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**First Friday
Lunch and Learn**

3rd June

12noon - 1pm

Trustee Training

21st May

9.30am - 11.30am



The TEFL Org Translate to Employee Ownership

THE WORLD'S leading provider of TEFL (teaching English as a foreign language) accreditations has become employee owned, to preserve its reputation and protect loyal workers from a relocation from its Highland headquarters.

Launched from a garden shed in the middle of the 2008 financial crash by founders Joe Hallwood and Jennifer MacKenzie, the TEFL Org is established as a market leader, with more qualifications secured than any other provider.

Since its inception, the TEFL Org, which provides in-person and online courses, has grown year on year. In the last financial year alone, the company witnessed an 81% growth, increasing revenue from £2.4m in 2019 to £4.8m in 2020.

Currently based in the Scottish Highlands, it now employs more than 30 employees from over 5 different countries, including 17 core staff, 11 of whom are local to the office.

Joe Hallwood, co-founder of the Inverness firm, has attributed the move to providing job security for staff, and also ensuring the company maintains its pioneering standards for years to come.

Joe said: "Jennifer and I have built the brand from the ground up. We're very proud of it and want to ensure it continues thriving as we look towards retirement.

"We are the highest calibre TEFL provider in the world, both in terms of operations and the way we treat our staff. If we were to sell to a competitor, we risk losing our hard-won reputation.

"Some of our employees have been with us since the first few months and know the company inside out. We trust them to do right by the firm and have no doubt it will continue to thrive under their care."

The Employee Ownership Trust allows for a buyout over time, giving everyone time to adjust before the company becomes fully employee owned.

While the pandemic resulted in a cessation of in-person learning, the TEFL Org's virtual classroom courses and on-demand online courses have grown in popularity, by more than 250% over the last year.

Co-founder Jennifer Mackenzie said: "As much as possible, we will be pursuing the remote learning route.

(Continued)

It has proven to be much more efficient than in-person teaching and provides flexibility for our staff and our learners.

“For example, someone from Thailand can be in the same virtual classroom as someone from Shetland, both being taught by a teacher from Madrid.

“However, as much as we wish to pursue more remote options – we would never want the company to become entirely online.

“Due to the relative remoteness of our head office, if we sold the TEFL Org, we recognised there would be a high chance the buyer would move the company elsewhere. We wanted to provide job security for our core team who are local to our headquarters.”

Joe and Jennifer were introduced to the employee ownership model by Graeme Cunning of Azets accountants and Andrew Stott of Ledingham Chalmers.

Ownership Associates supported the business transfer project.

Jennifer says: “Carole supported us from the get go. It’s been such a weight off having



someone that really understands employee ownership there to support us.

“The most terrifying thing was telling the staff because we weren’t sure how they would react, but thanks to Carole helping us prepare properly, everything was fine.

“She made up a detailed document for everyone to read, explaining employee ownership and what it meant for us and was also on hand to answer any questions. It made everyone feel incredibly reassured.”

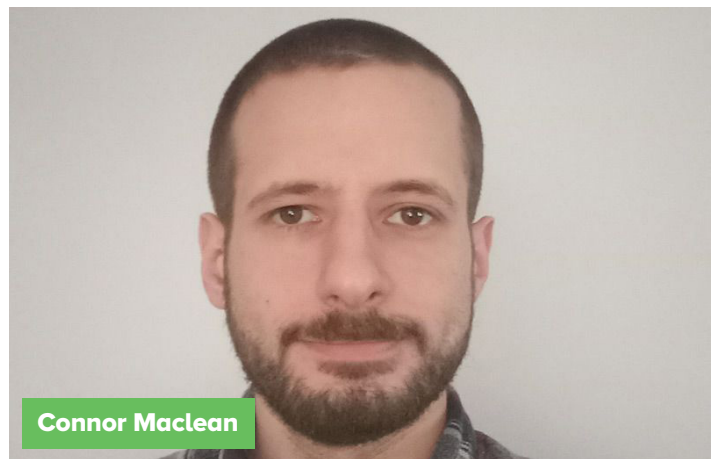
The TEFL Org joins a growing number of Highland based companies exploring employee ownership.

