



VERMONT EMPLOYEE OWNERSHIP CENTER

# 2022 REPORT TO THE COMMUNITY

JAN. 17, 2023  
BURLINGTON, VT

*OUR MISSION: to promote and foster employee ownership in order to broaden capital ownership, deepen employee participation, retain jobs, increase living standards for working families, and stabilize communities.*

## MESSAGE FROM THE EXECUTIVE DIRECTOR

2022 was an exciting year of growth, change, and progress for the VEOC. The wave of Baby Boomers considering retirement seems to be continuing to swell, and we saw the second record year in a row in the number of new inquiries from business owners considering an exit to employee ownership. And, beyond retirement planning, we also had conversations with many mid-career business owners looking to employee ownership as a way to share the rewards and challenges of business ownership more broadly.

We talk a lot about succession in our work, and this year also saw us navigating it internally. Our co-founder Don Jamison announced that, after more than 20 years, he will be retiring from our staff as of the end of January 2023. This prompted us to do some re-thinking of systems and roles, and we were excited to welcome Annie Winkler, who has extensive experience working both in and with employee-owned companies, to our staff in December. While Don's departure is somewhat bittersweet, we're all excited to continue building on the legacy that his decades of effort have created.

A big opportunity to dramatically expand that legacy is now on the horizon. After many years of being championed by Senator Sanders, the WORK Act was passed as part of the omnibus Federal spending bill at the end of 2022. Starting in 2024, it provides 5 years of funding to state employee ownership centers, and we're excited to start envisioning how those additional resources will best allow us to accelerate the growth of employee ownership in Vermont in the coming years!

# 2022 VERMONT EMPLOYEE OWNERSHIP SURVEY RESULTS

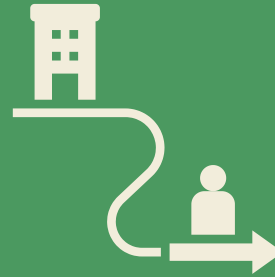
## EMPLOYEE RETENTION

The average turnover rate for responding Vermont employee-owned companies was 22.85% for 2021, less than half the national average of 57.3%.

**22.85%**

average VT EO turnover rate

With an average turnover rate of 13.7% in 2021, less than a quarter of the national average, responding Vermont ESOPs reported remarkably low turnover across sectors.



**13.7%**

average VT ESOP turnover rate

The average turnover rate for Vermont worker co-ops was 32% for 2021, well below the national average.

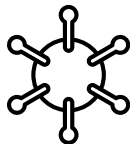
**32%**

average VT worker co-op turnover rate

## ATTITUDES TOWARDS EMPLOYEE OWNERSHIP

**62.5%**

of ESOPs agree that EO increased company resiliency during COVID-19 pandemic



**73%**

of co-ops agree that EO increased resiliency during COVID-19 pandemic

**75%**

of ESOPs agree that EO positively impacts company culture



**100%**

of co-ops agree that EO positively impacts company culture

## TOP-TO-BOTTOM PAY RATIOS

**6.48:1**

average ESOP top-to-bottom pay ratio



**1.94:1**

average worker co-op top-to-bottom pay ratio

## **ANNIE WINKLER JOINS VEOC AS PROGRAM AND OPERATIONS GENERALIST**

In December, VEOC finalized its hiring process and selected Annie Winkler (they/them) as its Program and Operations Generalist.

In this part-time generalist role, Annie is tasked with a mix of administrative and data management activities, assistance with education and company conversion work, and engaging our state-level employee ownership community.

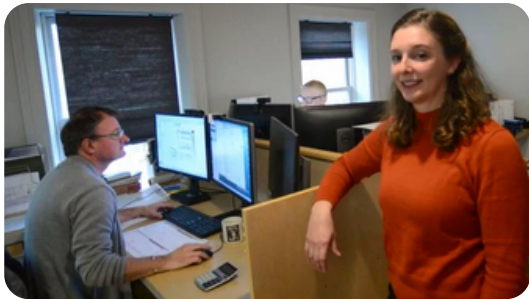


# NEW EMPLOYEE-OWNED COMPANIES IN 2022



## MARSHFIELD VILLAGE STORE      MARSHFIELD

A group of five co-owners purchased the village store on February 7 to operate as a worker co-op.



