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Great year for EO!

One in twenty of all business transitions is now to an Employee Ownership Trust! Every day in the UK a new SME (small to medium enterprise) is transferred to its employees. Scotland is continuing to see a steady increase in numbers with 18 new employee-owned companies in 2021. Ownership Associates is delighted to have supported 15 of these transactions introducing 512 new employee owners in Scotland.

So what does 2022 hold for employee ownership? Signs are that this growth will continue. There are at least three completions in January that will result in a total of 370 employee owners so that's a pretty good start to the year! Interest remains high with a number of enquiries received already in 2022.

Many of these companies have been persuaded to follow this route because they have seen the results achieved by companies already in employee ownership. Despite the challenges of the past two years, Scotland's employee-owned businesses have continued to demonstrate a resilience and spirit that has helped them survive the tough times, with many reporting strong results.

The most powerful advocate for more employee ownership in the economy is our employee-owned community. By being beacons of employee engagement, good working practices and successful business, Scotland's employee-owned companies are showing the way.

Jerba Campervans founder awarded National Director of the Year at IoD Awards

THE CO-FOUNDER and MD of a North Berwick campervan converter is a double winner at one of Scotland's most prestigious business awards ceremonies.

After being praised for his leadership on customer service and championing high levels of employee wellbeing, Simon Poole was awarded Director of the Year for Small-Medium Businesses and the Edinburgh and the Lothians regional award at the Director of the Year Awards.

The double win recognises his work managing employee-owned and independently-run Jerba Campervans, which he co-founded with his wife Cath in 2006 building on his passion for VW Transporter conversions.

Consistently reinvesting profits in order to achieve sustainable growth, with the exception of 2020, the company has witnessed increased turnover every year since its inception – with business surging again over the last year as it capitalises on the staycation boom.

The highly coveted accreditation was awarded to Simon for his efforts at the North Berwick-based business, with judges describing him as a great example of an authentic leader.

Simon, who is originally from Chester and lives in North Berwick, said: "Since founding Jerba, my vision has been clear: long term market growth, job security for all employees with fair work and healthy sustainable profits.

"I feel that I understand our customers, I know our market and I value the team. Employee engagement is at the core of the business and all employees are involved in innovation, continual improvement and future strategy.

"We are very collaborative, which was only enhanced by our move to employee ownership in 2018.

"I recognise that my success would not be possible without the help of every employee so becoming employee owned was a perfect fit with both my values and the business strategy and listening to, trusting and respecting the employees has had a massively positive impact on the business.



"I see trust and leadership as going hand in hand. Experience has shown that if you are honest and open with employees then they return in volumes - through increased commitment, diligence, effort, teamwork and so much more. Our employee turnover rate is almost unmeasurable.

"I'm so grateful to be receiving both these awards and that the IoD Scotland judges and so many of our customers are able to recognise the company's commitment to its employees and customers."

In making the move to employee ownership, Jerba's 14-strong team benefit from a yearly, equal profit share, regardless of their position.

Completing around 55 conversions every year, with reservations until mid 2023, the firm has customers throughout the UK and is the only VW accredited campervan converter based north of the Border.

A Living Wage employer, the firm has been recognised for ethical tax conduct, receiving the Fair Tax Mark accreditation for responsible tax conduct for 2021/22 and was awarded the Good Business Charter for responsible business practices in 2020.

Established in 1903, the IoD Awards celebrate Managing Directors across the country for their commitment to their firms – celebrating outstanding leadership.

Simon's win coincides with an exciting time for Jerba Campervans, as plans are already underway for him to move into the role of Chairman with a new Managing Director to be recruited in 2022.

Simon added: "As of 2022, the search will be on for a person who will be able to continue to consolidate Jerba's position in the high-quality sector of the UK campervan market.

(Continued)

We will be aiming to find someone capable of rolling out a diversification strategy to also take the business into new market areas while also demonstrating a real commitment to the employee ownership model of fair work and long-term job security.”

Jerba Campervans specialise in converting Volkswagen Transporter T6.1 Models and is

officially recognised by Volkswagen as a converter of the model. In 2015, Jerba Campervans gained a patent for their unique pop-up roof, which they add to all of their Volkswagen conversions.

To find out more about Jerba Campervans, visit www.jerbacampervans.co.uk

Clansman say hello and goodbye!

