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Microtech in employee ownership move

An award-winning IT service specialist which supports NHS Scotland and a raft of blue-chip clients has future-proofed its legacy by adopting employee ownership. The plans were welcomed by the group's employees.

Owner, Chris McMail turned down multimillion pound offers for his business from companies from around the globe which were looking to relocate operations from Kilmarnock, but had no intention of uprooting the business after more than 30 years in Scotland.

Worth around £15m, the firm achieved an annual turnover of £5m in 2021, despite the challenges of a global pandemic. Chris believes this is largely down to the efforts of the 70 employees.

Managing Director of Microtech, Chris McMail, said: "This is a great business with talented loyal people. My prime consideration was that any action taken would not compromise them in any way,

nor disrupt the excellent service we deliver to our clients.

"After making the initial decision to explore options for the future, I received various competitive purchase offers. However, none of these guaranteed the continued operation of Microtech in Scotland, which took so much hard work to build.

"It soon became apparent that any sale of the business to a third party would result in drastic changes to the company operations, including potential relocation and possible job losses.

"When the proposal of transitioning to an EOT was suggested, I knew this was the best way to secure the company's position in Ayrshire."

Established in 1986 by Chris, Microtech began its journey as a professional IT Support company and has since grown to become one of the largest independent and market-

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Trustee Training
September 24th

leading IT Support and Healthcare companies in Scotland. Specialising in Telehealth and IT industries, the Ayrshire-based firm has developed an extensive customer and contracts base across the public and private sectors, including SME's and large corporate enterprises. The group prides itself on providing a seamless and secure managed service to the NHS, a valued client for more than 25 years.

Chris found the transition process to be straightforward and credits the expert project team for being able to complete ahead of schedule. The internal reaction was encouraging; "The leadership team were enthusiastic about the prospect, and the employees embraced the news. Our customers saw it as a positive step. The EOT means we can now focus on the long-term success of Microtech, and continue to deliver our excellent service and support to our customers."



Chris McMail



OAUK News

It's been a busy time with some more companies completing the move to employee ownership. It was particularly good to have the opportunity to present to the Microtech team in person; so much more effective than doing these announcements over Zoom or Teams!

A move to employee ownership is such a momentous move for a company. Any change of ownership is significant but to be called to a meeting to be told that effectively, you will own the company in which you work, is big news in anyone's book. It's important that employees feel comfortable with what's happening, and are reassured that there will be no additional responsibilities or liabilities on their shoulders. Day to day, nothing much changes. However, on the big questions, such as a future sale or relocation, employees are happy their future is secure as long as the company continues to be successful. It's a lot to take in at first sitting and it's easier to see if the news is landing well when you can see the faces- even if they're masked!

One of the key drivers for Microtech's MD was that the jobs would remain in Kilmarnock and not be off-shored as happens with so many tech support roles. The announcement that this would not happen was welcomed and there was a real buzz once the news was out.

OA didn't manage the transaction for Quantics Biostatistics, that was our good friend Ralph Leishman who did a sterling job according to Quantics CEO Philip Speakman. The company's owners had a different motivation from Microtech's. A potential buyer may well have broken the company up into different parts and Ann and Ian Yellowlees were clear that they wanted the team to stay together. Employee ownership delivers that for Quantics.

Quantics and Microtech – two great additions to employee ownership in Scotland. We welcome you wholeheartedly. There will be news of some other new transitions in next month's Ownership Matters.

One advocate for employee ownership is Sean Elliot of Network ROI. **On page 9**, Sean explains why he chose employee ownership



and why it worked for him as a company, for the employees and for the business.

Key to the success of an employee-owned firm is having the appropriate mechanisms in place to ensure that the employees have real voice in the company. One ingredient to achieve this is by electing employees to sit as Trustees of the EOT/EBT or as Directors on the board of the trading company. It can be a challenging role, and very rewarding for employees who are selected by their colleagues for these positions. It is important that these elected employees are supported and that's why our training sessions are popular. I had hoped to be able to run face to face sessions but I don't feel the time is right for that yet.