## AUSTIN DESIGN COOPERATIVE      BRATTLEBORO

The New England architecture firm transitioned to a worker co-op in September when founder Bill Austin sold the firm to its 10 team members.



## LANTANA CONSULTING GROUP      EAST THETFORD

The health IT consulting company became 100% ESOP-owned in December when founder and former-CEO Liora Alschuler sold the company to its 94 employees. Alschuler had previously attended a VEOC ownership succession seminar.

## SPECIAL MENTIONS

**WINDOWS & DOORS BY BROWNELL** in Williston. We learned this year that the showroom was acquired by Building Material Distributors, an employee-owned company, in September 2021, and is now 100% employee-owned through the BMD ESOP.

# OUTREACH AND EDUCATION

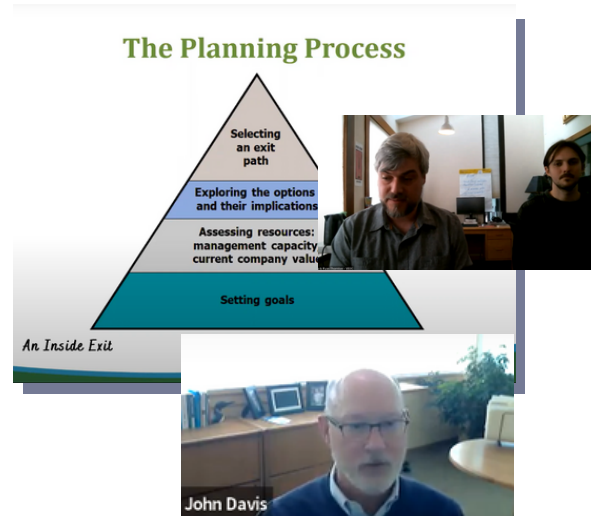
## CONFERENCE

The annual Vermont Employee Ownership Conference is our biggest yearly event, with tracks for those considering employee ownership as well as those who work in established ESOP companies and worker co-ops. For the first time since 2019, our annual conference was back in person at UVM's Davis Center this year, but we offered virtual participation for all workshops to make the event accessible for all. The event was held on June 9 and offered 19 workshops to the 234 registrants.



## SEMINARS AND WEBINARS

We co-presented on ownership succession planning three times in 2022, once in May with the Addison County Economic Development Corporation and twice in December hosted by VEOC. Also in May, Matt participated in a panel on succession planning at the Southern Vermont Economy Summit.



We offered five "introduction to employee ownership" presentations in 2022: one for Employee Ownership Month; a Lunch & Learn hosted by the Center for Women & Enterprises and a presentation for the Vermont Woodworks Council in January; and presentations to Cannabis Solutions and Launch VT in May. Matt also spoke on employee ownership ahead of our conference on WDEV's Vermont Viewpoint show in May.

We also significantly increased our outreach to Vermont students this year. Overall, Matt presented to a total of 10 college classes.

## OUTREACH TO PROFESSIONALS

Those who advise business owners on ownership succession plans need to know about employee ownership as an option. In 2022, we presented on employee ownership to members at three law firms, one accounting firm, two banks, the Vermont Housing and Conservation Board, and twice to the Vermont Bar Association.



## DIRECT ASSISTANCE

### ASSISTANCE TO COMPANIES CONSIDERING EMPLOYEE OWNERSHIP

Key to the VEOC's goal of bringing more employee ownership to Vermont is providing assistance to company owners and leaders as they explore the possibilities. The time span from initial exploration of employee ownership to implementation is often many years. In 2022, we had initial contact with representatives of 60 companies. Of those, most remain on our list of active cases.

