MANUFACTURING • EMPLOYEE OWNERSHIP TRUST

NCEO | NATIONAL CENTER FOR EMPLOYEE OWNERSHIP

ShopBot Tools, Inc.

Guided by a commitment to shared success and stability beyond any single leadership era, ShopBot Tools transitioned to an employee ownership trust (EOT) in 2021, giving employees a structured voice in company decision making and a stake in the company's long-term future.

30
Employee-Owners

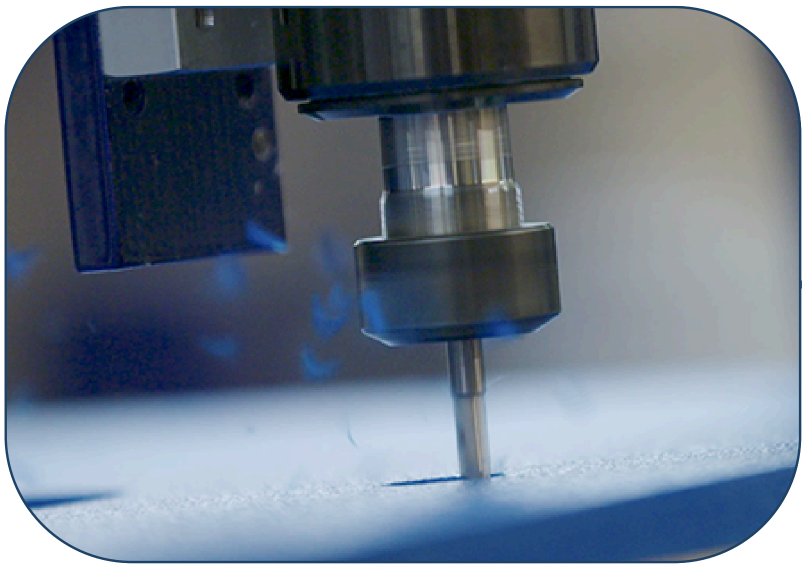
2021
EOT Established

100%
Employee-Owned

100%
Owner-Financed

1996
Founded

The Journey to Employee Ownership



2016–2017

The Challenge

As a founder-led manufacturing company with a long-tenured team, ShopBot's leadership, led by founder Ted Hall, began actively exploring succession planning well ahead of any immediate transition. Leadership wanted a path that would preserve the company's culture, reward employee contributions, and ensure long-term stability—without selling to an outside buyer or concentrating ownership among a small group.

Over several years, ShopBot explored a wide range of succession and ownership options, including traditional sales, internal transitions, and employee stock ownership plan (ESOP) structures. At the time, EOTs were still relatively new in the United States, and practical guidance and professional resources were limited compared to more established ownership models.

As a result, ShopBot's internal leadership, led by founder Ted Hall, played a central role in identifying and assessing potential approaches. Conversations within the employee ownership community, including insights shared by Chris Michael, helped confirm that the EOT model could be adapted to fit ShopBot's goals of long-term stewardship, simplicity, and meaningful employee voice in governance.

2016–2020

Exploring EO

2021
Implementation

After several years of internal exploration and planning, ShopBot completed its transition to an EOT in July 2021. Because EOT structures were still uncommon in the US, the process required significant coordination, learning, and internal leadership, led by founder Ted Hall and the ShopBot team.

ShopBot worked closely with Anne Claire Broughton Consulting and Chris Michael during implementation. Anne Claire partnered directly with company leadership to develop governance structures and training programs to support employee participation and the Employee Governance Committee, while Chris provided advisory guidance on establishing the trust framework. ShopBot's leadership team remained deeply involved in adapting the flexible EOT model to fit the company's values, operations, and long-term goals.

The implementation process also required education and coordination with external partners, including banking partners, accounting firms, and legal advisors, many of whom were unfamiliar with EOT structures at the time.

The transition was completed through a 100% owner-financed sale. Existing shareholders agreed to convert their ownership into a ten-year note, with annual principal retirement and payment levels tied to company performance and profitability.

This owner-financed structure eliminated the need for outside financing, which would have been difficult to secure given the novelty of EOTs in the US at the time. It also allowed ShopBot to create terms that support employee profit sharing, protect the business during lower-profit years, and ensure that once the note is retired, future value flows directly to employees as an ownership benefit.

2024–Present
Current Success & Vision

Following the transition, ShopBot focused on building understanding of employee ownership through ongoing communication, transparency, and education. This included establishing the Employee Governance Committee, reinforcing open-book management practices, and creating regular opportunities for employees to ask questions and engage with governance and ownership concepts.

