

## CHEMCO INTERNATIONAL COMMITS TO COATBRIDGE



The investment re-secures Coatbridge as Chemco International's headquarters and will enable the company to continue to expand on and around its existing site. Having outgrown the existing site, the alternative would have required the company to move away from the area and cause considerable disruption to the workforce. This project emphasises the company's commitment to remaining and investing within Coatbridge.

Colin Wade, Managing Director of Chemco International, commented:

"We are extremely fortunate to be able to provide a good news story in this period where so much bad news is all around. Whilst the past months have not been without their challenges; the business continues to be busy and successful. We remain ambitious and confident of our ability to secure those opportunities that do still exist in these otherwise difficult economic times. None of this would have been possible without the team work and commitment of all thirty employee owners at Chemco International"

Owen McGhee works in Technical Support and is the Employee Trustee at Chemco. He says, "This is great news for everyone at Chemco. As Employee Owners, we take huge pride in our place of work; with this investment ensuring we will have a truly world class facility in Coatbridge for many years to come. We

are all looking ahead to an exciting and rewarding future."



STOP PRESS—For even more good news about Chemco check out the story on Page 2!

### Special Offer at Beaulys Priory Hotel

The employee owners of the [Priory Hotel](#) have some great offers for you. It's a wonderful place to stay on a trip to the Highlands, and every effort has been made for a very safe visit. For a very special offer go to the link above. If you do go ahead and book a room, get in touch and we'll see if there is a room upgrade available.

Chemco International, the world leader in innovative and environmentally friendly protective coatings for the Marine and Industrial sectors, has embarked on its first major investment by the company since its founder Mansoor Khorasani placed it in 100% Employee Ownership and in the hands of new management. This announcement coincides with the company switching to 100% Renewable Energy for all of its heating and power.

Phase One of this project includes the acquisition and subsequent upgrading of existing buildings and neighbouring property; together with neighbouring property; commenced at a cost of over £1 million. This will provide modern and spacious facilities, an increase in technical and production capabilities, and will help to maximise the company's growth in its design, manufacture, and sales.

## An Announcement from Alistair

Time goes quickly when you are enjoying yourself. But when you wake up and realise that you are a lot nearer 80 than 70 you do stop and think. And so, I have decided it's time to start the next chapter. Time to do more family things - without having to check the diary first. Time to travel less. Time to play with the delightful grandchildren. Time to see if I can do better with the garden. Time to say goodbye to the good friends and

colleagues I have worked with.

I will, of course, honour the commitments I have as a Trustee or Trustee Director and I will be available for occasional ad hoc consulting assignments. Clients can be assured that the transition will be as smooth as possible.

So "Goodbye". It has been an honour and a privilege working with so many unique and special companies. I wish



## Alfa Leisureplex acquires David Urquhart Travel

David Urquhart Travel is a well-known name around Scotland. The tour Coaches were a familiar sight around the country and the hotels had a reputation for giving the warmest of welcomes. It was a sad day in May when we heard that the company was a victim of the Covid 19 impact on travel and had decided to wind up after 37 years. The East Kilbride firm had provided 6 million holidays over that time.

The gloom was short-lived when it was announced that employee-owned travel

group Alfa Leisureplex has added David Urquhart Travel to the group. Clare McFadden, who has 20 years of service with David Urquhart Travel, will lead the team in East Kilbride. All future employees of David Urquhart will be welcomed as employee owners of Alfa Leisureplex Group.

Alfa Leisureplex CEO, Emma Russell, believes the firm will be a great addition to the Alfa family. She says "We are delighted to be bringing this iconic name back and to be able to welcome some of the former team back as employee



owners. We have been welcoming David Urquhart customers to our Leisureplex hotels for many years, so we know that the David Urquhart Travel customers enjoy our Leisureplex Hotels, where our fantastic employee owners go that extra mile to make memories for our guests."

## Huge Vote of Confidence in Employee Ownership

Announced live! Awards will be presented to Scotland's top business from all sectors and all regions. See the shortlisted finalists here.



won Scottish International Director of the Year. On receiving his award he said he was "shocked and delighted" and believes this was a huge vote of confidence in employee ownership. Colin thanked the fantastic team at Chemco International. When asked about the secret of success, Colin stated very clearly that it was employee ownership which he said was under-recognised in business and brought only benefits to the employees and the business.

