EUROPEAN FEDERATION OF EMPLOYEE SHARE OWNERSHIP

EUROPEAN EOLE PROGRAMME

Introducing the European EOLE Programme
for Employee Ownership Learning and Education

FIFTH EUROPEAN MEETING OF EMPLOYEE OWNERSHIP

BRUSSELS 16-18 JUNE 2005

FINAL REPORT

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Please note that all EOLE information (including documents and presentations to the Fifth European Meeting and database) are available on EOLE website on www.eole-efes.net

Introduction

Employee Ownership Learning & Education, the European EOLE Programme

The Fifth European Meeting of Employee Ownership was held in Brussels on June the 16th, 17th and 18th 2005 in the Auditorium of the National Bank of Belgium. The conference focussed on learning and education. The major event attracted more than 200 participants from more than 26 countries.

Registration of attendees at the conference desk of the National Bank of Belgium

It takes much education and learning to make employee ownership and financial participation fully successful. Although many communication, training and education programmes already exist, they are difficult to find and therefore not easily accessible.

That is why EFES created EOLE, the European Programme for Employee Ownership Learning and Education. EOLE has collected and analyzed this information on a worldwide basis. The EOLE database has been set up with assistance of companies, organisations, social partners and educational and training organizations.

This combined effort has resulted in a unique database with extensive information about existing education and training programmes, across the world.

Next step will be to define common European specifications, which will make things easier for companies, for educational institutes and for social partners at country level.

Breakfast on June 16th before opening the conference

The conference offered exceptional opportunities for the participants to share their experiences and learn and improve practices. In the mean time the conference promoted employee share ownership to the political, economic and social world. The 2005-meeting allowed representatives form the US, from Europe and other regions of the world to see how deep their common views are. The participants were able to attend six workshops. Two of them focused on employee buyouts and training. The four other workshops highlighted the EOLE-program, an ING participation-scheme, a Dexia participation-scheme and a scheme of Monidee Finance, which provides among other things administration of share and option plans.

The conference was the first step into publicity of the European EOLE Programme. This programme is aimed to help all European countries to further employee ownership learning and education in the coming years.

EFES General Meeting of members elected a new Board of Directors and a new President - Mr. Cees Vos from The Netherlands. Former President Pierre Vanrijkel was elected as the first EFES Honorary President.

Pierre Vanrijkel: Promoting financial participation

Mr. Vanrijkel thanked all participants who had come to attend the Fifth European Meeting of Employee Ownership and all EFES members for their attendance. Employee ownership can bring major contributions to entrepreneurship, Mr. Vanrijkel said in his opening speech. That goes for buying and developing existing companies, but also for creating new businesses and buying existing companies by employee buyout or by co-operatives.

However, to be fully successful, employee share ownership and financial participation require education and training. “This conference offers exceptional opportunities to the participants for sharing experiences and to learn and improve practices. It is furthermore aimed at promoting employee ownership to the political and social-economic world.’’

Stéphane Ouaki: European Commission recognizes key-role of EFES

Mr. Ouaki, representing European Commissioner Vladimir Spidla, reminded his audience of the fact that the Commission relaunched the Lisbon strategy in 2005. The programme achieved some goals but still a number of member-states have significant unemployment levels. According to Mr. Ouaki the employment rates are still lower than expected.
He mentioned that one of the EU-targets is therefore improving the efficiency of the labor market. There are further efforts aimed at education, training and lifelong learning. Mr. Ouaki said to encourage initiatives like those of EFES. The Commission shall of course remain partners in this process, he emphasized.

On being asked Mr. Ouaki admitted Europe has problems concerning succession of companies. He stressed however that the Commission can only take a neutral stand towards this matter. “We recognize however EFES-members play a key role.’’

At the conference some said to worry about the demographic changes in Europe and others worried about the cross-border mobility of the work force. In reply to that Mr. Ouaki said that the Commission recognizes the problem of European workers getting older. Cross border mobility is an essential freedom for European citizens, he said. According to Mr. Ouaki “we’re talking about a small proportion of the workers that are looking for jobs in other European countries.’’

Others wanted to know if the Commission considers fostering research and disseminate this research on employee-ownership by management-schools or engineer schools. Mr. Ouaki promised to pass the question to his Commissioner.

Marc Mathieu: Still a long way to go

Mr. Mathieu, Secretary General of EFES and Head Manager of EOLE Programme, explained why EFES thought it necessary to create this European Programme for Employee Ownership and Education. The EOLE-programme is one of EFES’ priorities, developing tools for training and education. Other priorities are organizing international exchanges of information between different European countries and convincing governments and political institutions of the necessity to advance the possibilities to create employee ownership. Unfortunately the latter is not progressing as fast as it should. A considerable part of our job has still to be done. Still very much lies ahead of us, said Mr. Mathieu.

The EOLE-database has gathered approximately 150 existing training and education-programmes. The database pictures the development of worldwide employee ownership and what training and education needs are. Introducing employee ownership in a company requires a certain know how and specific learning. One third of the worldwide programmes provide related material, Mr. Mathieu said.

The EFES-Secretary General stated he had come to the conclusion that a combination of different tracks must be followed to promote employee ownership (EO). One of those is education. 'We think that EO - under certain conditions - creates more efficiency in and better performance of companies. It is efficient when it is combined with participation in management and in corporate governance. EOLE's next step will be defining common European specifications which will make things easier to handle by companies, educational institutions and social partners.

The EOLE database identified and analyzed 139 educational and training programmes. These are not to be confused with one-shot events. They occur on a regular basis and are conducted by different organizations or educational institutions. EOLE also created internet links to learning documents, business games and educational tools.

USA has largest number of programmes
The USA has the largest number of programmes (63), Spain (40), France (14), UK (10), Italy (6), Belgium (3), Germany (2) and Poland (1). The USA and Spain are the leading countries on Employee Ownership. There exist worldwide 55 EO-training and education organizations. Again Spain and the USA lead with respectively 23 and 14 organizations followed by France (6), Italy (5) and the UK (3).

Mr. Mathieu: We analyzed and classified 132 target-publics (target-audiences) such as companies, employees, employee-owners, management, consultants, professionals and students. Furthermore we listed the titles and content of the programmes as well as main themes such as employee ownership (31%), business management (50%) and corporate governance (19%).

According to Mr. Mathieu each situation has specific needs and questions and requires specific education. EOLE has identified them. One of the typical situations is the employee-buyout.

The database proves to be a very useful tool. In the coming years it will enable the various countries to find useful technical tools as far as education is concerned. "If we are to tackle problems with the exchange of information with the political issues we will have to work on education and learning to convince the authorities of the benefits of employee ownership.''

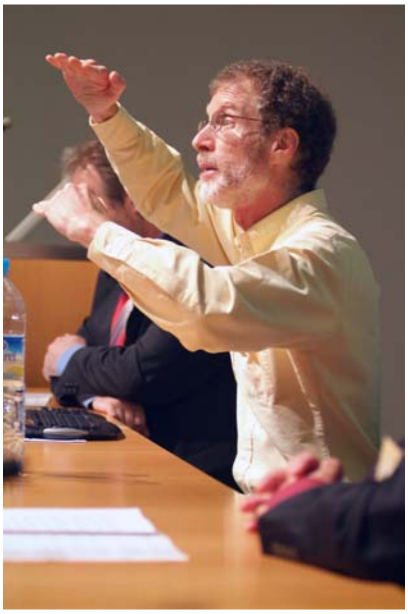
EOLE welcomes contributions to database
On being asked Mr. Mathieu said EOLE has gathered many, but of course not all the existing programmes in the world. Mr. Mathieu said to be happy if organizations and institutes present would contribute to the open EOLE database, in order to be completed with new material. "If there are other programmes don't hesitate to send them over to us.''