Of course, electing employees into these important posts doesn't in itself deliver a successful ownership culture. It takes much more than that and engagement and communication are paramount in making a success of employee ownership. That's the topic we'll be discussing at next month's First Friday.

And finally, 23rd September 10am – 11am Graeme Nuttall OBE is delivering a webinar on EOTs. I can't recommend this enough. If you can spare the time, it will be well worth tuning in. Info on **page 11**.

Thank you everyone who contributes to the newsletter and to all the subscribers – especially those of you circulate it to colleagues.

Take Care.

- Carole

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Philip Speakman

CEO



Kim Radtke

Trustee



Ann Yellowlees

Co-Founder



Ian Yellowlees

Co-Founder

Quantics Team Stick Together with the EOT

When the founders of Edinburgh based Quantics Biostatistics began to consider their succession options they were keen to identify a solution that preserved the unique culture of the organisation they had created, and to protect the close knit, expert team. Working with Philip Speakman, Chief Executive, the company's founders Ann and Ian Yellowlees decided to pass their shareholding to an Employee Ownership Trust, completing the transaction in July.

Philip says, "The company operates in the very niche area of biostatistical solutions for the life sciences sector. We cover a range of statistical disciplines and fields. There had been interested buyers, but it was likely they would have only been interested in specific parts of the business, or worse, bought the company and broke it into pieces. Quantics is different and we wanted to keep it that way. Our over-riding aspiration was to keep the company and the team together.

The company is financially sound and operates with an open and transparent culture. Weekly meetings keep everyone updated on happenings within the company, and the aim is to push as much of the decision making out to the team as much as possible. Philip describes it as "managing the business until we are no longer needed." Philip explains "We employ exceptional people who know what they're doing so as much as possible we wish to let everyone get on with it."

Ann, Ian and Philip contacted Glen Dott at CDS, and working with Ralph Leishman of 4-consulting, they wanted to explore the EOT option with the 20 employees. The news was very well received with several employees thanking

the leadership team for entrusting them with the future of the business and the opportunity it provided. The news also landed well with the company's customers. Philip continues, "We can have around 85 live projects at any one time. These customers can range from small biotechs to major US government contractors. The news reassured all of them that the service excellence provided by Quantics will continue well into the future."

Kim Radtke is an administrator with Quantics and was recently appointed by colleagues as a Trustee. Kim says "I'm excited to have been chosen as the first EOT representative for Quantics. I've been with the company for four years. In that time, I've always been impressed by the care the owners have shown for their employees. I look forward to being an integral part of taking that care to the next stage, as we become the beneficiaries, as well as important drivers, of the organisation's success."

Philip now describes himself as an enthusiastic advocate for employee ownership. He found the process to be a positive experience and says the advisory team of Ralph Leishman and the Blackadders' legal team of Campbell Clark and Sarah Winter provided "brilliant" support.

"I'm convinced. The EOT brings benefits to the business owners and to the employees, and if our experience is typical, the business flourishes."



Digital Transformation at Aquascot

Scottish seafood supplier Aquascot has digitalised production and quality assurance in under 12 months.

The fish processing firm responded to the challenges of coronavirus by accelerating their ambition to become a smart factory. Aquascot brought in digital partner FluidIT Consulting to help them improve efficiency and productivity through delivery of a series of strategic projects that will enable them to become a fully digitalised operation within a five-year roadmap.

Aquascot in partnership with FluidIT have transformed the factory in less than a year. The benefits to the business are:

- The production areas are paper free
- Quality assurance is fully digitalised with a new quality management system Q-Pulse
- The commercial data dashboards with PowerBI show actual versus forecast on sales and orders in real time. Time spent on manual processing and reporting is significantly reduced.
- Microsoft 365 is fully implemented across the organisation including a communication portal using Sharepoint
- Aquascot has selected a new ERP/ MES system from software provider SI (Systems Integration) which will be implemented within the next three months
- The business now has a digital roadmap, setting out a step-by-step process to achieve full digital transformation over the next three to five years.