Niall MacDonald, MD of Mediascape, won in the Highlands and Islands category for his time at Aquascot. Niall also extolled the benefits of employee ownership saying it led to a more engaged and empowered workforce. When asked about the key to good leadership he replied "Listening and being responsive to your employees."

Congratulations to you both!

It was a good night for employee ownership at the IoD Scotland Awards in early September. Colin Wade, MD of Chemco International

## OAK News

When I first met Alistair Gibb, employee ownership was really in its infancy compared to today. The number of employee owned firms in Scotland was only barely in double figures. I couldn't fathom why this posh merchant banker was interested in helping employees own their company. As it happened, Alistair got involved for all the right reasons; he saw how employee ownership harnessed the talents of the wider workforce, and unleashed the desire to do everything better. He knew that employee-owned businesses outperformed the rest, and brought benefits to local communities.

Alistair has been hinting over the years that his retirement was looming, but his passion for his work always won over and he stayed "for just a few more months"! I'd say his retirement is a real loss to the Scottish EO sector but he did promise to stick around and do bits and pieces. He has been a joy to work with, but he deserves his retirement. Wishing you a long and happy one, Mr Gibb!

On the topic of the early days of Scotland's employee ownership story, I remember trying to engage the adviser community in employee ownership. There was so little interest (and more than a little cynicism). The CDS team has put a lot of effort into countering this and it has been recognised that one of the key drivers behind Scotland's position at the forefront of employee ownership has been the knowledge and interest of our advisers. It was just



brilliant to see Stuart Brown, Head of Corporate for Barclays Bank, write a piece for the Herald where he proposes that the Covid19 crisis will accelerate interest in employee ownership. If I remember correctly, Stuart's interest in employee ownership was ignited following a visit to Stewart Buchanan Gauges in Kilsyth, followed by a tour of Woollard & Henry in Aberdeen. We have so many great examples of successful employee owned businesses in Scotland who make a persuasive case. You can read the article [here](#). (lovely picture of the Grossarts team!)

Indeed, Scotland is attracting interest in the international EO arena. On the back of the White Rose report that demonstrated Scotland's exponential increase in employee-owned firms, I was asked by the Indiana Employee

Ownership Association to write a piece for their blog. You can read it [here](#). Do let me know if you agree or disagree!

This newsletter was started to help keep communication open amongst Scotland's EOBs. One of the joys of working in the employee ownership sector is the sheer diversity of the businesses that are owned by their employees. Companies from all sectors and of different sizes choose an ownership structure that's been proven to deliver success. Each newsletter, we'll showcase a different firm. This month it is Edinburgh based cybersecurity firm, i-Confidential.

Enjoy!

Carole



## What's on in September 2020

CDS is running a series of webinars aimed at encouraging business owners to consider selling their shares to an EOT. The first of these takes place at

10am on 22<sup>nd</sup> September and features the Falkirk book production company Gandhi Foundation Lecture. His Palimpsest. Carole will also be presenting. It would be a good opportunity to hear the Palimpsest story. You can register [here](#)

Nuttall lecture now on line. You can watch it [here](#)

Graeme Nuttall recently delivered the presentation was titled EO3:0 Employee Ownership with added Gandhian Purpose and has been recognised internationally as a landmark in employee ownership thinking.



## Parlez-Vous Numbers? Compound Interest



Ever wanted to know where your sales would be if they increased at a fixed rate for a number of years? How long would they take to double?

Compound interest tables are available (for instance at: [http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm))

and I'm sure my phone knows the answer.... but I don't speak phone.

But there is a short cut: the "Rule of 72", a real piece of numbers magic.

Suppose you want to know how long it would take sales to double if they grew at 10% a year. Year one is easy: 110, year two is a little more difficult (add a tenth of 110 to 110) but the answer is 121. After that most folk stumble.

But the Rule of 72 is at hand. Divide 72 by the rate of growth and there is your

answer in years. In this case it would take  $72/10 = 7.2$  years for sales to double. How long would it take at 5%? Easy. 72 divided by 5 is 14.4 years.

You can also use it the other way round. If you want to know how fast you would have to grow to double sales in 6 years, then divide 72 by 6 and the answer is 12%.

Unfortunately, the Rule of 72 is only an estimate and it only works for lowish rates of interest. But it's saved me lots of headscratching and if you want to do a quick estimate in the middle of a meeting it's a very useful tool.

