Build Your Ownership Culture & Maximize the Business Benefit of Your ESOP

Five Focus Areas for Leaders
An employee stock ownership plan can be a powerful tool to inspire and motivate employees.

Adding an ESOP to your compensation plan can align performance with business objectives, cultivate a sense of shared purpose, and increase employee commitment — leading to greater productivity, innovation, and employee retention.

But these advantages require leadership to nurture an ownership culture in these key areas.

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1. Make an ESOP expert out of every employee

The better your employees grasp how an ESOP works, the more motivated and committed they’ll be, and the better they can help promote the ESOP’s value to prospective applicants, interviewees, and new hires. Make sure your employees understand:

- Your ESOP’s eligibility requirements, vesting schedule, distribution policies, and other key plan rules
- How ESOP shareholders are different from conventional corporate shareholders
- The roles of the ESOP trustee and board of directors
- The long-term value of ESOP benefits as part of an overall wealth-building plan
2 Empower employees with the just-right level of business transparency

When employees appreciate basic performance data, they can see the link between their contributions and business profitability. That inspires a feeling of mutual trust. It’s up to you to decide how much information is the right amount. Include key details in:

- Monthly all-hands business meetings (in-person or online)
- Department-level updates
- Regular newsletters, emails, or letters from leadership
- Straightforward communications about challenges that also solicit solutions

3 Recognize and reward individual and group performance

When you acknowledge and reward employees who think and act like owners, you’ll see those behaviors increase. And when profits rise, a company-wide bonus can build solidarity. Celebrate achievements with:

- An annual share price reveal and meal or reception
- Bonuses and/or profit-sharing programs
- Gift cards to be given at the discretion of managers
- Employee milestone acknowledgements
- Recognition for key achievements linked to revenue, cost controls, profitability, etc.

4 Demonstrate shared values from the top

Showing how values and behaviors align helps cultivate a sense of shared community. Look for ways to interact and strengthen relationships throughout the organization:

- Encourage key leaders to hold office hours
- Include “ownership thinking” in criteria for promotion to leadership
- Conduct regular climate and employee opinion surveys
- Promote collaboration and cross-training between departments and/or locations
- Create opportunities for group service in the greater community
5 Build the **overall culture** on a foundation of **employee ownership**

Center activities, events, and communications around employee ownership, and incorporate ownership thinking into day-to-day business:

- Encourage employees to acknowledge one another for ownership qualities
- Create an ESOP communication and/or culture committee
- Celebrate Employee Ownership Month in October
- Hold ESOP vesting ceremonies
- Begin communicating about your ESOP early in the recruiting and hiring process

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**Establishing your ESOP was the first step**

By now you know the importance of a trusted third-party administrator to help you ensure compliance, proper administration, and correct recordkeeping practices. But what about maximizing your ESOP’s cultural benefits?

Just like employees achieve the benefit of an ESOP over the long term, your business can get the best advantages over time. In fact, a recent ESOP Partners study showed that clients who engaged our experts in ownership culture achieved...

- A median **year-over-year increase in share value** of 24.28%  
  - **Higher employee engagement scores** and **lower active disengagement scores** than the national average
- ... while those who chose to go it alone saw a median dip in share price of 5.9%.

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Strengthen your employee ownership culture with the expert guidance of ESOP Partners. Start today with our free self-assessment:

*Are Your ESOP Culture and Communications Meeting Your Needs?*

**TAKE ASSESSMENT**

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