Aquascot's IT estate of legacy systems had evolved to include lots of manual workarounds, paper-based processes and difficulty in getting visibility of data. The business was at a crossroads, whether to keep investing in their current systems or look to buy new ones.



They engaged Yorkshire-based consultancy FluidIT to use their IT Director as a Service offering, as well as benefitting from the wider team's mix of capabilities, from project managers to business analysts and software developers. The two companies worked remotely throughout the entire transformation programme, using online collaboration tools and sharing platforms to deliver the projects.

John Housego, Managing Director of Aquascot, said, "By the end of this year the whole of our IT infrastructure will have completely changed. This offers up a wealth of new opportunities for us, not only with our customers but our business tracking and awareness, and product positioning. In a highly competitive market, we will have the data to be able to focus on improvements and then meet the need."

New Chair of the Board at Aquascot

Alness based salmon processor, Aquascot, Scotland's largest employee-owned business in terms of turnover, announced boardroom changes recently. As founder Charlie Bullock steps down from the position of chair, Simon Fowler is appointed as Chair.

Simon Fowler worked in the John Lewis Partnership for 34 years, including a stint as managing director of London flagship department stores John Lewis Oxford Street and Peter Jones. He was also chair of the Employee Ownership Association for a number of years.



Simon Fowler

Profit sharing at Highland care firm

Highland Home Carers (HHC) staff were delighted to learn they were to receive bonuses worth up to £1000. HHC managing director Campbell Mair said: "I am pleased to have announced these well-deserved bonuses for everyone that works at HHC as a way of rewarding and thanking our committed, compassionate, and resilient frontline workforce," he said. "It's a fantastic way of recognising and valuing their dedication and length of service."

Operating across the Highland region since 1994, HHC is Scotland's largest employee-owned organisation in employee numbers. The company became employee-owned in 2004 and covers a wide geographic area in the Scottish highlands. The company's employee-owners, who work full time hours of 30 hours per week or more, have received an allocation of more than 1,000 shares with a cash value of around £500. The shares are able to be sold back to the Share Investment Plan (SIP) tax-free in five years' time. HHC said that in the past two years, its employees have benefitted from shares being sold back to the SIP, to the value of more than £70,000.

The company is also paying a £500 profit share payment to those who have been with the company since 1 July 2020.



Payments are calculated based on average working patterns using 30 hours per week as a full-time equivalent cap, which the organisation said is designed to bring the greatest advantage to the greatest number of people. The overall level of investment in these two areas will be nearly £300,000.

Campbell Mair added: "It's a fantastic way of recognising and valuing their dedication and length of service. This year, with £500 share value, £500 profit share, and the government's £500 thank-you to mark the extraordinary service and support offered during the Covid-19 pandemic, we have more than ever been able to demonstrate our unswerving commitment to our employee ownership, and to valuing our workforce so highly."

Director Training

As the effects of the pandemic continue to be unpredictable, we won't be running our in person training events this year. The trustee role has been covered at our bi-monthly webinars. Due to demand, we've put together a programme for employee directors and newly appointed directors in employee-owned firms. This will run for 4 consecutive Fridays in October and will take place over Zoom.

Contact Katherine@ownershipassociates.co.uk for more information.

Session 1: The Director in the Employee-Owned Business

Friday 1st October 9am - 11am

Legal responsibilities of the director role

Why structure matters

Effective Board Meetings

Trustee/Director/Management relationships & reporting mechanisms

Session 2: Assessing company performance

Friday 8th October 9am - 11am

Goal setting & purpose

Using financial information

Non-financial measures

Evidence based decision making

Session 3: Influencing company performance

Friday 15th October 9am - 11am

What is strategy?

Tools for designing and analyzing strategy

Setting KPIs

Recognition & reward

Session 4: Leadership in the employee-owned business

22nd October 9am – 11am

What is leadership?

Engagement & Motivation

Employee voice

Optimising your performance



Keeping it in the family at Jerba

Following in his father's footsteps at the VW converters, 16-year-old, Calum Winter, is the latest recruit to the **Jerba Campervans** team after embarking on a four-year trainee programme. The Haddington teenager was encouraged by his local high school to apply for the position and explore his passion for carpentry.

