



An Overview of Employee Ownership

*An Alternative for Business Transition,
Economic Growth, & Prosperity*

November 17th, 2021

**Pennsylvania Center for
Employee Ownership**

WE THE OWNERS



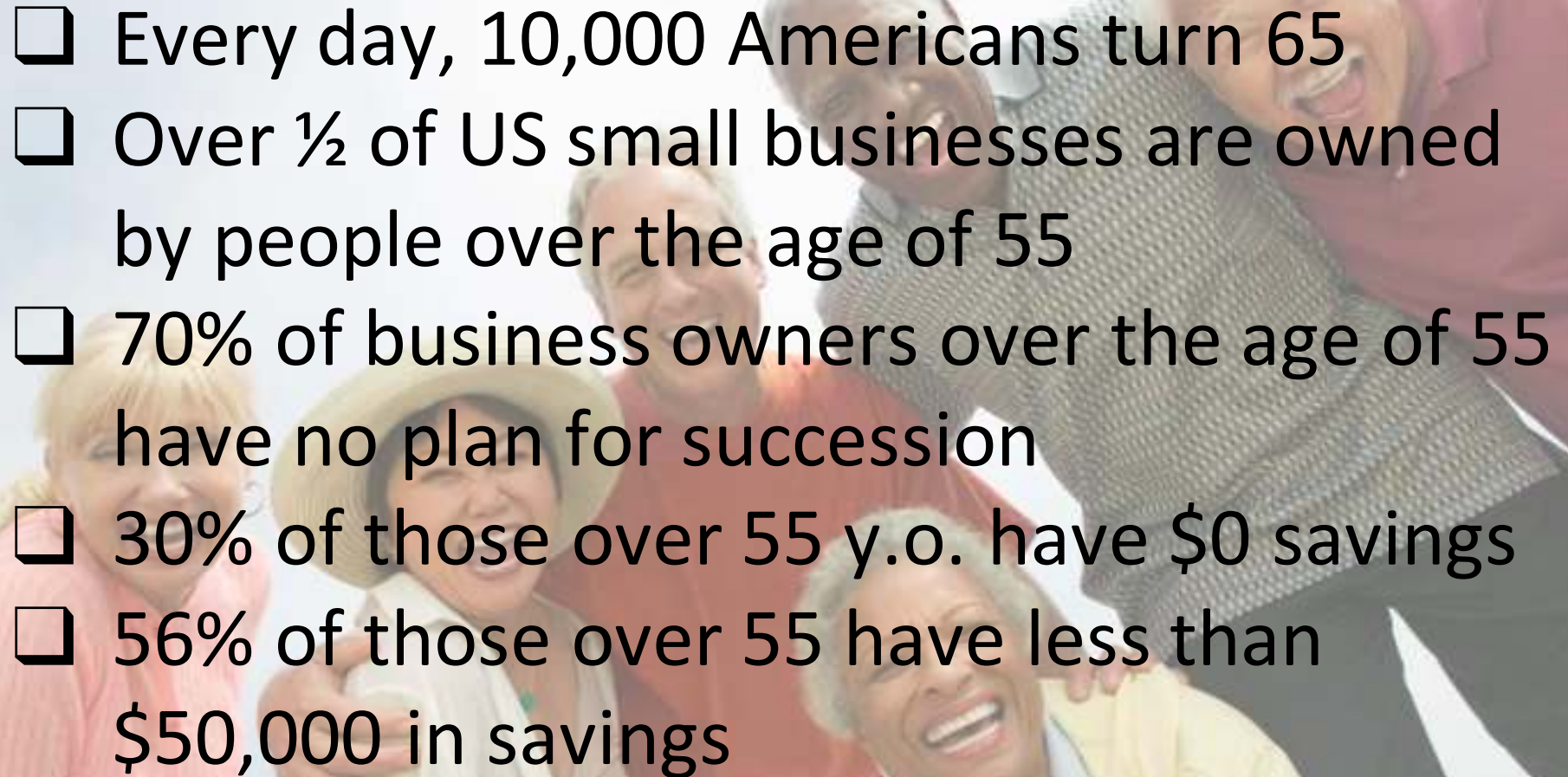
Silver Tsunami

4 million companies will transact in the
next 10 years*



* Exit Planning Institute/NCEO

By the Numbers*

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- ❑ Every day, 10,000 Americans turn 65
 - ❑ Over ½ of US small businesses are owned by people over the age of 55
 - ❑ 70% of business owners over the age of 55 have no plan for succession
 - ❑ 30% of those over 55 y.o. have \$0 savings
 - ❑ 56% of those over 55 have less than \$50,000 in savings

Simple Purpose –
Raise Awareness
about the benefits
of Employee
Ownership



Non Profit Volunteer Organization

- **CEOs**
- **Industry Experts**
- **Foundations, Universities**



Succession Planning

What are your Goals?