East Kilbride based engineering company Clansman Dynamics ended 2021 with some personnel changes.

Long standing employee Jamie McGuire retired from the machine shop this week after 30 years of making high quality manipulator components. You can see Jamie with his trademark cheerful face on. We all wish him and his family well for the future.

And it was hello to new employee Cameron Watt who joined the company as a Graduate Mechanical Design Engineer. Cameron can be seen testing a C620 manipulator bound for the Far East. We all wish him luck as he starts his career.

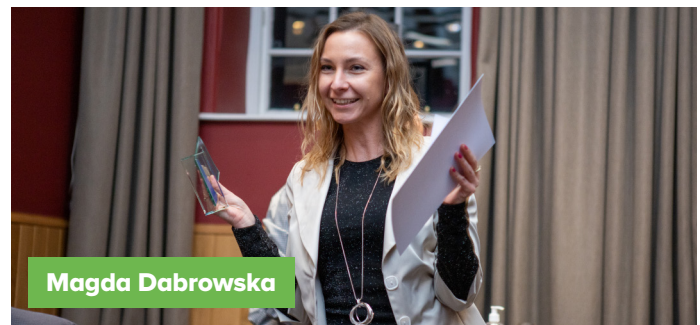


Network ROI - Rewarding its Employee-Owners

Network ROI have recently introduced two new initiatives to reward its employees. Firstly, they introduced five employee-awards and secondly, they implemented an Employee-Owner profit share scheme.

The awards were given out at the end of last year with award nominations from both senior management and the employees themselves. The employee of the year, voted for by the employee-owners was won by Magda Dabrowska, the Finance Manager, pictured. In a tough year the fellow employees described Magda as having an “outstanding attitude” and “an unrelenting desire to help out her colleagues”.

Network ROI also recently introduced an Employee-Owner profit share scheme in which its employees share in the profits of Network



ROI. Each month 10% of profits are set aside in a profit shareholding fund, with proceeds distributed in an employee bonus at the end of the year.

Keith Bevan CEO said: “Over the past twelve months the Network ROI has strived to share more information about our financial performance to highlight where each employee-owner can make an impact. We introduced an Employee-Owner profit share scheme to reward our employees for their hard work during the year and they will now benefit from the ongoing success of the business”.

OAUK News

Happy New Year! 2022 is certainly getting off to a good start with some high-profile companies making the move to employee ownership – keep a watch out for the news towards the end of the month, with full reports to follow in the February Ownership Matters.

There seems to be a revival in interest in employee ownership from our politicians. Labour Party MP for Neath, Christina Rees, proposed a motion to the Westminster parliament that employees at risk of redundancy because their company is failing should be provided with help to buy the company. This emulates the Marcora Law in Italy, established during the economic crisis of the 1980s to give workers the right to save their jobs by enabling them to take their redundancy entitlements plus three years projected social security payments as a lump sum, to invest in a new employee-owned company. It also provides government loans and advice to workers through the process. Through this system, it is claimed that Italy has saved 25,000 jobs by investing over €300 million in 560 companies.



It's an impressive figure. However, my concern is around employees sinking their redundancy cash and any benefits into a company that's failing. Usually, the signs of a failing company are apparent long before the axe falls. The owners stop investing in equipment, key people see the writing on the wall and seek out new opportunities, customers start to look elsewhere for suppliers. There would have to be a very strong case made before I'd advise



any employees to put any money towards share ownership in a company that is on a downward trajectory. Employee ownership in Scotland is very much about successful companies; companies that have good cash positions, a bright outlook, and talented people that have chosen to make their careers there. It will be interesting to see how this one plays out but I can't help but think there might be better ways to promote employee ownership in the UK and Scottish economies.

The themed First Fridays seem to be going well. Following the winter break, the next session is scheduled at 12noon on Friday 4th February. The topic for this one will be on team-building with a look at community involvement activities. At previous First Fridays, many companies talked about how they found voluntary projects were useful for both broadening skills and building a real rapport with colleagues. The Jerba team do their beach clean-ups and the 2020 crew are involved in a number of charitable efforts. Microtech are regular participants in the famed Kiltwalk. So do join us if you have a story to tell or to hear some ideas on how your company might benefit from activities outside the workplace.