Congratulations
Polish representatives congratulated EFES on the extensive EOLE-programme. They said that many EO-companies in Poland are under pressure and education is badly needed.

All EOLE information available on dedicated website
As a conclusion, Mr Mathieu insists that **all EOLE information (as well as all documents and presentations to the Fifth European Meeting) are available on EOLE website on www.eole-efes.net**

Corey Rosen: Ownership-culture is the key to success

Mr. Rosen, Executive Director of the National Center for Employee Ownership NCEO, stated that the key to success for employee ownership lies in creating an ownership-culture within the company. NCEO was established in 1981. It has nowadays approximately 3,000 member-companies and firms, as well as individual academic and governmental members. According to Mr. Rosen NCEO's mission statement is 'to provide the most objective and reliable information on broad-based employee ownership at the lowest possible costs.'



Mr. Rosen focused on the research on employee ownership which has been done in the United States. Employee ownership has become quite prevalent in de US. In 2002 the National Opinion Research Center concluded that 23,3 % of the employees in the for-profit sector have some kind of stock. Another 14 % have stock-options. Almost 40 % of the employees in companies with stock have stock in their employer. Rosen called this a "rather astonishing growth of employee ownership over the last thirty years.''

ESOP's and corporate performance
He mentioned a broader study of the effect of EO on corporate performance. This research, done by Joseph Blasi, Douglas Kruse and Eric Bernstein, ("In the company of owners''), shows that ESO-plans provided a growth of productivity of 17 % in a three year post-plan period. It is according to Mr. Rosen important to understand the way this research was conducted.

The researchers are not saying that EO-companies are better performers than non-EO-companies (although it's true), because it could be that companies that set up EO-plans were in the first place are more successful companies (which also is true).

What a company really wants to know is where, compared to its peers, it stood before introducing employee ownership. After introducing EO did you stay there, did you get worse or did you get better. The answer is they got 17% better. Many studies use that same methodology. The net return on assets grows about 2.3 % per year faster than what would have been expected. These are companies giving stock options to most of their employees.

Mr. Rosen quoted John Chambers, CEO of Cisco Systems: 'There has not been a single successful company in the history of high-tech in the last two decades that has done that without broad-based stock options plans.' When I originally heard about it in school I would have called it socialism when in fact it is the ultimate form of capitalism. I think now that if you want to figure out a way to make money in the stock market, invest in companies that treat their employees well.''

An ESOP (Employee Stock Ownership Plan) is a very specific US-legal structure. Often we get people in other countries calling things ESOP's which in the US would not be an ESOP. An ESOP operates through a trust. It's a kind of employee association, a concept unique to British and US law.

This trust acts as a kind of bank. It holds shares for employees until they leave the company. The company funds an ESOP, not the employees. Employees rarely buy shares in an ESOP. It is the company which puts the stock into the trust, or more commonly, every year it puts cash

into the plan to buy stock for the employees. Sometimes to repay a loan that buys a large block of stocks. Thanks to some very remarkable US-tax laws it's now the case that we think that the about 20 or 30 % of all ESOP-companies will soon be a 100 % owned by their employees. According to the tax law once you get to that point, you don't have to pay any federal income-tax.

Ownership-culture

"Working harder, it turns out, has fairly little impact on corporate performance. "Doing the same dumb thing with more intensity and motivation doesn't make your company perform much better. You get to that by creating an ownership culture. Doing smarter things and figuring out what those smarter things are, does. So you have to train and educate and share company information with them on a regular basis.''

Mr. Rosen: an ownership culture is comprised of three essential elements: a detailed sharing of financial information about the company and how it works. The second element is creating structured opportunities for day-to-day input into how jobs are performed. This can be achieved by creating work teams, ad-hoc committees and cross functional committees. The third element is ownership training. One is not going to get motivated by ownership if one doesn't understand the meaning of ownership.

Use knowledgeable people to create and maintain your website

NCEO operates its own website, which attracts eight to ten thousand visitors each week. Web-based seminars and specific types of training become an increasingly important part of our business, Mr. Rosen said. It's however far more difficult to operate a web-based seminar than a live one. It is not easy to have people asking questions in an interactive way. "Through these experiences we got ideas to do this in a better way. Mr. Rosen invited those present at the EFES-conference to contact his institute for more information on the topic. (www.nceo.org).

It takes a very competent webmaster. And Mr. Rosen said to be blessed with an extraordinarily competent webmaster who fully understands the field of employee ownership. "Many websites are designed by people whose only business is to design websites. Two bad things can happen. Your visual presentation may not be fully integrated into the substance of what you are trying to communicate, simply because they don't understand it. The second thing is you're not coming up very high on Google. If you want your website to be any good you need to make sure people know you exist. Therefore you have to put real substance on the site.''

Employee ownership education in major European groups

(Michael Masset, Share-based Plans Manager, Dexia Group and Robert Scallon, President Thales UK plc / FAST)

DEXIA

Mr. Masset elucidated the Dexia product, a special participation scheme offered to all the employees of the Dexia group. The Dexia group is a merger in 2000 of French and Belgian banks which operates in Belgium, France, Luxemburg and The Netherlands. As the merger also includes two different cultures the participation plan creates common ground for the employees thanks to identical conditions in Belgium and France.

The participation scheme gives the employees a strong feeling of belonging to the group. The scheme furthermore enables us to associate the worker to the shareholder value and enables the worker to invest and have an interesting return. The only difference is the tax-systems in the various countries. Since Dexia can't of course do anything about that, we chose the most favorable implementation for all countries, said Mr. Masset.

Dexia offers three different kinds of Employee ownership. A classic one in which Dexia-employees pay a share price of 80 % of the reference value. The second and third formulas concern leveraged offers.

The employees are very satisfied with the schemes. An internal enquiry showed that 86 % called the offer attractive or very attractive. On being asked what they thought of the communication of the schemes, the brochure, 77 % called it clear or very clear. Masset: "of course this is not enough for us. The subscription process must be easy to understand and easy accessible. Dexia doesn't have to create additional offers, the enquiry showed. The employees called three offers sufficient (98 %).

A strong employee ownership plan enables people to feel part of a community and it furthers better performance. It's clear that employee share ownership represents an important value.

We therefore created a group called Dexia Employee Benefits. This group offers other companies the possibility to implement employee share ownership, said Mr. Masset. The programme is called Incentive 1667. It can be used by any company as a remuneration and motivation tool for directors and senior management. It is also an alternative to stock option plans for managers and it can be used as an employee share plan for the workforce.

FAST-THALES

Mr. Scallon, President of the Federation of Associations of Staff Shareholders of FAST-THALES participates in the activities of EFES. FAST-THALES is an organization that represents employee shareholders of the French THALES-group. “Our mission is to facilitate participation in the employee share-schemes and to facilitate greater involvement in the life of a company,’’ he said. This means helping employees and management before, during and after investment in the share schemes. Mr. Scallon emphasized that adequate communication is required in all three phases.