### TECHNICAL ASSISTANCE

When an Employee Stock Ownership Plan (ESOP) seems to be the best possibility for a company, the VEOC researches questions that arise and makes referrals but does not offer direct technical assistance with implementation of these highly-regulated and complex structures.

When a worker cooperative is being formed, however, we do sometimes help carry the project further. In 2022, we had contracts for project management services with three companies as they worked toward selling to employees via the co-op structure, and provided early-stage TA to eight others.



# THE VEOC IN THE MEDIA

NEWS • OPINION • BUSINESS MARCH 02, 2022

## New Arrivals Restructure 150-Year-Old Marshfield Village Store as a Worker-Owned Cooperative

By ANNE WALLACE ALLEN @ANNEWALLALLEN



SEVEN DAYS  
MARCH 2

## Kalchē Wine Cooperative Brings a New Model to Vermont's Natural Wine Scene

By JORDAN BARRY

Published September 13, 2022 at 3:22 p.m. | Updated November 29, 2022 at 12:49 p.m.



Kalchē wines at the Burlington Farmers Market

JAMES BLACK

SEVEN DAYS  
SEPTEMBER 13

OWNER TO OWNER  
NOVEMBER 9



## Vermont leads in worker co-ops

By Brett Yates

Every two years, the United States Federation of Worker Cooperatives (USFWC) conducts an "economic census" to identify and study worker-owned and worker-managed businesses across the country. The organization's latest State of the Sector report reveals, perhaps unsurprisingly, that, in raw numbers, New York and California lead the U.S. in "democratic workplaces," with 110 and 99, respectively, out of 612 counted nationwide.

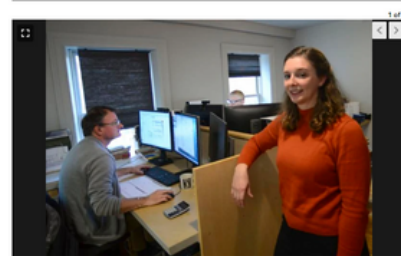
Sixth on the list of states — but first (by a large margin) on a per capita basis — is Vermont with 21. That gives Vermont 3.26 worker cooperatives per 100,000 residents. Maine comes in second at just 1.26. But other small states, like Wyoming, Alaska, and South Dakota, appear to have no worker co-ops at all.

MOUNTAIN TIMES  
MAY 18

Brattleboro Reformer

## 'Our succession plan': Austin Design carries on in employees' hands

By Chris May, Brattleboro Reformer Oct 31, 2022



BRATTLEBORO REFORMER  
OCTOBER 31



# FINANCIAL REPORT

FISCAL YEAR 22 (OCT. 1, 2021 - SEPT. 30, 2022)

## REVENUE SOURCES

Our largest source of revenue in our FY22 was a grant from the State of Vermont's Agency of Commerce and Community Development (\$69,660 or 34% of our total income of \$206,961). Sponsorships from employee-owned companies and professionals specializing in employee ownership were our second largest income source (\$66,750 or 32%). Foundation grants totaled \$16,000 (7.7%). The remainder came from event registration fees, donations, and interest.

## EXPENSES

Personnel costs were our largest expense (\$156,208 or 72% of total expenses of \$218,083). Other major expenses were for general operations (\$21,858 or 10%) and events (\$36,675 or 17%).

## NET INCOME

We ran a deficit in FY22 for a total net income of -\$10,902.