- Financial?
- Family?
- Employees?
- Legacy?





What are we doing here?

- **Creating Value for Owners - Legacy**
- **Keeping Businesses here in PA**
- **Saving Jobs**
- **Creating jobs**
- **Creating a REAL Future for Employees**
- **Bolstering the local community**
- **Creating a Rational Business Economy**

➤ Employee Ownership



So What is Employee Ownership?

A banner for TechCollective, featuring a green circular logo with five white dots and the text "TechCollective Worker-Owned Tech Support".

Co-Op – Cooperative

A photograph of four men standing in front of a building entrance. They are dressed in casual attire, including plaid shirts and t-shirts.

Worker Co-Op

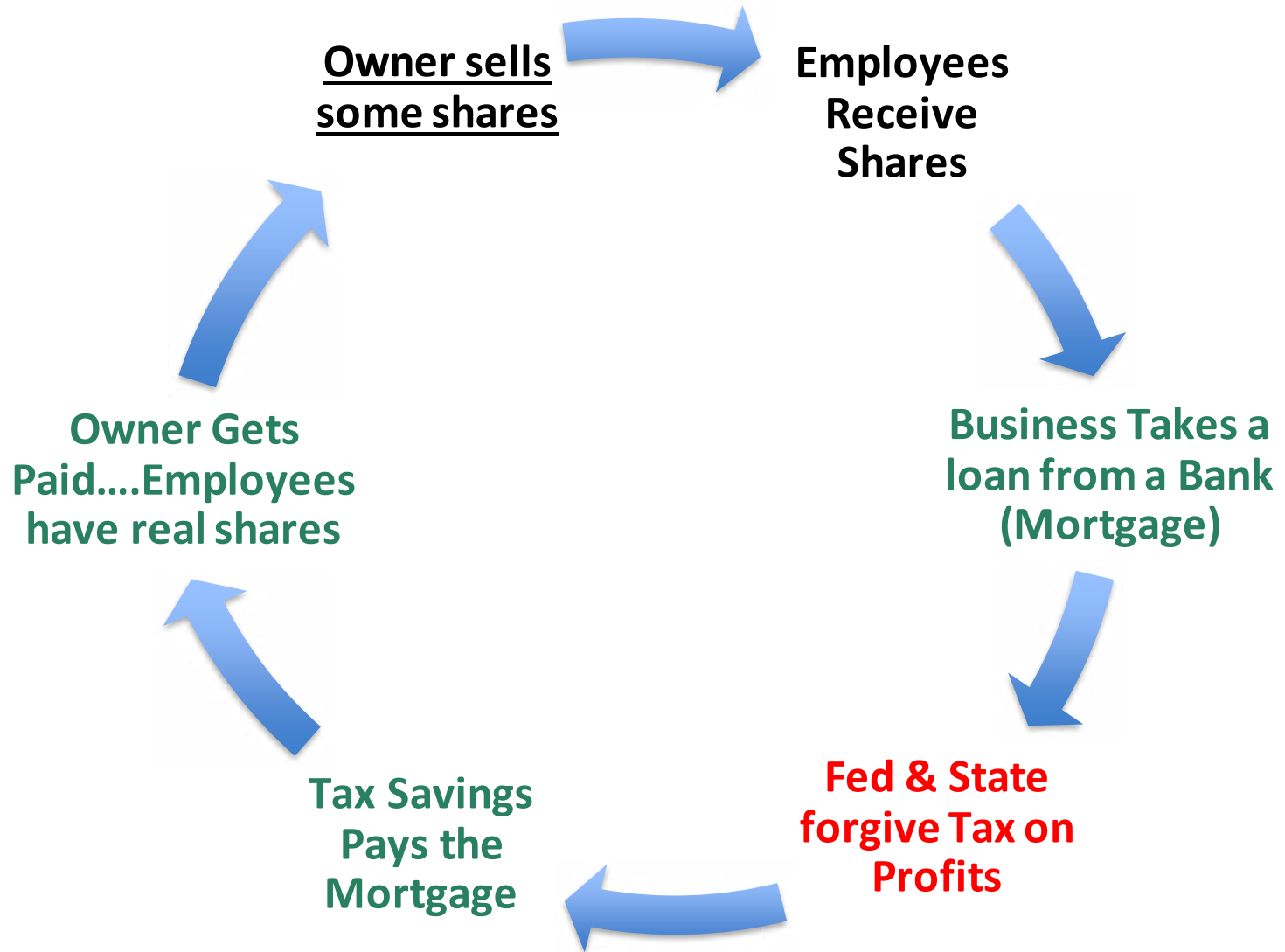
Equally owned

One person/One vote

Can be Democratically Managed

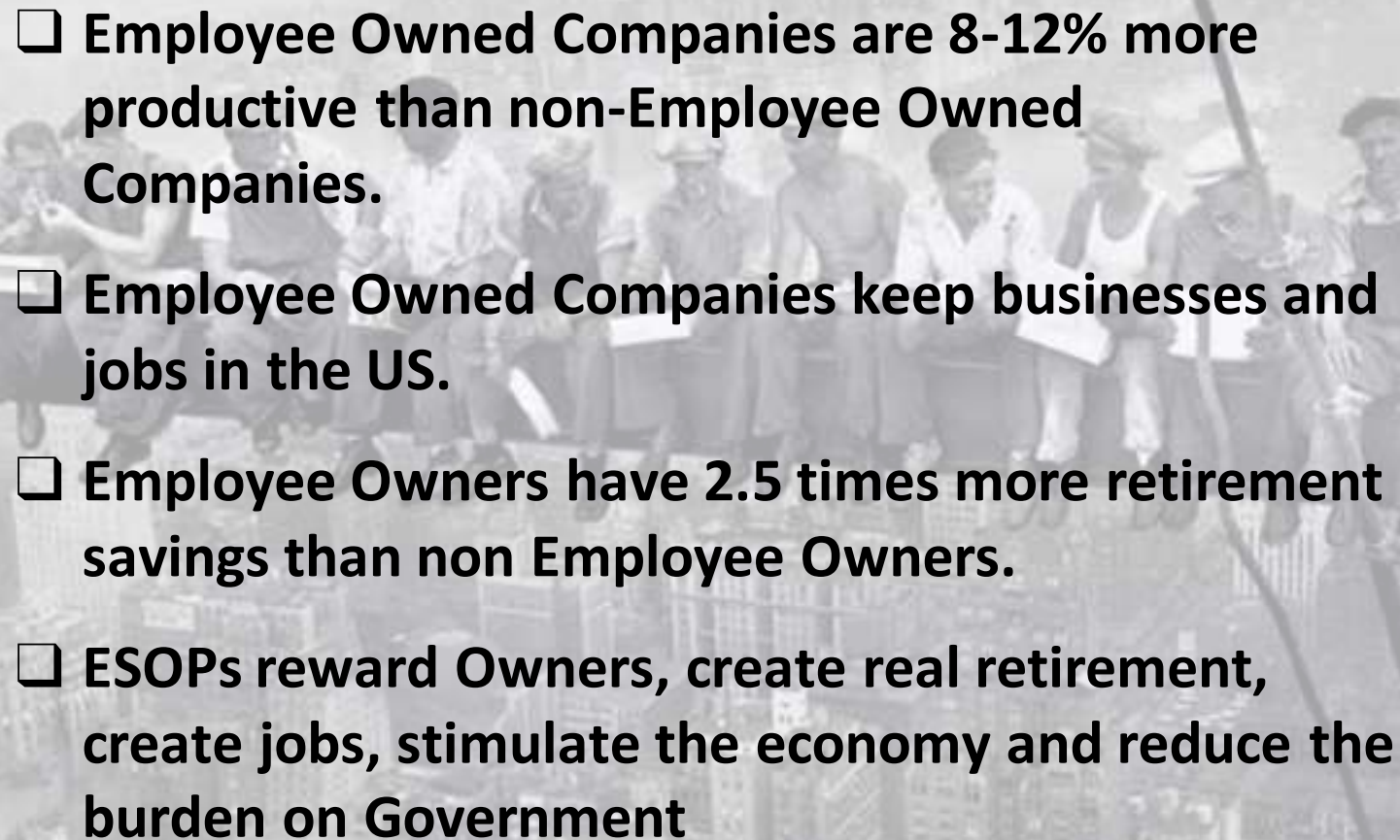






And nobody knows about it.....