FAST-THALES is a Brussels-based organization with participants in Europe, Africa, Asia and America. Employee share ownership isn’t something that can be applied everywhere. In some countries the tax regime makes it unattractive to put ESO on.

Creating a second line in communication

By assisting companies to set up ESO, FAST-THALES does not act as financer or tax advisor. “We create in a company a second line of communication between the employee shareholders and the management. This ‘second line of reporting’ makes bottom up-communication possible. It enables employees to ventilate topics which they might not have done in the direct reporting line between management and employees.

Via our associations we have become aware of a series of global problems, especially where share schemes are transported across borders, said Mr. Scallon. A scheme that is embedded in the legislation of one country may not comply at all with the tax system of another country. A great deal of the association’s time is therefore spent solving such problems. Furthermore we have to deal with situations where fluctuations of exchange rates as well as share prizes are concerned. These can make employees extremely nervous.

Other problems to be managed are split-loyalty situations. Mr. Scallon explained: “the company creates the share scheme. The customers however are their employees. The service providers, such as banks, trustees and advisor have a split-loyalty between the company who pays the bills and the employees who invest. The employees on their part feel they have risked their own money and feel they therefore deserve personal treatment. The company may think otherwise. This situation has to be well-managed.

On being asked if the French system is applicable in other countries, Mr. Scallon replied that the purely THALES share-based programme is operating satisfactory in outside France. “We have 30,000 employees in other countries and of them about 10,000 are employee shareholders.’’

Employee ownership training and education in the USA
Round table

(J. Michael Keeling, President of the ESOP Association; Corey Rosen, Executive Director of the National Center for Employee Ownership (NCEO); David Binns, Associate Director of the Beyster Institute for Entrepreneurial Employee Ownership; Bill McIntyre, Director Ohio Employee Ownership Center (OEOC) and Chris Mackin, President of Ownership Associates, Inc.)

Michael Keeling: Accentuate education to achieve ownership-culture

An Employee Stock Ownership Plan (ESOP) is an employee benefit plan which makes the employees owners of stock in their company. Several features make ESOP's unique compared to other employee benefit plans. First, only an ESOP is required by law to invest primarily in the securities of the sponsoring employer. Second, an ESOP is unique among qualified employee benefit plans in its ability to borrow money. As a result, 'leveraged ESOP's' may be used as a technique of corporate finance.

Mr. Keeling, President of the ESOP Association, elaborated on an important aspect of his work, education of management and average-pay employees. "The ESOP Association believes employee ownership increases participation in the workplace, adds to human dignity and enhances the self-worth and the well-being of employees.''

Mr. Keeling said to vision an America where the vast majority of employees have significant ownership-stakes in their company. To get there our mission is to educate and advocate about employee ownership with emphasis on ESOP's. Education is crucial. We are absolutely convinced that ownership-culture is essential to the success of employee ownership in America, said Mr. Keeling. "We will have this year 3.6 million dollars in gross revenues. Out of that 3.6 we will spend on a fully allocated basis about 2.3 million dollars on our educational programme. ESOP-companies that have created an ownership-culture will tell you that the best thing that ever happened to that company when times got tough was being employee-owned. That's because the employees had been educated as to what happens in a free-enterprise society and they know what has to be done to make sure the company survives.''

Keeling's organization realizes the lobbying and advocacy work will never quite be done. "But if the individual companies reach a higher level of performance and are well-known in their communities and their local officials and politicians, there's no question that the Federal Government of the US will continue and be hopefully more supportive of creating ESOP's in America.''

Bill McIntyre: Training without having to shut down the plant

Mr. McIntyre, interim-Director Ohio Employee Ownership Center, said to agree with Mr. Keeling that sometimes it takes something bad to happen to a company to recognize the power that they have with educated employee-owners.

OEOC is a non-profit organization based at Kent State University in Kent, Ohio. We provide information and technical assistance to companies and groups interested in investigating the idea of employee ownership. For companies which already have employee owners we develop training material and programmes which aim at improving their ownership-culture. OEOC strives furthermore to get business-owners to sell their companies to employee, specifically through an ESOP.


Attendee reacting to Bill McIntyre

Through the years OEOC has assisted 485 companies, representing 93,000 employees. Of those, 71 companies have formed ESOP's, representing 14,000 employees. "From our total money about 23 % comes from the State of Ohio, about 41 % from foundations or grants and about 36% revenue for programmes or services rendered. Our total revenue is 0,5 million dollars. Unlike EOLE, which has 132 target-publics, we only have four target audiences. These are the business-owners without employee ownership, the selling owners who are interested in pursuing EO, the employee-buyout groups and finally the category employee-owners.''

ESOP Milestone Training Programme
McIntyre: "employee-owned companies tend to conduct training sessions as a big effort. It generally comes down to massive one-day trainings. To do this they almost have to shut down the company. For that reason these trainings are not very often given.
After some years however, they realize that 20 or 30 % of their employees are new and so they have to do it all over again. Our Milestone-programme teaches different topics during different parts of the day with different audiences. So not everyone would receive training every year but the idea is you don't have to shut sown the company to conduct the training.''

David Binns: Positive experiences with employee ownership

According to Mr. Binns (Beyster Institute for Entrepreneurial Employee Ownership) the implications of establishing effective standards for employee ownership in the public markets are not insignificant. Research on employee ownership has shown that employee ownership companies perform significantly better than they would have done without.

Yet relatively few public companies or institutional investors consider broad-based employee ownership to be an important differentiator. Though many companies offer employee stock as an investment option or employee benefit, relatively few large companies provide significant ownership incentives to a broad cross-section of their employees. They don't make the idea of employee ownership central to their corporate strategy and culture. Worse still, many public companies limit ownership incentives to their top executives.

Despite the well-publicized problems of the use of equity incentives in some public companies, the general experience with employee ownership has been quite positive, Mr. Binns said.

In 2004, the National Center for Employee Ownership, the Beyster Institute and the Global Equity Organization created the Committee for Effective Employee Ownership (CEEO). The CEEO seeks to capitalize on the best of what employee ownership has to offer by promulgating principles that will help companies and investors make appropriate, effective choices about the distribution of equity. The CEEO focused on a range of practical issues such as the process of how to distribute equity awards and the interplay of equity-based compensation for executives and all employees, including performance standards. CEEO also focused on information sharing and employee rights, including protections against excessive plan risk; and strategic considerations in the use of employee ownership plans.

The primary goal of the CEEO is to devise principles intended to help companies and investors make appropriate, economically sound choices about the distribution of equity among employees, particularly in publicly-traded companies.

In so doing, the CEEO aims to demonstrate to institutional investors, the press, and the corporate community that well designed; broad-based employee ownership plans can benefit companies, shareholders and employees alike. Many companies are reevaluating their use of company stock due to recent corporate scandals, outrage over excessive equity awards to CEO's and other top executives.

The CEEO seeks to promote positive change in the use of equity plans by encouraging companies and investors to implement and support approaches that incorporate best practices in plan-design and operation. "We believe that effectively designed employee ownership plans will prove themselves in the market. However, this happens only if business and investment leaders develop a deeper understanding of the various approaches to employee ownership.''