Good news from Grossart Associates

Grossart Associates are delighted to announce as part of our continued growth and commitment to our staff and clients as an Employee Owned company, we have achieved the prestigious Constructionline Gold member award for the second year in a row!

Having had our busiest year to date we have employed 4 new staff members since the start of COVID, we are delighted to welcome our latest two additions. Civil Engineer Carlos Vasques will be working from Spain which means that Grossart Associates is now an international business! Connor Maclean also joins the company’s East Kilbride HQ as Senior Structural CAD/BIM Technician.

Business is going so well that the founders of Grossart Associates, Bill Grossart and John McDonald are now reducing their hours as they plan their exit from the business. Bill and John sold the company to an EOT in August 2019 and since then the firm has gone from strength to strength.



Hector Munro, Managing Director, is delighted with the progress made. “We have never been so busy. We’ve added some great talent to the fantastic team we already had and everyone is pulling together to push Grossart Associates as far as we can go. It’s great that Bill & John now have sufficient confidence in us to run the business that they can start thinking of their retirement”.



OAUK News

Having reached the 100 milestone for the number of employee-owned businesses headquartered in Scotland earlier in April, it's good to see that we finished the month on a count of 102. It was particularly rewarding to work with The TEFL Org – a genuinely great Highland company with an international reach. When we announced the employee ownership plans to staff their first reaction was that they didn't want to even think about Joe and Jennifer leaving the business! Of course, the beauty of the EOT model is that it allows a gradual exit for the sellers and gives some time to build up the new leadership team. The transition project was a real team effort: the company's lawyers, Ledingham Chalmers, introduced me to the company, and we worked closely with accountancy firm Azets to shape the transaction and keep everyone informed. It was a smooth project and a real joy to be part of. The only downside is that I haven't yet met any of the TEFL Org team in the flesh but hope to remedy that soon.

Scotland's progress in promoting employee ownership is being noticed across the globe. It was good to hear from Canada, where they have recently committed to introducing legislation in support of employee ownership. The key proponents of EO have been following what's happening in Scotland with a view to learning how to build capacity. We are lucky to have Co-operative Development Scotland (CDS) in Scotland, a team tasked specifically with growing the number of employee owned companies. CDS has been particularly effective at raising awareness of employee ownership as a feasible business model. It is so encouraging to be contacted by advisers asking me to get involved in their transactions. A few years ago, there was very little interest from lawyers and accountants and now we have a number of enthusiastic proponents of the model!

It was dreadful to hear of the cyberattack on Aspire. It's particularly galling to hear that,



despite doing all the right things, the company was still targeted. The leadership team are to be commended on how well they have reacted and managed such a disastrous occurrence.

I have been delivering a number of company specific training sessions for Trustees which are useful for focusing on the company's own model and rules. One of the beauties of the employee ownership structure is that it can be customised for each business and there are nuances in how the Trust responsibilities are set out. I still believe there is a lot of value in bringing people together from other companies and it's good to see so many companies participate in our open Trustee sessions. The two-stage format is working well with new Trustees (or those looking for a refresher) attend for the two hours, and others join in for the second hour just to take part in the case study. The next Trustee training event takes place on Friday 21st May running from 9.30am-11.30am. Let me know if you would like to join us. The First Fridays are proving popular. These are open to employee owners from any employee-owned business. The next event will be 3rd of June. Very informal, we cover a lot of topics including employee engagement, governance, communication. Not sure how popular these virtual events will be once we all get back to normal working..while there's interest we're happy to oblige!

Hope you enjoy the May newsletter – it is so good to receive your stories and articles. Feedback is always welcome.