The former Knox Academy student left school in May, and is on the cusp of completing the interior furnishing of his first campervan under the watchful gaze and stewardship of lead carpenter, Ian Adkins

Calum said: "I've always liked working with my hands, for years I have been riding and repairing trials motorcycles, and so when I was told about this opportunity I knew this was a great chance for me to pursue this passion of mine further.

"I am discovering new tools and practices that I haven't used or done before, and cutting, scribing and preparing all the furniture has been a big task which made me a bit nervous at the beginning. However, Ian has been supporting me every step of the way, so I've been getting to grips with things relatively quickly."

The trials motorcycle enthusiast Calum is also working alongside his dad, Operations Manager Alan Winter, who has been with the North Berwick-based firm since October 2018.

Operations Manager, Alan Winter, said: "I am so proud to see him getting on so well at his apprenticeship. I wasn't aware of him getting the apprenticeship until after he told me. This is such a great opportunity for him to learn and grow in the craft."

Calum has been assisting lead carpenter Ian in constructing his first van which is due to be completed this week.

Calum added: "I get to do things that I never thought I would get the chance to do. The van I am working on is our Cromarty model and it will be the very first I have helped complete from scratch. It's been a really great experience learning how to fit and cut the interiors of these vans.

"It's a good feeling to know you are building someone's dream. I'm very proud of myself and the work I've been doing here.

"I hope my experiences in the last eight weeks will go a long way helping me further my knowledge and expertise in years to come."

As well as training and supporting younger generations, Jerba invests in its workers and is committed to sharing its knowledge and company ethos within the wider community, inspiring others to transition to an employee ownership model.

Employee ownership for a win-win all round!

Sean Elliot, founder of Network ROI explains why he chose to go down the path of employee-ownership in 2013. In 2012 Sean was coming up to 50 and started to examine his exit strategy. After considering other exit options such as a trade sale Sean settled on the idea of employee-ownership.

Sean Elliot, Network ROI Chairman said: “I have seen many business exits fail to deliver, often at the detriment of employees, the clients and the founder. When small and medium sized companies are bought by larger organisations, service levels can drop and prices can increase as the operations focus on delivering for their shareholders. So, I settled for something I felt safeguarded Network ROI’s future and opted for employee-ownership through an employee-ownership trust”.

Sean said: “Our clients have the reassurance that the business is not going to change hands and the well-established culture and client service can continue without the potential disruption of enforced changes by a new owner”. Sean described how Network ROI have a philosophy that “if you treat your employees well, they will in turn provide great service to our clients”.

Sean also saw the many benefits and opportunities that employee-ownership presented including more control of the succession process as well as allowing employees a collective say in the future of the business and enabling employees



Sean Elliot



to directly benefit from the ongoing success of the business.

Sean believes employee-ownership is a ‘win-win’ proposition for everyone - founders, employees, and clients – and is a more ethical and equitable way to run a business.

Employee ownership has so far proved to be a recipe for success for Network ROI as the business has grown year on year. We are focussed on growing our client base as well as developing long-term relationships with our existing clients through servicing their needs better. This will in turn help grow the business and our employees will reap the rewards of this success.

WeDO Scotland Business Awards

The annual WeDO Scotland Awards recognising all that’s best in Scottish based business take place on 5th November 2021. For the first time, there is a category specifically for employee-owned businesses, generously sponsored by accountancy firm, Azets . Entries close on 14th September so do consider putting your business forward. Of course, you may also want to be considered for any of the other categories! More information [here](#).



Dundee headquartered Bright Ascension announced a second round of funding



Bright Ascension is a space software company with staff in Edinburgh, Dundee and Bristol. The company provides software products, software development services and R&D consultancy. They specialise in flight software, mission control software and tooling to support the assembly, integration, verification and testing of satellites. The company recently raised £1m funding from Capital for Colleagues, the investment fund specifically designed to support co-owned businesses. The funding will help support the growth plans for the business.