Chris Mackin: Four steps to an ownership-culture

Mr. Mackin called it interesting to see how different individuals look at the same concept from different perspectives. "Employee ownership is a concept that is rich with the potential for interpretation. It's certainly something more than a legal proposition. It suggests a new relationship of workers and managers to their firm, each other and to the idea of profits and participating in the economy.''

According to Mr. Mackin the success and failure of companies depends in some significant part on trying to get managers and workers 'on the same page about what the meaning of ownership is.' This requires listening to how different workers and managers are interpreting the meaning of ownership. It furthermore requires presenting concepts that can start with what we call 'the long term ownership conversation'.

Mr. Mackin described four steps to the creation of an ownership culture. “The first step is to set the context. If you don’t do this right, you may not get anywhere at all. Workers shall want to know why the seller is selling to the workers. They know that things generally don’t fall from the sky. They’ll need to understand the motivation of the company owner to sell to the employer.’’

With the second step the company has to start with the long process of building skills like financial and business skills.

The third step is to agree on meaning. That can mean constructing a theory or philosophy of ownership that makes sense to the company and to the employees.

The fourth step is initiating organizational change. It concerns managing decision-making and power. “In one of our surveys we asked if the decision-making shouldn't better be left to managers with specialized knowledge. Working people agreed very strongly with this.’’

Mr. Mackin: it’s often a paranoid fantasy of managers that employee-owners will want to take over the entire specialized decision-making. The truth of the matter is that the workers are often more conservative than you would expect. This is in particular the case when they have a stake in the game, when they’re part-owners. Getting them involved however is eventually figuring out ‘who gets to do what’. This is a generic list of decisions that every company has to make. That’s the challenge of building a participatory culture.

On being asked Mr. Mackin, Mr. Keeling and Mr. Rosen said in their view employee ownership is no retirement plan. Their organizations would never support a law in the US Congress that mandated a retirement programme in addition to the ESOP.

US panel in main conference room

Employee ownership training and education in Spain
Round table

(Fred Freundlich, Professor at the Basque Mondragon University, Jose Hernandez Dunabeitia from the Spanish Confederation of Employee-Owned Companies (CONFESAL) and Juan Ignacio Aizpurua, Director Training and Educational Programmes of the Mondragon Corporacion Cooperativa - Otalora in Spain)

Mondragon University does research on EOLE

Mr. Freundlich, Professor at the Mondragon University, elaborated on the Mondragon-research on co-operative employee ownership, relevant training programmes and the role of research and evaluation in these initiatives. Employee ownership and financial participation are only effective in psychological and organizational terms when conditions in a company meet the employee's expectations about ownership. Therefore initiatives like EOLE's are very important. They help meet the expectations the employees have in this regard.

Mr. Freundlich said he's planning to do research on EOLE-initiatives. "Our aspiration is to move beyond our surface-impressions and we want to evaluate EOLE-initiatives on the impact on employee learning, employee-attitude and satisfaction with employee ownership (EO) and ownership values. Furthermore we would like to know which impact EO-learning and education has on the way people behave and on the performance of the company.

"Research is important to turn information into useful knowledge, but also a good way to begin a conversation in an organization. Research offers something real. It is very useful to generate a dialogue in a company about topics of interest. There is a need for solid and reliable evaluation. In this way one can improve his future initiatives.''

Spanish panel,
from right to left:
José Hernandez,
Fred Freundlich,
José Ignacio Aizpurua

New skills needed for Spanish Boards of Directors

Mr. Juan Ignacio Aizpurua is director of the education-unit of Otalora, the adult school of Mondragon in Spain. The Co-operative Corporation of Mondragon has 150 industrial co-operatives. Their special learning programme intends to further the skills of members of the boards of directors. The programme takes four years and is in fact a learning process in which people acquire the competence and the knowledge necessary to do their job efficiently, said Mr. Aizpurua.

Juan Ignacio Aizpurua

In our ‘competence-framework’ we have introduced new skills.

This framework recognizes nine skills that are enough to build sufficient knowledge and competence for the employee.

They include knowledge about co-operative and corporate governance, acting with a global vision, managing institutional democracy through various channels of participation, communication-skills and self-evaluation.

Reference-model needed in Spain

Mr. José Hernandez Dunabeitia from the Spanish Confederation of Employee-Owned Companies (CONFESAL) highlighted some problems the employee-owned companies (*sociedades laborales*) in Spain are facing.

“After 25 years of employee owned developed sufficient awareness of their role in their companies. We haven’t been able to structure a solid model. We’ve been too slow. Apart from training the employees one has to create a reference-model,’’ he said.

José Hernandez

Consequently many people nowadays lack sufficient know how. It has been proven not to be enough to train the workers on a personal basis. We’re trying to create an original model of an employee-owned company, which will stand on the long run.

The companies we represent must be managed through values. They must replace the traditional culture by the leaders with another type of leadership.

Very few companies are run by values. Management by values means another kind of leadership with less hierarchy and more autonomy. One has to trust people to reach total quality. “We have to succeed otherwise the past 25 years are lost.’’

New business game for employee ownership from Scotland

You can't learn to drive without sitting in the driver's seat, said Geoff Miller. He's Company Secretary and Secretary to the Share Schemes of the Tullis Russell Group in Scotland. This group has created a business game for employee ownership education. Tullis Russell Group is well known as the result of an employee buyout in a successful Scottish leading papermaking and converting group. They are now a wholly employee-owned company, with 1,200 employees. In this practical and competitive business game employees are involved in what they are doing best: papermaking. They learn to work together. They are divided into two groups, the production operators at the plant and the accountants at the headquarters. In de middle of the game they switch roles. In the end they are supposed to have a solid understanding of the business they're in.

According to Mr. Miller the game is fun to play and it brings out the natural leader in some employees.

They learn the importance of teamwork, the role of the employee as well as the role of the main business drivers, quality and cost-appreciation, economic forecasting and decision-making, the relationship between performance and share-value and between share-value and individual wealth. The Tullis Russell Group is now working on a computer-based version.

Employee ownership training for corporate governance in France

Pierre-Yves Gomez is Executive Director of the French Corporate Governance Institute. The French Corporate Governance Institute (IFGE) has developed a dedicated branch and training for employee share ownership.

In all parts of the world, more than 250 million individuals have invested their savings in shares. This creates new responsibilities for the firms, said Mr. Gomez.

"We think the responsibility of the companies is a shared responsibility. It defines the rights and duties of all interested parties in the area of corporate governance. Education is now a major priority for the corporate leaders of today and tomorrow.''

The institute is an integral part of the EM-LYON group. The latter is a business school (Ecole de Management de Lyon), attached to the Lyon University. IFGE's primary vocation is to transmit knowledge and develop know how.

Its mission is to set the stage for the future by forming students of management (at the university or MBA level). The Institute also proposes to executives, directors, and members of civil society courses that provide an area for a reflection and a deepening of knowledge concerning the practices of corporate governance. The courses vary from distance learning and e-learning solutions to the preparation of a doctoral thesis. (www.ifge-online.org)

We're living in a time of mass-production, mass-consumptions and mass-capitalism and mass-shareholding. We have to be aware of that. The system of today cannot work if the company-owners don't realize their responsibility as owners. If you give power to citizens in a democracy without explaining what democracy is, democracy will not work. said Mr. Gomez.