# 2022 BOARD OF DIRECTORS

**JOHN DURGIN, KING ARTHUR FLOUR  
PRESIDENT**

**CHRIS MORAN, PC CONSTRUCTION  
VICE PRESIDENT**

**MICHAEL GURDON, UNIVERSITY OF VERMONT  
SECRETARY**

**CINDY TURCOT, GARDENER'S SUPPLY COMPANY  
TREASURER**

**TABITHA CROSCUT, DEVINE MILLIMET**

**JON CRYSTAL, VEOC (RETIRED)**

**JOHN DAVIS, DAVIS & HODGDON ASSOCIATES, CPAS**

**KEITH FLAHERTY, HALLAM-ICS**

**ELIAS GARDNER, THE NEW SCHOOL OF MONTPELIER**

**LINDA ROSSI, VERMONT SBDC**

**DEB HARRIS, PT360**

## STAFF

**MATTHEW CROPP  
EXECUTIVE DIRECTOR**

**DON JAMISON  
PROGRAM DIRECTOR**

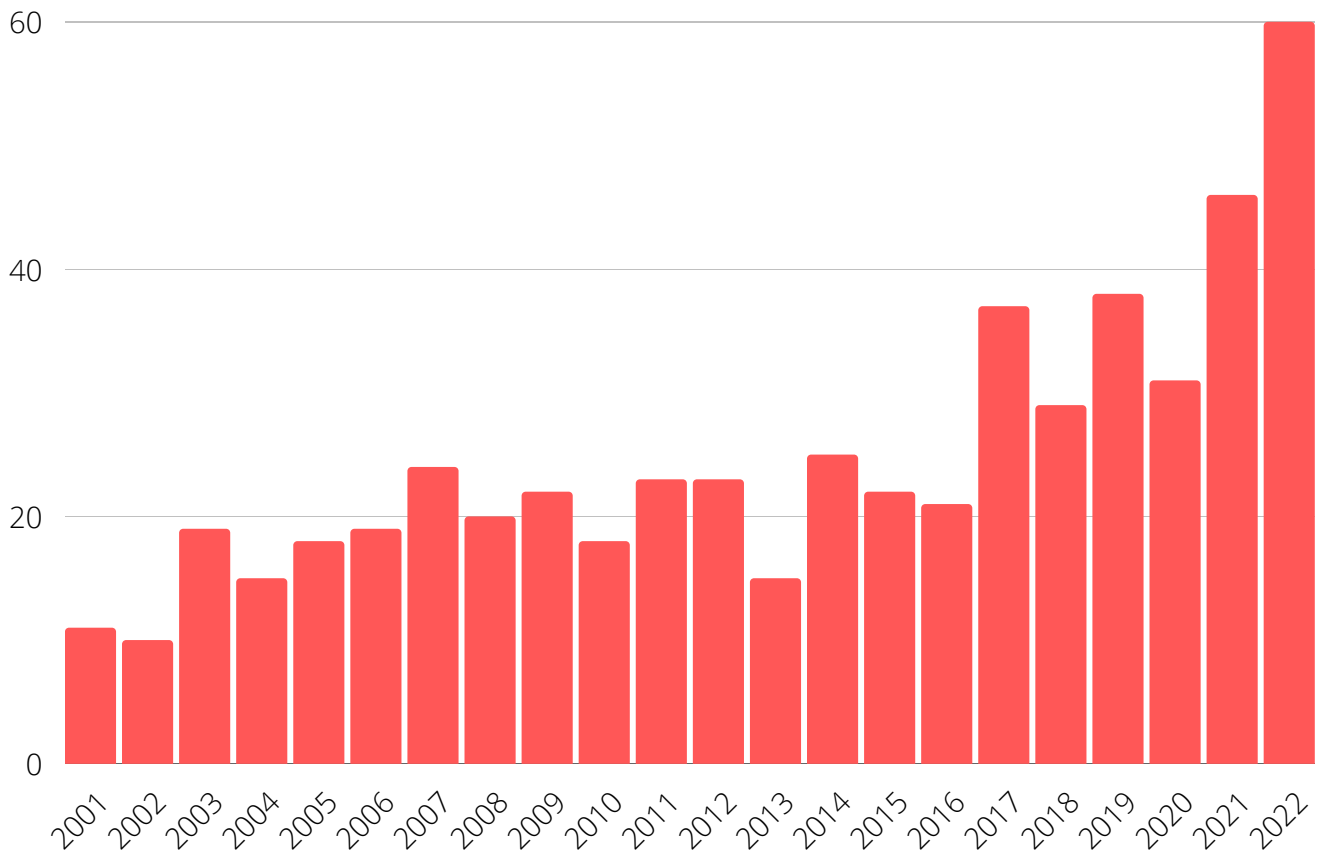
**ANNIE WINKLER  
PROGRAM AND OPERATIONS  
GENERALIST**