Chief Executive, Peter Mendham, is pleased with the deal. He says, “The £1m+ investment plus £1m from European Space Agency gives a great boost to recruitment, market development and especially product development. ‘Capital for Colleagues has been a very supportive partner for



Bright Ascension since the initial investment in 2016 and has helped us to establish a robust employee ownership culture in the business.”

Alistair Currie, Chief Executive of Capital for Colleagues, said: “We are delighted to report this significant new investment into Bright Ascension, which will enhance its ability to deliver cutting-edge solutions for its clients and gives us great confidence for its future. The post-investment valuation of Bright Ascension represents a further material uplift in the value of our investment, and further validates our strategy focused on Employee Owned Businesses.’

New Hopetoun Gardens Go Green – and it’s electrifying!

Well known and loved employee-owned garden centre, New Hopetoun Gardens, had something to celebrate recently. Lockdown restrictions meant the company had to switch to deliveries only and that took its toll on their old van. Bits were dropping out, and the last straw was the door coming off.

Proving they are at the forefront of all things green, the team were delighted to take delivery of a fully electric, zero emissions van recently. Hoping they send us a picture once it’s in full New Hopetoun Gardens livery!



Employee Ownership Explained – Graeme Nuttall OBE

Scottish Enterprise are launching their next series of webinars aimed at professional advisers on topics surrounding employee ownership transactions. In what is viewed as a major coup, CDS has secured leading employee ownership expert Graeme Nuttall OBE to speak at the first in the programme.

Graeme is Tax Partner with foremost London law firm Fieldfisher, and has been involved in the employee ownership sector for more than 30 years. Graeme is viewed as the world expert in employee ownership, particularly in Employee Ownership Trusts. As author of the 2012 report “The Nuttall Review” Graeme’s work was the catalyst for the EOT, which has led to the surge in interest we’ve seen in recent years. Indeed, 70% of current Scottish employee-owned businesses transitioned using the EOT model.

As the driving force behind the introduction of the EOT, Graeme will talk through the reason for the legislation and its requirements and will explore how you can tailor the implementation to meet company aims. Graeme will give some insight into where the EOT is being adopted internationally and will give a view on what’s next for employee ownership in the UK.

Although aimed at lawyers, accountants, financial advisers and banks, Graeme’s session will have a wide appeal to anyone interested in employee ownership.

[You can sign up for the webinar here.](#)



Employee Ownership Explained

Webinar Series 2021



www.cdsblog.co.uk/webinars

Scottish Enterprise
co+operative
development
scotland

Date for your diary:

23rd September
10am - 11am



Employee Ownership Explained Webinars

Financial Planning for an EOT Transaction, Thursday 28 October 2021, 10-11am

[Book here.](#)

The role of the bank in an EOT transaction, Thursday 25 November 2021, 10-11am

[Book here.](#)

First Friday

– What is it?

Back when lockdown started, we launched First Fridays which were virtual sessions for employee owners to meet and keep in touch. Discussions were wide-ranging from how companies operated, how they were structured, how well – or otherwise – employee ownership worked and so on. They were informal meetings taking place for an hour at lunchtime on the first Friday of every month. People could attend for the whole hour or drop in to say hello for 10 minutes. The only rule was that it was for non executive employee owners i.e Elected Directors, Elected Trustees, Employee Council members.

Attendance fluctuated with sometimes having 20+ and sometimes 6 involved in the chat. At the September First Friday, we had a conversation about whether we should keep going or review whether interest was still there as the world got back to normal.

Date for your diary:

1st October
12noon - 1PM



Friday's attendees were keen to keep it going. People found it useful to talk to employee owners from other companies and some had taken away some great ideas to use to share. The group decided that we would trial picking a theme for each meeting and the theme October's First Friday will be Engagement and Communication.

So do join us at 12noon on Friday 1st October for what will be a valuable discussion as well as good fun.

Contact Katherine@ownershipassociates.co.uk to receive the link to join.

Trustee Training - September 24th

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 your interest email carole@ownershipassociates.co.uk