Wishing you all a happy, healthy and successful 2022.

Until next time,

- Carole

carole@ownershipassociates.co.uk
01786 611066

Employee Ownership at Merlin

Merlin is an employee-owned engineering consultancy and services business that provides drilling assurance to operators and service companies drilling some of the most complex wells globally. Really complex. Wells with a step-out ratio of 6:1 and wells with 6 lost BHAs in a single hole section before Merlin get invited to the party. The deviation and step-out are not that important to Merlin, the business thrives on any engineering or operational challenge.

Engaging our Clients

What's fascinating is that Merlin being an employee-owned business generates just as much interest within our client base as our engineering and operational track record, and the industry-leading products and services the business has to offer. Employee-ownership is not new (I think John Lewis entered into it in the 1920's), but it's gaining in popularity. Yes, it gives founding shareholders a tax efficient exit route, and some reassurance that their legacy will live-on in the hands of the employees. And yes, it allows the employees to benefit if the business is profitable and grows.

The equity split

Merlin has a blended approach to this whereby employees each have a small individual shareholding (dividends and equity growth), with the majority (88%) of the Company's equity being held within an Employee Ownership Trust on behalf of the beneficiaries (the employees). That means that the employees can benefit from profitable growth through annual disbursements of any distributable profits. All good.

The Real Benefit

But what is really great is the non-financial stuff. It is not about running the business by committee or practicing yoga and table-tennis whilst at work. It's about cultivating a business owner's frame of mind within all employees, and when this is combined with the right leadership, employee ownership can turbo charge a business. It puts people before profit, it ensures all are aligned to do the best possible for clients, it promotes



transparency, and it rewards handsomely for success.

Everyone is invested in making the businesses a success, and that means everyone is focussed on doing all that they can to understand client requirements and to deliver.

Complex wells. Delivered. That's what Merlin does.

For Better or For Worse

When you are an owner, you recognise the need to do your best knowing that the Company's productivity and efficiency leads directly into your own personal financial success and security – the truth is, as an employee in an employee-owned business, the business in hand is very much your business. The model works well during periods of profitable growth, but the last 20 months have demonstrated that it is also beneficial during a downturn – people before profit.

Employee ownership binds colleagues together, supports innovation, enterprise, and risk-taking, it wins engagement and commitment, and it rewards people well for their efforts.

“It puts people before profit, it ensures all are aligned to do the best possible for clients, it promotes transparency, and it rewards handsomely for success. Employee ownership is a winner, and I am a fan”
- Ron Ramage, MD, Merlin ERD.

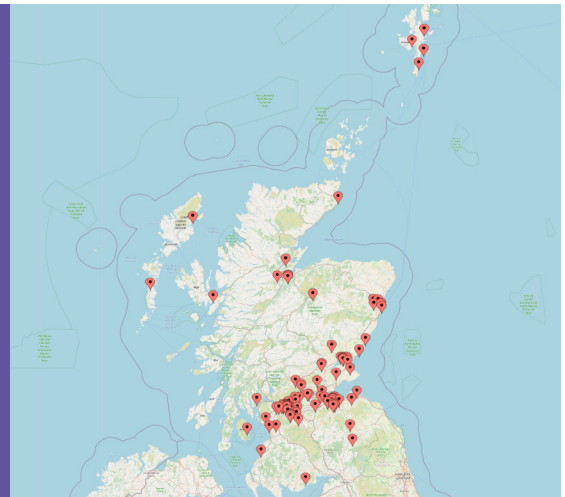


Employee Ownership in Scotland

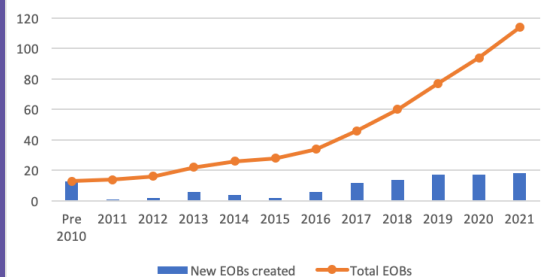
There are now **118 employee-owned businesses** headquartered in Scotland... and counting!

Our map shows head office locations.

OA Ownership Associates UK
let's make it happen



Scottish HQ'd Employee Owned Businesses



Trustee Training - February 3rd

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