The same goes for a company, he continued. One can't develop a system of shareholding if you don't give the employee-owners their rights and their duties and to understand what is at stake for the company. This sort of training is absolutely essential.

Mr. Gomez: IFGE has developed a game for the IFGE-students called Corporatia. It teaches how to conduct corporate-governance. It is a tool that can be wide-spread and it's on our website. It's. It aims at the future managers and it's tailor-made for the company-executives. A demo is available on the website.

Mr. Gomez concluded that if there's no involvement of stakeholders, then it's useless to train them in corporate governance. First there has to be an understanding between unions, managers and employees in order to become aware of their common interest in the training. This training must furthermore have a link to real practices on the work floor.

Mervyn Wilson: A different organization requires different education

Mervyn Wilson is Chief Executive of the Co-operative College. This college has specialized training-programmes about co-ops in the UK. Mr. Wilson: the first ideas for a Co-operative College in the United Kingdom came from Robert Owen. He said that 'if you are going to educate people to run businesses in a fundamentally different way, you have to educate them in a fundamentally different way.'

EO in UK hard to quantify

Today's fully employee-owned business sector in the UK is diverse and hard to quantify because they derive from a variety of sources. Some of the longest established are based on the wishes of their original owners who wanted to see their business that they had built through the efforts of their workforce, shared in perpetuity with the workforce.

The second set of UK employee-owned businesses are employee buyouts. Here is a different set of motivating forces – the desire of employees for continued work in a viable business rather than a wider set of values is the real driver.

A third sector is the small worker co-operative sector in the UK. Hard statistical information is hard to come by.

Co-operatives estimate there are approximately 358 worker-owned and controlled co-operatives in the UK.

As co-operatives, these businesses share a set of values, the global Statement on Co-operative Identity adopted in 1995. These values help define its distinct characteristics. If co-operatives understand those values, and learn how to apply them in their everyday operations, they can also help to differentiate themselves in the market.

In the Consumer Co-operatives the importance of co-operative identity and values training is recognized in the Corporate Governance Code of Best Practice, and the report of the Co-operative Commission launched by the Prime Minister in 2001.

Consumer Co-operative is the largest co-op sector in the UK. The Co-operative Group, the largest consumer co-op has an annual turnover of over 10 billion Euro and 55.000 employees.

Management training programmes are as work-based training within the context of co-operative values to help achieve commercial success. A core part of the College's work is training for directors and elected committee-members, many of whom are employees of their co-operatives. Director and member training are embedded in our Corporate Governance Code of Best Practices. We have 1,000 learners involved in these programmes at any time. The programmes are delivered through workshops held throughout the UK.


Lunch time

SME's are notorious for the difficulties they experience in respect of training and development. They find it exceptionally difficult to find resources, in terms of time and finance to address training needs.

For the co-operative sector there are additional problems. Statuary advisory services are frequently ill equipped to offer advice to organizations with a different organizational model, culture and value set from their perception of 'normal' businesses. Co-operative development bodies lack core funding. These factors have led us to explore ways we can meet some training needs at a lower cost.

E-learning

E-learning also offers possibilities for training for the SME worker co-operatives, as there appears to be a high degree of computer literacy amongst them. E-learning has the attraction that it can be undertaken at a time or place convenient to the learner. It does not have to impede on core working time, and there is no time lost on travel.

This year we will adapt E-learning programmes on co-operative values and principles to a fully streamed web-based version. In this way learners in smaller co-operatives can look at samples from the programmes on our website. After that they can decide if they're appropriate.

But there are wider needs that are more difficult to access in this way.

On being asked Mr. Wilson said: one of the challenges in the UK is ongoing mentoring and support. Mr. Wilson further admitted trade unions have not been particularly sympathetic to co-operatives and have been reluctant to promote co-operative models as part of the public sector reform agenda. A dialogue with the unions on a national level Mr. Wilson called desperately needed. “We worked with ILO publishing material on ILO 193 but we can’t get our trade unions to sit down with governments and employers to discuss ILO 193 in the UK.’’

Evening at “Musée Belge de la Bande Dessinée”

Training and education for employee buyouts
Workshop

(David Erdal, Executive Director, Baxi Partnership (UK); Javier San José, Training Coordinator, ASLE - Basque Federation of Employee-Owned Companies (sociedades laborales); Dan Bell, Programme Coordinator of the Ohio Employee Ownership Center (OEOC); Erkki Kangas, Executive Director, Sataosaajat Co-operation (Finland); Anthony Jensen, Executive Director, Ithaca Business Strategies (Australia) and Volkmar Hanf, Executive Director, Arbeitsgemeinschaft Partnerschaft in der Wirtschaft (Germany)

Marc Mathieu: Employee buyouts

Employee buyouts are a typical situation for employee ownership. Many organizations across the world are developing assistance and specialized consultancy. Question is: who approaches the consultant? The seller of the potential buyer. Is there a conflict of interest between both and where does the consultant stand in this?

David Erdal: There's the dream!

Baxi Partnership is a 30 million Euro fund which functions as a loan-fund to support employee buyouts. Mr. Erdal complimented Mr. Mathieu on the organization of the conference. "I'm grateful for the extraordinary amount of work that has been done to get this together.''

When en employee-buyout is considered it's the vendor who contacts us, Mr. Erdal said. At this particular stage the employee has just learned about the plan. It has been kept secret for several reasons. The vendor may not be prepared to risk making it public among the workforce, fearing a possible failure and because of that could very disappoint employees. "It is a complicated situation in which education and learning is absolutely the key.''

Without good management the business is not going to survive. In many cases the management is top-down. So the managers must be persuaded to join the enterprise in the new environment in a participative culture. We let them talk about that in-depth and try to get them involved in setting up a strategy for developing an employee ownership culture, said Mr. Erdal.

"This is very much learning by doing, and before long, the dream can become clear.''

The Board Room
We always have the employees elect two directors to the board. Those two must first be taught how the board works and how a company works. Managers generally fear that the people who are elected may start conflicts, whilst this is never the case. If the employees understand that they really are involved and trusted and that the company is really theirs, they will elect the people that they trust to be responsible and talented. Incidentally, we provide coaching at every stage of the process.

The actual structure
Mr. Erdal: We put 50 % of the ownership into a permanent trust. This creates stability in the ownership-structure. We decided to do this on looking at the long-lived employee-owned companies in Great Britain. Some of them exist for 50 years or more. The total turnover we know of from employee-owned companies is now 11,5 billion Pounds.

The other thing which is part of the education is actually to force shares into the hands of the employees. These don't necessarily have to be large quantities and we have a very tax-efficient scheme to buy shares. Having shares is forcing people to think about and get involved in their business.

All these things are opportunities for the managers. Once they feel their way into participation then see many more possibilities to engage with each other and to get more involved.

Baxi did a buyout of a fish processing plant on the west coast of Scotland. This buyout had a high media-coverage. The story was published nation-wide in Britain. Mr. Erdal pointed out that it's these kinds of success-stories that make the wider society recognize that employee-buyouts actually work. "So there's the dream."