## The Roadchef Story Rumbles On

Attendees at the OAK training courses will be aware of the salutary tale of Roadchef, which we cover when we look at employee ownership dilemmas. In a nutshell, the Directors of Roadchef transferred shares from the all-employee Benefit Trust to a separate Trust where only the senior executives were beneficiaries. When the company was sold in 1998, the employees did not receive the sums to which they were entitled. The Chief Executive, who was also a Trustee of both Trusts, received £26.8m. After a 20 year legal battle, a judge ruled that the share transfer was indeed unlawful, and £10m should be shared amongst the 4000 employees. The Chief Executive was found not to have acted illegally, but had breached their "fiduciary duty".

Sadly, the employees have still not received their money, due to wrangles over tax liabilities.

### What can we learn from this?

- Trustees must always consider first the interests of the beneficiaries and not allow themselves to be railroaded by the



company's executive, or indeed any other party.

- Any conflict of interest, for example where a Trustee is also a company board member, should be managed transparently.

- Trustees should record the reasons for decisions made, and include any factors considered in reaching those decisions

- Trustees have a duty seek independent, professional advice when they deem it necessary.

- Consider the composition of Trustees very carefully. The inclusion of a truly independent Trustee can reinforce

transparency.

- Every effort should be made to ensure the company's employee owners understand how they own the business, how they can challenge decisions and how distributions are made from the Trust.

It is worth noting that the Employee Ownership Trust, introduced in 2014 and now commonly used in place of the Employee Benefits Trust, is much more robust and less able to be manipulated. The question remains, how do you know all is working as it should in your company?

# Meet the EOB



i-confidential was started in 2008 by Colin Fraser and Ian Harragan, with Simon Lawrence joining the following year. The company moved to employee ownership in July 2018 as part of the founders' longer term succession plan. i-confidential's particular expertise is in information security and they have an impressive client list that includes 10 FTSE companies, 3 major UK banks, and 2 of the UK's 5 major insurers. The company's customer base is mostly in the UK, and they also cover Europe, the US, India and Hong Kong. There is a core staff of 23 employees and approximately 100 contractors engaged at i-confidential. The firm was a finalist in the 2020 Top Employer Awards.

Cybersecurity is an increasing issue for business. 80% of businesses have experienced an increase in cyberattacks in 2020 and attacks on home workers rose fivefold during lockdown. The pandemic is blamed for a 238% rise in cyberattacks on banks.

Since the move to employee ownership, the company has grown significantly and the team have ambitious plans to increase turnover by 50% over the next 5 years. 55% of the total shareholding is held in an EOT, and the company has worked hard to ensure that everyone has a voice in the business. MD Ian Harragan believes employee ownership has led to much greater transparency in decision-making and developed a strong

sense of commitment from everyone, so vital to the success of smaller organisations. The company is passionate about promoting employee ownership and recently became an Advocate of the Scotland for EO programme to encourage other businesses to think about EOTs as a model.

MD Ian Harragan will share some of his insights into cybersecurity in next months' newsletter.



## Aspire in Unique Alliance to Eradicate Homelessness



Employee-owned Aspire has joined forces with seven organisations in an Alliance to End Homelessness in Glasgow. The Alliance is unique and is being carefully watched internationally. The aims of the Alliance include:

Preventing homelessness wherever possible, prioritising settled homes for everyone, reducing the scale of temporary accommodation, delivering responsive and joined up person-centred services, and improving cohesion across all supports, breaking down barriers and reducing stigma.

Aspire is delighted to be involved with this ground breaking work and fits with Aspire's ethos across all its services; to help staff and supported individuals to have the most fulfilling and self-directed

lives possible.

The core belief at Aspire is that everyone deserves the best chance they can get and Aspire has supported homeless people since 2002. It's a tough task ahead but the Aspire team are determined to make a difference.



## First Friday Snack and Share—September



We welcomed a few new faces to this month's Snack and Share and a lot of topics were covered. We explored the challenges of the Trustee role (a common theme!) and also talked about the need for a similar group for senior executives within EOBs. Lisa from the Scottish Gallery gave an interesting account of how the Gallery identified new ways of working through the Covid lockdown. Ralph talked about the new Community Wealth Building initiative and the plans to encourage all parties to commit to employee ownership in their manifestos for the forthcoming Holyrood elections. It was a quick hour!

Next Session : Friday 2nd October 12noon, email [FirstFriday@ownershipassociates.co.uk](mailto:FirstFriday@ownershipassociates.co.uk) for the link