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- ☐ **Employee Owned Companies are 8-12% more productive than non-Employee Owned Companies.**
 - ☐ **Employee Owned Companies keep businesses and jobs in the US.**
 - ☐ **Employee Owners have 2.5 times more retirement savings than non Employee Owners.**
 - ☐ **ESOPs reward Owners, create real retirement, create jobs, stimulate the economy and reduce the burden on Government**

** NCEO/ESCA White Paper*

PA Employee Owned Companies



National Employee Ownership



The Perfect Exit

The importance of a good company succession plan and how it can provide wonderful benefits for the company, employees and greater profits – a real life case study

Ken Baker

CEO

Is an ESOP right for every owner or business?

No!

There has to be a certain type of owner
and size of business

Case Study

Company succession, transforming the company culture, providing a **no cost** retirement for employees, company paying **no** federal or state taxes



- 280 Employees
- 2021 sales - \$185Million
- 66 years in business
- Family Business – Ken Baker - 2nd generation
- Start businesses from scratch – “Green Field”
- 20% of sales are exported to 54 countries
- ESOP – Employee Stock Ownership Plan – 100%
 - 2006 sold 30%, 2012 sold 10%, 2016 sold 9%, 2019 sold 51%



Manufacturers of

AdvantaPure



verigenics

and



BrewSavor

Products



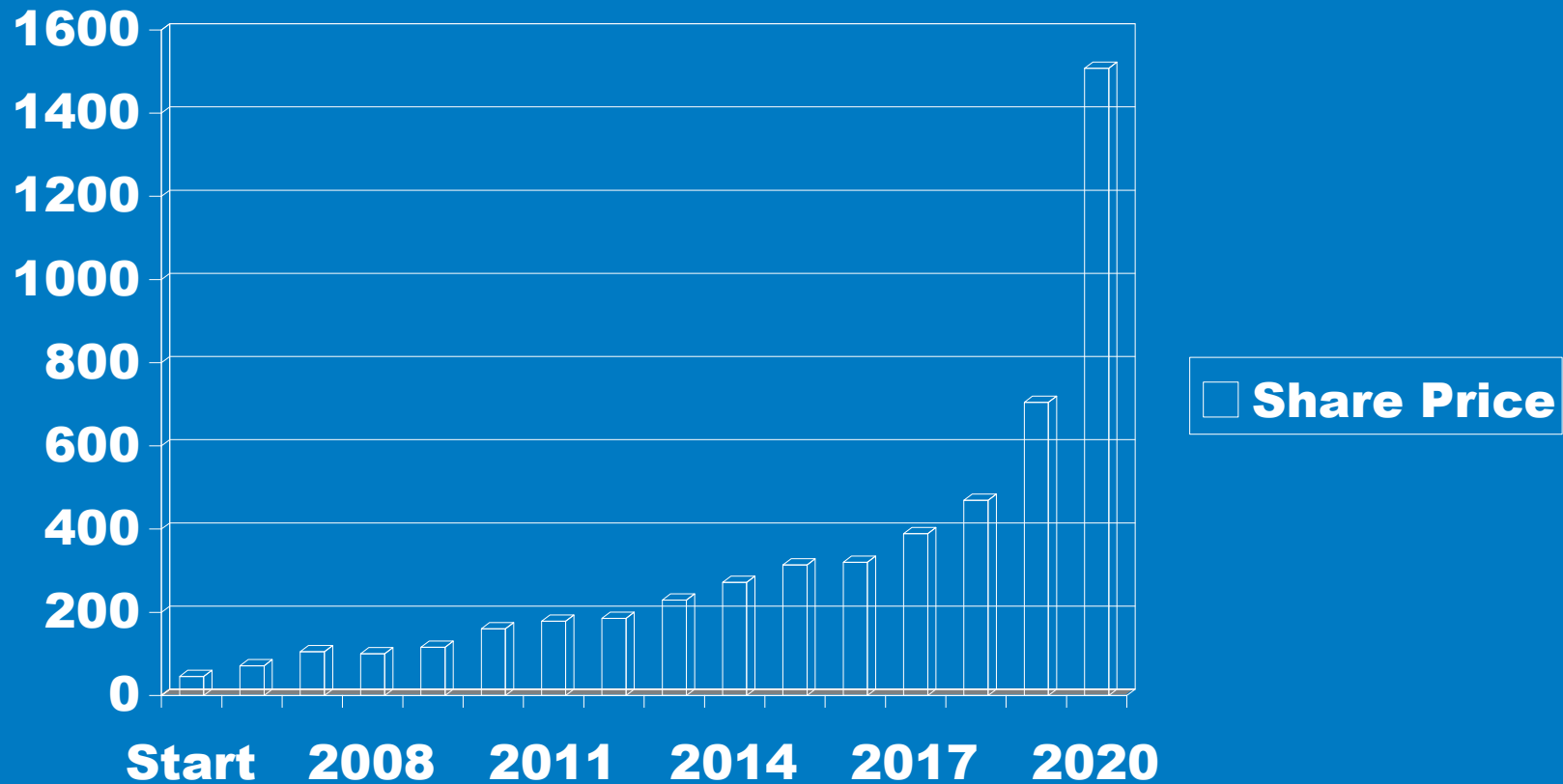


Manufacturing



NewAge Industries Share Price

Up 1400% from 2006

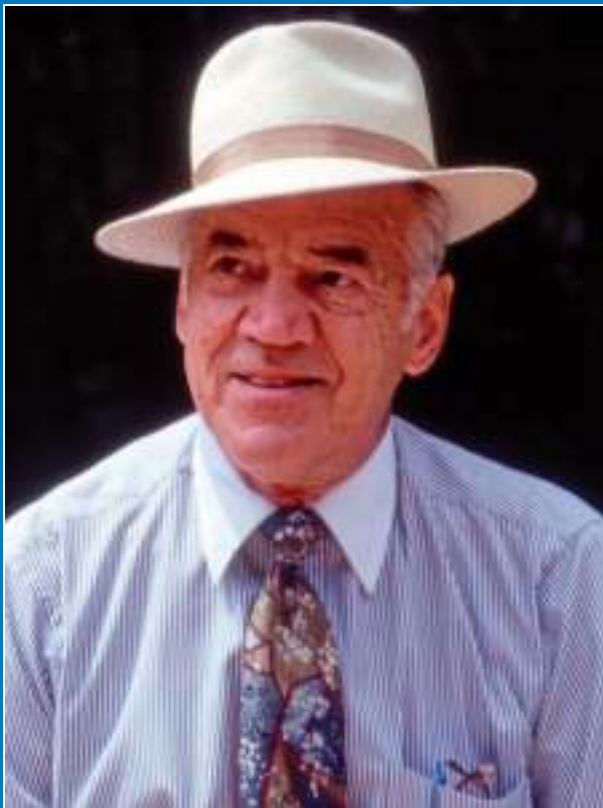