Javier San José: Traditional consultants don't understand

The *Sociedades Laborales* Group was formed in 1992. The Group operates in the Basque country in the North of Spain. It takes one hour ant ten minutes to travel across the total territory, Mr. San José said.

"We have 322 employee-owned societies, with 9,200 employees and a turnover of 650 million Euros last year. As far as the sectors are concerned we're talking about 60 % industry, 37 % services, and 3 % building-sector.

Learning
When it comes to educate workers it is a long term project. Training consolidates and makes our businesses successful, Mr. San José said. His organization initially tried to work with traditional consultants. Is showed they didn't quite understand how *sociedades laborales*-groups function. "This led us to create in 1987 our own consultants-company SOPRECS.''

Our markets are employee-owned companies in the Basque country. Our mission is to help these companies in their efforts to further develop and to reinforce the business-structure. Workers must be made aware that they are also managers. Furthermore we are customer-oriented, Mr. San José said. "When we address a company we immediately feel members of that company. We try to involve the customer in the development of our work. For they don't only pay the bill but they have to be involved. They must be able to act by themselves when we're out of the game.''

Dan Bell: Training and education for employee buyouts

Mr. Bell spoke about the education he provides to companies and employees during the process of making a transition to employee ownership. Special education is needed during the period before the transaction actually happens, he said. OEOC, founded in 1987, assisted 485 companies with a total of 93,000 employees. Of them 71 firms employing 14,000 employees have gone on to become employee-owned companies.

Education for the seller
Mr. Bell: The choice for an employee ownership-construction (EO) can be owner-driven as well as employee-driven. There are three reasons why owners tend to set up EO. One is

succession planning. The other is competitiveness strategy, where companies feel their employees will be further motivated to make the company more profitable.

They also may be looking for a less expensive way to finance an expansion of the company. Because of certain tax benefits in the US they can borrow money much cheaper if they borrow it through an ESOP.

In the case of employee driven use of employee ownership the employees want to buy the company because they fear a plant shut down.

An employee ownership plan allows the owners of the companies to diversify their wealth. They can sell 30 % of their company, maintain control and yet have 30 % of their wealth invested in other things. A second reason why EO is good for them is because it is very flexible. They don't have to sell their company this year complete and leave. They can choose to sell their company over five years or even more. By selling small parts at a time they can stay in control. It gives them a chance to ease out of the business they have been running for so many years, said Mr. Bell. He emphasized that selling a company to the employees does not have to be a charitable thing. Company-owners can make just as much money selling to their employees as selling to an outside buyer. This is due to certain US-tax advantages.

"We teach the sellers how to do the deal. They have to do acceptable valuation before going public, they have to get commitment from the employees and they have to involve the employees in the design. Furthermore they have to think about the potential conflicts of interest as trustee. Every ESOP has a trustee. It happens often that the person who sets up an ESOP and sells part of the company to his employees chooses to name himself as trustee. This means he's both seller as buyer of the stock. Although not illegal, it certainly puts him in an awkward situation. If anything looks like it wasn't done correctly he can be sued. So if he chooses to be both seller and buyer he will have a difficult time defending himself. We want to make sure people are aware of that.''

Buyers on their part have to be taught what's involved in buying a company. They have to know what factors to consider when deciding whether to go forward. They have to become familiar with the ESOP as the tool that will allow them to become owners. All this means education about the buyout, establishing a buyout committee, setting up a business plan, negotiate a price, arrange financing and so on. "These are the type of things that we educate sellers and buyers in employee ownership transitions.''

Anthony Jensen: A SAL is a quantum-leap for trade unions

Insolvency opens up a new market for employee buyouts, said Mr. Jensen. "We are learning from the Spanish experiences, which in our eyes created an enormous breakthrough in dealing with the very untidy issue of insolvency and employee entitlement.'' Insolvency creates a great deal of heartache and financial loss and destructs the social fabric in communities.

Our UK-research project is sponsored by Co-operative Action, and will be published within six months. We study the Spanish approach when rescuing a company in crisis to save jobs by forming *sociedades laborales*. A SAL is a *Sociedad Anonima Laboral*, a Spanish legal structure.

Our partners in this project are amongst others EFES, Confesal, Job Ownership Ltd. Open University, Equity Incentives, Co-operative UK and the Australian Center of Industrial Relations Research and Training.

Anthony Jensen

Mr. Jensen called insolvency a necessary part of capitalism. It removes inefficient companies where markets disappear and the business-model is ineffective. However, we are also aware that insolvency can be caused by incompetent, reckless management.

"In Britain each year 16,500 companies go to into insolvency. It has been noticed that early detection of corporate insolvency and the ability to investigate this, has significant benefits. The inability of governments to legislate a better protective employee entitlement is the problem. Insolvency law has reached an unsatisfactory dead-end. And our statement is: employees deserve the sympathy of the law. The trade unions admit they don't have a policy on this. They can't protect jobs or entitlements and they lose members. Some say the SAL-approach is a quantum leap

The model of the Spanish *Sociedades Laborales* is a phenomenon. They started out of the Spanish economic crisis in the seventies and eighties by workers taking over companies to save their jobs. At the moment they consist of 120,000 workers and 20,000 companies.''

Early warning tool

Unlike the Anglo-Saxon situation the Spanish workers have a preferred-creditor status, as far as the wages are concerned. They can lead the negotiations with the administrator and the trade-unions in the talks with the creditors and the banks. In parallel with this process Confesal establishes the business plan and the constitution. It is a kind of mentoring and training process by SAL-members.

This project is resonating with English speaking unions in the UK and Australia. A dialogue is being established. Interesting in the concept is an early warning tool, a corporate viability index.

Furthermore there is the possibility of establishing an employee buyout foundation in which trade-unions can use their considerable pension-funds to fund these buyouts.

Mr. Jensen said to be planning a visit end 2005 of Spanish trade unionists and Confesal to the UK to engage with the UK-unions.

Erkki Kangas: Focus on succession-problem in Finland

Sataosaajat co-operative Development Agency was founded in 1995 and is 100 % owned by the employees. Sataosajaat has taken part in over 10 employee-ownership projects in Finland. With funding from the EU we have started to focus on employee-buyout, said Mr. Kangas. In doing so his organization has developed a project that highlights employee-buyout as a solid business succession-solution for small and medium-sized enterprises (SME's). In Finland 10,000 owners retire each year. Only 20 % find a successor in the family.

"We're reaching out to employees to make them aware of the options they have when their employees face difficulties finding a successor. We do the same with company-owners. Of all the employee-buyouts in Finland 95 % is initiated by the company-owners. Our ambitions also mean building links to the trade unions, Mr. Kangas said. In Finland trade unions have no active policy on employee-buyouts. They notice however that employment can be saved through employee-buyouts.''

Erkki Kangas

To be successful however, basic education is necessary. “We do organize seminars for business owners, but in Finland training programs are hard to find. That is why we have started our own co-operative training program. The existing programs in Finland focus mainly on building skills for unemployed people.”

Volkmar Hanf: The main factor is the human factor

Mr. Hanf emphasized the importance of partnership in if one wishes to consolidate the success of an employee-buyout. Employee-owners and company managers must operate as partners. Mr. Hanf said he had discovered two German EO-training programs in the long list of EOLE. These programs are aimed at SME’s (small and medium sized enterprises) in search for a successor. His organization, Partnership of Workers in Enterprises, often notices that when an employee-buyout is considered, training and education must start at an early point.