Take care everyone.

- Carole

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Canada looking to Scotland for employee ownership growth tips

There are lots of links between Scotland and Canada- did you know the Canadian employee ownership movement has been taking an interest in what is happening in Scotland? Jon Shell, Managing Partner of Social Capital Partners says “We look at Scotland as a model for how to promote employee ownership – we hope to get there one day.” Social Capital Partners produced **Building an Employee Ownership Economy** in October 2020, a report calling for the establishment of EOTs in Canada, as a way to grow Canada’s comparatively low levels of employee ownership.

Canada’s current regulatory environment makes selling to employees very difficult. However, there is good news on the horizon. The Canadian federal government has committed to explore options to unlock the potential of EOTs as part of Canada’s economic recovery. This is a first step toward making broad-based employee ownership a more significant part of the Canadian economy.

“There is a large body of research from around the world that points to employee ownership trusts as a powerful tool to reduce wealth inequality, support business succession, protect local jobs, and promote economic resilience,” says Jon Shell. “It’s great to see the government recognize that employee ownership could be part of rebuilding a more inclusive, more resilient economy.”

In the US and the UK, employee-owned companies grow faster, pay better, are less prone to lay-offs or bankruptcies in economic downturns, and are more likely to keep jobs in local economies. Due to public policy that encourages their use, EOTs are a popular structure for business succession in those countries, where they have generated significant wealth for front-line employees. EOTs are common in the US, where **14 million employees own \$1.4 trillion in shares at over 6,000 companies**. Since their introduction in the UK in 2014, they have become **increasingly popular**. 70 of Scotland’s



Jon Shell



Social Capital Partners

100 employee-owned businesses have made the transition since 2015 using EOTs. Canada does not have a business structure comparable to the employee ownership trust.

A **recent survey by the Canadian Federation of Independent Business (CFIB)** suggests significant interest among Canadian business owners in employee ownership. Fifty-nine percent of respondents were either strongly or somewhat in favour of introducing policies similar to the US and UK, and 53% said they were more likely to sell to their employees if such a policy were introduced.

“Canadian business owners are very community-oriented. We think employee ownership in Canada can be even more successful than the US and UK with the right policies in place,” said Shell. “That would mean more Canadian companies staying Canadian-owned. Given the benefits, a made-in Canada approach to broad-based employee ownership should be a priority for policymakers that are looking to strengthen Canada’s economic recovery and increase the well-being of Canadians over the long-term,” says Jon Shell.

Mediascape Connects

Scotland's leading audio-visual experts Mediascape have had a busy time of it recently with two major projects completing.

The employee-owned firm were delighted to be part of the team completing the new James McCune Smith Learning Hub at the University of Glasgow. Opened in April 2021, the Hub is a state of the art learning facility that can accommodate up to 2500 students. Construction work started in 2017 and provides a lecture theatre with capacity for 500 students, interactive teaching spaces for 75-340 students and also accommodates a number of seminar/group study spaces. Mediascape advised, supplied and installed the audiovisual equipment.

A bit further afield, and braving atrocious weather, Mediascape were responsible for kitting out the new council chamber in Stornoway, the centre of government for Comhairle nan Eilean Siar (Western Isles Council). Display units, video-conferencing equipment and laptops were fitted in meeting rooms allowing for live broadcasting of committee meetings across the islands. New LED screens improve the presentation experience, while an upgrade of videoconference facilities across several comhairle sites will allow for an enhanced remote attendance experience, reducing travel requirements.

Mediascape's MD, Niall MacDonald, sees evidence that demand is rising for the company's expertise. "It was a privilege to be involved in such high-profile projects. I'm so proud of our team who really did go above and beyond on both projects, resulting in very happy customers. We have been very busy with enquiries, and we're now looking ahead to a busy few months and indeed, looking to be adding to the team shortly."



