial and viewed as difficult to implement. 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.

Third, we have increased understanding of technical issues and provided a forum for debate on them. As a recent example, our issue brief on the fiduciary process agreement is the definitive text on the subject, and our study on ESOP transactions is the first of its kind.

Finally, our work has increased the credibility of employee ownership politically and academically. Our research has set the tone for other investigations and clarified that employee ownership really can work.

In the field of equity compensation, our books are widely considered the definitive sources and are required material for the certification course of the Certified Equity Professional Institute (CEPI) at Santa Clara University.