“First we start with developing a common vision in the company. Vision is very important. There must be a balance of interests between employer and employees. The employee must learn to think like company-owner. Next step is to point out the objectives of the buyout, the target and strategy to be used. In furthering the professional competence of employees an annual assessment of the company goals and individual goals is needed. This implies an annual assessment of the goals of a company as well as personal goals. That takes individual talks between managers and their immediate subordinates to negotiate goals. We then develop the structure of the buyout and the structure of the employee ownership. Employees must learn to identify with the company.

It is important to create a feedback culture. We developed training programs for the employees as well as the managers,” said Mr. Hanf.

“These are four necessary steps to make a company buyout successful. The main factor is the human factor.’’

On being questioned the panelists answered that the Spanish law states that in the case of the co-operations the proportion of capital always must be 51 % for the workers and 49 % for other investors. When shares are transmitted there is a preferential order. The workers come first. This depends of course on the amount of debts the company has made. The employees are preferred creditors as far as their wages are concerned.

Employee Ownership training and education: Common challenges - identical solutions? - Workshop

(Michael Lezius, Executive Director, AGP Arbeitsgemeinschaft Partnerschaft in der Wirtschaft and Heinrich Beyer, Director, MLP Finanzdienstleistung AG (MPL Privat Finanz)

German workforce faces demography-problems

Mr. Beyer is financial experts. His firm does company management and retirement plans. Mr. Beyer went into the present problems German companies face. He quoted recent German research which showed that the possibility of a company to adapt to survive lies not only in its economic success but also in the way it manages its human resources.

Mr. Beyer estimated that the demography-problem in Germany will peak in 2050.

Germany's population has aged rapidly over the past 50 years. The labor force is anticipated to shrink and as a result, Germany will face a much greater percentage of its population being inactive.

According to Mr. Beyer the problem of too many people of an old age in 2050 will cause many problems to the social system. Employees will have less retirement plans. For companies the net-revenue will go whilst the costs of work will rise. Company may not be able to finance the social security system by their financial results. "So we need new solutions that all the different partners must develop together.''

Companies must therefore be modernized and employees must be convinced of the necessity to do so. One of the things we do is to promote co-determination, *Mitbestimmung*. Companies must have an open mind for employee-shareholders. Employees must have more space to act in their own interest. This is possible because the German government tends to more social deregulations, is increasingly more open-minded about co-determination (*Mitbestimmung*) and offers more possibilities for companies to find new solutions, said Mr. Beyer.

According to Mr. Lezius Germany needs more entrepreneurs in the sector small and medium-sized companies. Although Germany has a unique form of co-determination, the main problem is an unemployment rate of eight million people. Furthermore there are not enough entrepreneurs, there's a low rate of employee-owners, too much bureaucracy, a social security system that becomes too expensive and a population of young people not adequately educated.

Mr. Lezius: "we need more people that start up a business to create employment. We have to create capital and this means participation of the employees in order to avoid that capital is moving out of the country. We don't have a flexible labor market. It's too regulated. We do need reforms. Within forty years more than 50 % of the German working society will be over 50 years old.

However, despite this gloomy analysis our organization believes the glass is still half full instead of half empty. Otherwise we would not be able to do our job. We expect things to change in Germany, such as better working hour regulations and improved tax-systems. We have 4,000 companies in Germany which already practice employee share ownership with co-decision rights.''

Debate

Marc Mathieu said he observed little differences in the learning and training needs of different countries when it comes to corporate governance or corporate management.

Mr. Mackin didn't quite agree on that. "I heard over the last two days of multi-national companies that have no more than one or two percent of the company stock the employees are participating in. I've heard about worker co-ops where maybe the workforce consisted of four or five people. I heard US-people about the great employee ownership movement in the United States and the 100 % owned companies through the ESOP.

The structures of the arrangements are however apples and oranges, so very different. Some of the panelists speak of co-management when they actually are talking about employee-ownership or employee financial participation. Some speak of having the employees on the board of directors; others speak of employees electing the board of directors. In the US-models the employees have no voice whatsoever in terms of corporate government of the board of directors. They have no direct vote. So there are incredible differences in structures. But there are two things in similarity. One is solving the aging population. The other is in the education arena. What does it mean to be participating in the ownership of the enterprise? We hear words like trust, respect, and knowledge about financial performance of the business entity. And there's where the commonality is. The commonality focuses in the area where this conference is about, training and education.''

Another critical reflection was cast by Erik Poutsma, Professor at the University of Nijmegen (The Netherlands). Mr. Poutsma said to have noticed an enormous diversity in the education- and training-programs. This diversity will make it hard to work with them. It is a good thing Mr. Mathieu is expanding the EOLO-database, he said. "Please go on and collect as much as training-programs as possible.''

ESOP-model not easily to transfer to Europe

However, the fact that many of the programs are US-originated, typical ESOP's, creates another problem, said Mr. Poutsma. They are hard to apply in Europe as there are different systems in the European countries. Europe needs a universal approach to on the topic of learning and education.

"Mr. Erdal presented a very nice picture of how to develop employee buyout training. It struck me as a very tailor-made approach. This poses another problem for Europe, as we don't need tailor made approaches but a somewhat more generic approach on handling the education models,'' Mr. Poutsma concluded.

Business-models offer new opportunities

Mr. Poutsma reflected further on the ING-, Dexia- and Monidee Finance-workshops. It seems that a typical business-model is developing around the issue of employee share ownership, he remarked. "This business-model gives us an opportunity to develop a definition or framework on education and training as these business-models have common elements.''

Training-modules are too operational

According to Mr. Poutsma there's something missing in a number training-modules. He thinks they're too operational being very much directed towards managing an employee share ownership-company. They develop skills needed is specific businesses. They don't represent a really general strategic human resource-framework, he mentioned. Poutsma called it better to have universities initiate these training-programs. "It's necessary to have employee share ownership-modules developed in the main stream management-studies at our universities. This may be a next EOLE-initiative.''

European achievements on ESO are impressive, says Dan Bell
Dan Bell, Program Coordinator of the Ohio Employee Ownership Center, said that the EFES-conference showed him "how fortunate we are in the United States to have favorable tax-legislation that provides incentives to selling-owners as well as employee-buyers. I wonder how successful we would be in the US without the tax-incentives."

The fact that many European countries lack these special tax-incentives makes the success of these European countries all the more impressive. "Perhaps some similar tax-legislation can be passed in your countries."

Which elements could be generalized?
The presentations of Corey Rosen and Chris Mackin show that research shows consistently that if employee-ownership is combined with an ownership-culture (open communication, open-book management, EO- and financial training) the results are conclusive: the company simply does better. That can be generalized, Mr. Bell concluded.

On the question of Mr. Poutsma what the status is of employee-ownership education in the US-university world, Mr. Bell answered "in the US, at standard universities, that status is approximately zero."

Some present stated that the focus must be more on communality. Others said to be careful in engaging universities because 'big time universities tend to charge big dollars to do things.'