Cyberattack at Scottish employee-owned firm



Employee-owned Aspire was targeted by a cyberattack recently. Files were stolen and posted on the dark web. The police noted that the company had done everything correctly, and responded appropriately and efficiently as soon as they were aware of the breach. Indeed, both the police and the expert agencies commended the company on how well the situation was managed.

No employees or other stakeholders have, as yet, been compromised by the attack. Thankfully, the company had taken insurance which covers the costs of the investigatory and remedial work, which is likely to run into six figures. However, the disruption to the company cannot be underestimated. The leadership team have worked around the clock with multiple agencies to determine the extent of the damage and additional resource has been brought in to restore the company's data.

Ruth McIntyre, Aspire CEO says, ' We've had a difficult year ensuring staff and our supported individuals stay safe through covid and in maintaining the company through uncertain times. A ransomware attack was the last thing we needed or expected.

We take data security seriously and have implemented multiple measures to mitigate risk but despite this, criminals who don't care what damage they inflict on others were able to lock us out of our servers and steal information. This has not affected our delivery of services but know that other companies have not been so lucky.

We added cyber and data risks to our insurance policy last year, not thinking we would need it, more to protect us from the unexpected. The support we've received from the specialists identified by our insurers, the police and other cybercrime agencies has been phenomenal.

I would encourage all companies to give serious thought of including cyberattack to their insurance.

This has not been a pleasant experience but we are bolstered by the response from our employees and supported individuals. We will get through this."

It is believed that the attackers are the same gang that caused £800k worth of damage to the Scottish Environmental Protection Agency.

Ruth advises all companies to take out insurance against cybercrime, and to have your systems tested by external experts regularly.

i-confidential's advice on preventing cyber crime

Employee-owned cyber security expert, i-confidential, have some valuable advice for companies about combatting the rise in cyber crime.

We recommend that all organisations implement a level of protection from Cyber Attacks.

A good way to achieve this is to meet the minimum requirements specified by the Government backed Cyber Essentials Scheme. This covers the following 5 essential technical security controls:

- **Firewalls**
- **Secure Configuration**
- **User Access Control**
- **Malware Protection**
- **Security Update Management**

Organisations can find out more details on how to meet these requirements at <https://www.ncsc.gov.uk/cyberessentials/advice>

On the site there is also an action plan tool that helps companies understand how to improve their Cyber Security position.

Once the requirements are implemented there is the option of a certification that costs around £500 annually.

This is useful because it reassures your customers and partners that you are taking Cyber security seriously, as well as providing a focus on Cyber within your organisation.

i-confidential
Cyber Security & Information Risk Specialists



Michael Wilkinson

Talent matters at Network ROI

True diversity is often an aspiration rather than a reality for most businesses. Network ROI is different. Network ROI recruits employee owners who will add value, and supports all individuals in maximising their potential and their contribution to the collective good.

Michael Wilkinson lives with dyslexia. He always wanted to work in IT but found getting started to be a challenge. Now he is a Level 2 engineer working on challenging projects. Here is his story:

“I was always fascinated by technology and even although I have used computers since Windows 95, I never really found a way to break into the industry and land an IT role until relatively recently”.

I took a role as an IT contractor to give me a start in the industry and when I saw the service desk role with Network ROI I jumped at the chance. I knew it would provide me with an opportunity to learn about a wider variety of technologies. Also, I love helping people and a role like this is where you get the chance to make someone's day.

I worked closely with experienced engineer Pete Gower in the North West of England and he was a great mentor. Pete taught me a lot, from the basics of how a client should always be kept up to date to solving more technical issues and everything in between. This support has been particularly valuable during lockdown and I now feel more confident and don't second guess myself as much”.

In addition, I always have the rest of the Network ROI team on hand if I need help as well as getting the chance to learn from level three engineers.

Working at Network ROI even remotely doesn't feel segregated like most companies and we help each other by solving problems as a group when one engineer gets stuck on something. I feel Network ROI believes in me as much as I believe in them. I love learning new things and building relationships with clients. I know I don't know everything but solving a problem or a challenge for a client is very motivating.