Employees do not pay for the shares, they are free.

The secret sauce of Sub S Corporation ESOPs

The tax dollars which would have been paid to the IRS is paid to the ESOP trust and then is used to pay back the bank loan.

What would happen to the legacy of Ray Baker if NewAge was sold to a competitor or multi-national?





When you have Highly Engaged Employees

- Less absenteeism
- higher gross margins
- Higher productivity
- Lower turnover

How can the ESOP help with the development of the employees?

- Employees stay long at the company – can invest in employees with deeper job training
- Because of the increase training company becomes more productive and then more profitable
- More profitability leads to higher wages and bonuses
- More profitability leads to higher share price and more dividends – long term wealth creation

Stockwell Rubber Company



Frederick E. Stockwell
Founder 1919 - 1946



Frederick A. Stockwell
1946 - 1948



Elbridge F. Stockwell, Sr.
1948 - 1968



Elbridge F. Stockwell, Jr.
1968 - 1980



William B. Stockwell
1980 -



L. D. Price
McKee Bros.
Bakersfield, CA

H. Nelson Gray
Stockwell Rubber Co.
Feb. 1939

Frederick C. Stockwell and William Dalrymple
Eastman Manufacturing Co.,
Manitou, WI Feb. 1939



H. F. Mahon
Boston Woven Hose
and Rubber Co.

William H. Kettra, Jr.
Stockwell Rubber Co.
April 1939

Elbridge Stockwell Frank Flavell
Stockwell Rubber Co. B. F. Goodrich Rubber Co.
April 1939



































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OwnershipPennsylvania.org