SUMMARY

The Fifth Meeting of EFES put the emphasis on training, education and employee-buyouts. More than 200 representatives from 26 countries debated on various related topics. Whilst there are many similarities in employee share ownership-programs, it became clear that there are many differences in the various countries as well. Many good-practices, such as ESOP's in the US, are not easily to be transferred to for instance, Europe. This is due to different tax-systems and less tax-incentives in the other countries. This makes the different training-modules in one country not always applicable in another. Other participants warned for serious problems when transporting share schemes across. A scheme that is embedded in the legislation of one country may not comply at all with the tax system of another country. At the conference it was therefore suggested that partners strive to more commonality.

New business-models presented at the conference by Dexia, Monidee Finance and the ING workshops new opportunities to develop a common definition on education and training, it was said.

The European Commission targets on improving the efficiency of the labor market. Training and education is a necessity. Initiatives like those of EFES are therefore welcomed and encouraged by the Commission, said Mr. Ouaki, representing European Commissioner Vladimir Spidla. "The Commission shall of course remain partners in this process."

EOLE

Mr. Mathieu, Secretary General of EFES officially introduced the EOLE-programme of which he's Head Manager. EOLE has gathered approximately 150 existing training and education-programmes. The database pictures the development of worldwide employee ownership and what training and education needs are. Introducing employee ownership in a company requires a certain know how and specific learning. EOLE identified and analyzed 139 educational and training programmes. The USA has the largest number of programmes (63), followed by Spain (40). Mr. Mathieu said to be happy if organizations and institutes present would contribute to the open EOLE database, in order to be completed with new material. "If there are other programmes don't hesitate to send them over to us.''

Ownership-culture

The key to success for employee ownership lies in creating an ownership-culture within the company. Several experts on this topic remarked that recent research shows that EO-companies are better performers than non-EO-companies. An ownership culture means detailed sharing of financial information about the company and how it works, creating structured opportunities for day-to-day input into how jobs are performed and last but not least: ownership training. One is not going to get motivated by ownership if one doesn't understand the meaning of ownership.

Education

An important part of the conference was dedicated to training and education in the USA and Spain. A Round Table with representatives from the United States of America concluded that an ownership-culture requires much education. In the US the ESOP-system is used.

These trainings must be well-organized, in order to allow the business to keep on going, without having to shut down the plant for a whole day. Many institutes develop training material and programmes which aim at improving an ownership-culture. Although EO has positive effects few public companies or institutional investors consider broad-based employee ownership, it was said by the American representatives.

A Round Table with Spanish representatives concluded that initiatives like EOLE's are very important for Spain. They help meet the expectations the employees have. Mondragon University in Spain is planning to do research on the EOLE-project. The Spanish Confederation of Employee-Owned Companies is busy creating an original model of an employee-owned company. Not enough Spanish EO-companies are run by values. Management by values means another kind of leadership with less hierarchy and more autonomy, they said. Spanish law states that in the case of the co-operations the proportion of capital always must be 51 % for the workers and 49 % for other investors. When shares are transmitted there is a preferential order. The workers come first. The employees are preferred creditors as far as their wages are concerned.

In France institutes are working on employee ownership training for corporate governance. The responsibility of the companies is a shared responsibility. It defines the rights and duties of all interested parties in the area of corporate governance. Education is now a major priority for the corporate leaders of today and tomorrow.

In the United Kingdom SME's are notorious for the difficulties they experience in respect of training and development, said a UK-representative. SME's have problems finding money and time to address training needs. For the co-operative sector in the UK there are additional problems. Traditional consultants and advisors are often not able to advice organizations with a different organizational model, culture and value-set. E-learning is a possible solution. Spain has the same problems, Spanish representatives said. There are few consultants who are equipped to deal with this matter, they said.

Employee buyouts

In most cases when en employee-buyout is considered it's the vendor who contacts the advisor, it appeared at the conference. The road to success in an employee- buyout is complicated. It requires education and learning for the seller as well as for the buyer. Furthermore good management is absolutely necessary if the business is going to survive.

Traditionally, buyout-situations occurred in succession-situations. Insolvency however opens up a new market for employee buyouts, it was said. Early detection of corporate insolvency and the ability to investigate this can have significant benefits. It can be an 'early warning tool', a corporate viability index.

Finland also works on the matter of employee-buyout. These are seen as a solid business succession-solution for small and medium-sized enterprises (SME's). In Finland 10,000 owners retire each year. Only 20 % find a successor in the family.

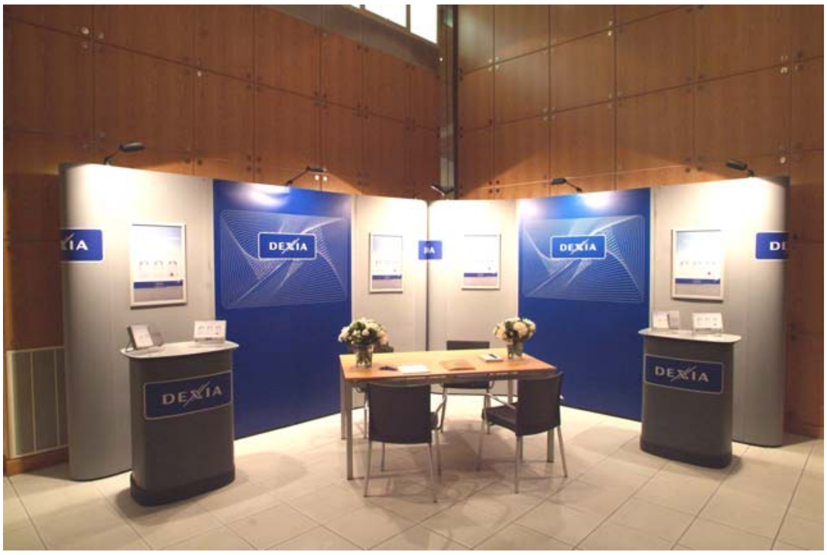
In Finland training programs are hard to find. The existing ones focus mainly on building skills for unemployed people.

The EOLE-listing shows two German training-programs aimed at small and medium sized enterprises in search of a successor, said German representatives. In an employee-buyout one must start training and education in an early stage. Employees must learn to identify with the company and it's important to create a feedback-culture. The demography-problem in Germany will peak in 2050, so they estimated. Germany's population has aged rapidly over the past 50 years. The labor force is anticipated to shrink and as a result, Germany will face a much greater percentage of its population being inactive. Within forty years more than 50 % of the German working society will be over 50 years old.

US-representatives called it an impressive achievement of European countries to have successful employee-owned companies. This goes especially for the countries where the tax-regimes are not as favorable as in the US.

Partners presence and workshops

Both ING Bank and Dexia-Employee Benefits were present during the whole conference and gave the conference's participants the opportunity to attend workshops done by Ludovic Wolff, Managing Director of Dexia Employee Benefits and Françoise Platteborse, Head of Employee Benefits at ING Belgium.



MonIdee Finance Workshop

Hans Van Tol founded MonIdee Finance in 1999, which is active in the field of financial services. The first successful product to be developed was tOption, an open and flexible system for management of employee share and option plans. MonIdee is able to offer every company, be it a small, non-stock exchange quoted company or a multinational, a suitable, efficient and cost-effective solution. A workshop consisting in a live demo of tOption has been done during EOLE conference.

Colophon

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