Having dyslexia affected my confidence as it impacts my speech where sometimes my head likes to run ahead, so I had to learn to slow down my thinking. In the work environment, my teammates help to act as a sanity check for my writing and using assistive technology helps me process information in a different way, assisting me to overcome the challenges dyslexia brings to my daily life.

Outside of work, I love gaming as I can take things at my own pace. I can pause a game and I remain in control. I have played video games competitively and won a medal playing Splatoon, a team-based Nintendo game. I particularly enjoy collaborative gaming: I enjoy communicating with other team members, supporting each other, and coming up with new strategies to overcome challenges and achieve success. At Network ROI we work as a team and I rely on each other, we problem-solve for clients, if it's not a simple issue it can be a bit like solving a puzzle”

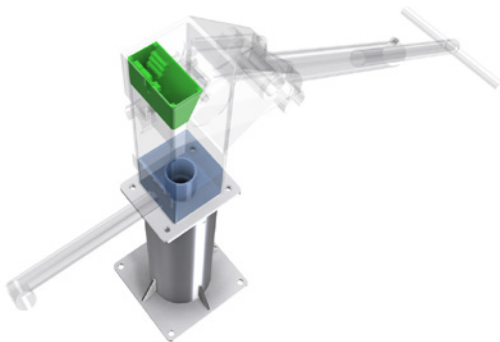


Finesse design to keep water fresh

Employee-owned companies have been shown to be more innovative than conventional businesses, and Arbroath based Finesse Control Systems is going several steps further. Using their expertise in the Internet of Things and data capture, the firm has engaged an intern to work on a project that will have far reaching benefits for the third world.



The intern is working on building a prototype to solve water supply issues in the third world. Their plan is to build a monitoring system that detects faults on hand pumps, allowing maintenance work to be carried out before the system fails. Typically, when this happens, the communities are forced to use dirty water, or travel long distances to find clean water supplies.



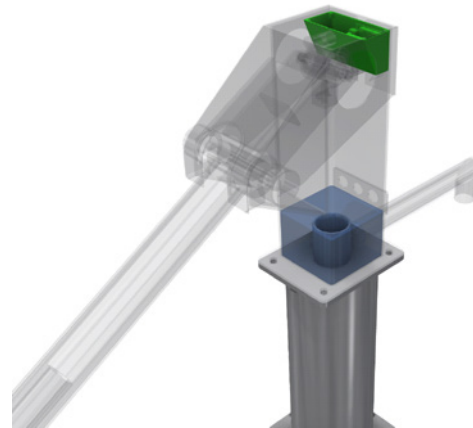
Finesse became employee owned in July 2020 and has always had a long-term commitment to alleviating poverty and supporting communities. The company had previously sought funding for the project but the application was rejected on the grounds of being

FINESSE
CONTROL SYSTEMS

AT THE CUTTING EDGE OF INNOVATION AND AUTOMATION

too conceptual. With that in mind they resolved to develop a working prototype.

The device would monitor the water system and transmit any issues back to a central hub using LoRa (low power radio) or GSM, thereby alerting a maintenance crew to respond and perform preventative maintenance before any issues escalate. The plan is to add a micro sensor to future iterations, which will assess the purity of the water.



If successful, the plan would be to run a pilot scheme with Finesse's sister company in Malawi. Research has shown typically 1 in 4 hand pumps in developing nations are out of service at any one time. With first-hand experience of working in Malawi, Finesse have observed many global charities are generous when it comes to supplying hand pumps, but there is no real infrastructure or maintenance to support their upkeep in the long-term. The Finesse team recognise the impact on local communities; constantly trying to source fresh, clean water detracts from doing more meaningful work and building the local economy. If successful, the Finesse system could have a very positive impact indeed.