Today, ShopBot continues strengthening its employee ownership culture with a focus on long-term sustainability, shared responsibility, and meaningful employee voice in governance. The company views employee ownership as an ongoing journey and remains committed to deepening participation and understanding as the business evolves.

"Employee ownership has helped put everyone on the same page about where we're going and why. It reinforces that we're moving forward together and that our individual decisions matter to the long-term health of the company."

ShopBot Team Member

The Impact of Employee Ownership

Culture & Engagement

A Culture of Shared Responsibility

Employee ownership has reinforced a culture of shared responsibility, transparency, and collaboration at ShopBot. The transition to an EOT reinforced and formalized practices that encourage open communication and cross-functional understanding, helping employees better connect their day-to-day work with the long-term health of the company.

Financial & Governance Transparency

ShopBot emphasizes financial and governance transparency, using Great Game of Business–style open-book management practices and regular opportunities for employees to ask questions and engage in discussions about company performance and decision making. Teams review financial and operational metrics together through a weekly company-wide scoreboard, participate in forecasting conversations, and reconcile performance results monthly. This shared visibility helps employees connect day-to-day decisions with overall company results, supporting more informed conversations across teams and a deeper appreciation for how individual roles contribute to collective outcomes.

Growing Participation & Ownership Mindset

Employee ownership has also encouraged greater participation and initiative, with employees increasingly engaging in problem solving, process improvement, and peer-to-peer learning. While ownership culture continues to evolve, ShopBot has seen growing awareness and engagement as employees gain confidence in their roles as stewards of the business.

Innovative Practices

A Governance & Education Journey

ShopBot approached employee ownership as a governance and education journey, not just a transaction. Drawing inspiration from long-standing international models such as the John Lewis Partnership in the UK, the company intentionally developed governance and communication practices designed to make employee voice durable and meaningful over time.

The Employee Governance Committee

A central innovation is ShopBot's Employee Governance Committee (EGC), which plays a key role in educating employees about the EOT, communicating ownership concepts across the organization, and ensuring employee representation in governance functions as intended. Governance structures and training programs developed during the transition continue to support the EGC and broader employee understanding of ownership.

Investing in Ownership Education

ShopBot invested heavily in ongoing ownership education, recognizing that employee ownership only works when people understand how it functions and why it matters. Regular communication about governance, financial transparency, and stewardship reinforces ownership as an active responsibility rather than a passive benefit.

By combining governance structures with continuous education, ShopBot has built an ownership culture that is participatory, practical, and sustainable rather than symbolic.

Business Performance

Redefining Success Metrics

ShopBot continues to evaluate performance measures appropriate to employee ownership, focusing on long-term sustainability and alignment rather than short-term financial metrics.

Long-Term Financial Alignment & Flexibility

ShopBot's owner-financed EOT structure supports long-term sustainability by aligning financial obligations with company performance. This flexibility has helped the business prioritize stability, responsible decision making, and employee participation during periods of market uncertainty.

Sustained Customer Focus & Product Support

Employee ownership reinforces a shared commitment to customer relationships and product quality, encouraging teams to focus on long-term trust and service rather than short-term outcomes.

Retention & Growth

Consistent Retention Through Economic Volatility

Despite market fluctuations and industry headwinds, ShopBot has maintained a stable core team. Employee ownership has supported long-term commitment, shared responsibility, and alignment during periods of uncertainty.

Long-Tenured Workforce

ShopBot's employee ownership structure builds on an already long-tenured team, reinforcing continuity, institutional knowledge, and shared accountability for the company's future.

Sustaining Retention Through Ownership

ShopBot continues to focus on maintaining a stable, engaged workforce and expects employee ownership to continue supporting long-term retention and internal development as the ownership culture matures.

Top Three Takeaways

Employee Ownership Is Not a One-Time Transaction

Employee ownership works best when it is designed intentionally around governance, education, and long-term stewardship—not treated as a one-time transaction.

Take Time to Explore Multiple Ownership Paths

Taking the time to explore multiple ownership paths and align the structure with company values can lead to a more sustainable and resilient employee ownership model.

Employee Ownership Is an Ongoing Journey

Employee ownership is an ongoing journey that requires continued communication, transparency, and engagement to remain meaningful over time.

Learn how your company could benefit from an EOT transition. Contact the NCEO's technical content manager, Matthew Licina, at mlicina@nceo.org.

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