Dundee University student Ross Hatch, who is currently studying toward an MSc Industrial Engineering, has already started working on the project; and it is hoped the prototype will be complete by July 2021, with production of units destined for testing in Malawi starting in 2022, subject to a successful funding application.

Don't miss out!

It's been a challenging year for many Scottish EOBs and a cash injection would be very welcome. An unlikely source might be HMRC and it's not often that they give anything away! Not many companies are aware of one of the most generous schemes available: that of Research & Development Tax Relief. This relief is a government incentive set up to compensate companies that are developing new and/or improving, existing products, processes, systems and materials. In an effort to encourage more innovation in the UK economy, the scheme allows companies to reclaim up to 230% of the cost of exploring the innovation from their Corporation Tax liability.

Many companies believe that R&D tax credits are restricted to high tech companies with teams of scientists. The scheme is open to any business (subject to certain conditions) who invest in a project with the objective of making an advance in their field. These conditions are that the business employs fewer than 500 people and has a turnover of less than €100m or balance sheet value of less than €86m. Claims can be retrospectively claimed back two years. Colin Grant is a well-known personality with many Scottish EOBs, serving as a non-exec director and independent Trustee with several companies. He is an expert on R&D relief.

Colin says, "A cash injection is always welcome and the process to claim relief is more



HM Revenue & Customs

straightforward than you might think. We have assisted in over 300 successful claims and the average claim value in 2019 was approximately £55k. The claim can help reduce the company's tax liability or can be claimed as a cash sum. R&D expenditure typically includes direct staff costs, software bills and any subcontracted work and materials."

Examples of projects that have qualified are:

- **Legal** - Design and implementation of paperless process for conveyancing within a solicitors' practice to the value of £57k
- **Construction** Development of a Job Costing System that facilitated easier invoicing and margin management - £53k
- **Nursing Home** - Introduction of a Care Management System that managed staff rotas, tracked employee accreditations and assessed company's compliance with professional bodies - £80k

Colin is always happy to talk to companies interested in finding out more. He can be contacted on 0776 485 1938 or colin@time2adapt.co.uk

Trustee Training - 21st May 9.30 - 11.30AM

This two hour session aims to equip Trustees to fulfil what is a pivotal role within the employee-owned company. The session is in two parts and is delivered over Zoom. You can join for both parts, or if you have already attended Part 1 or a previous session, you're very welcome to join only for Part 2.

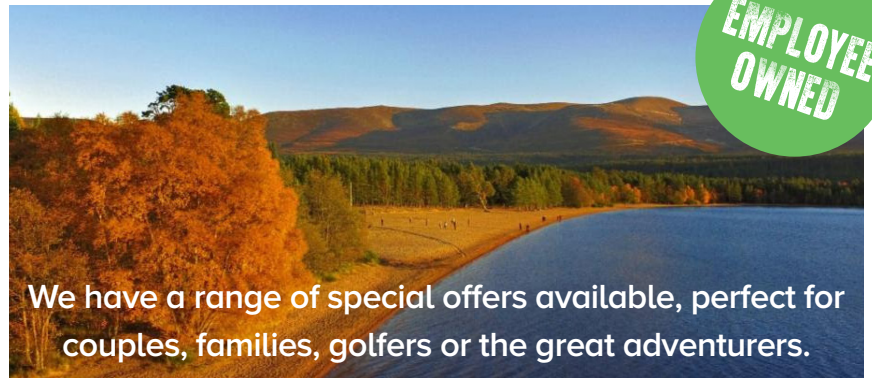
Part 1: Information giving – legal duties of trustee, responsibilities, the Trust deed, the Trustee role. 9.30am – 10.30

Part 2: Case Study – group work on a trustee dilemma in an employee-owned company. All groups work on same case study, come together to report on discussions. Everyone says this is tremendously useful. 10.30 - 11.30

To register, email carole@ownershipassociates.co.uk



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