**RYAN THORNTON  
COMMUNICATIONS &  
OUTREACH COORDINATOR**

**ANNA MELI  
PROGRAM AND RESEARCH  
INTERN (SUMMER ONLY)**

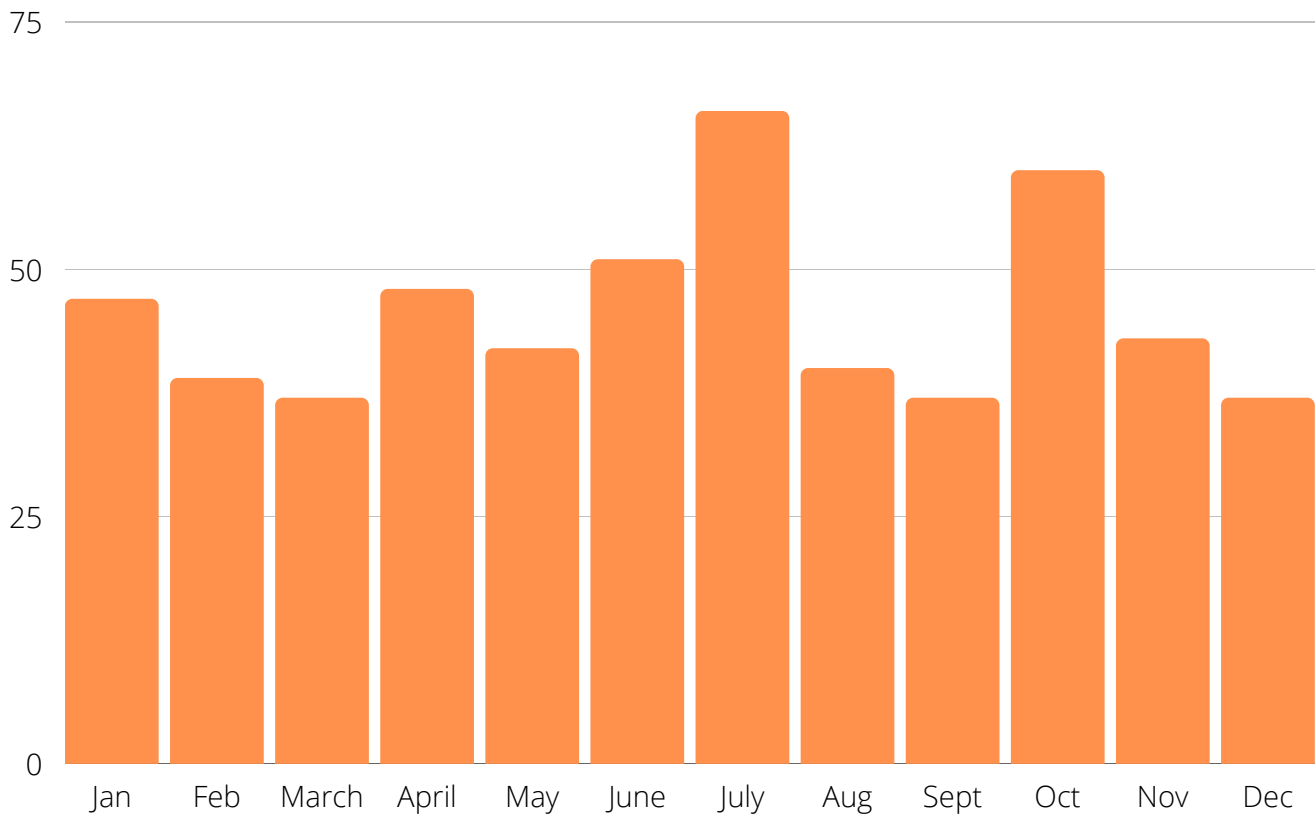
# VEOC 21-YEAR REVIEW

## INITIAL CONTACTS PER YEAR



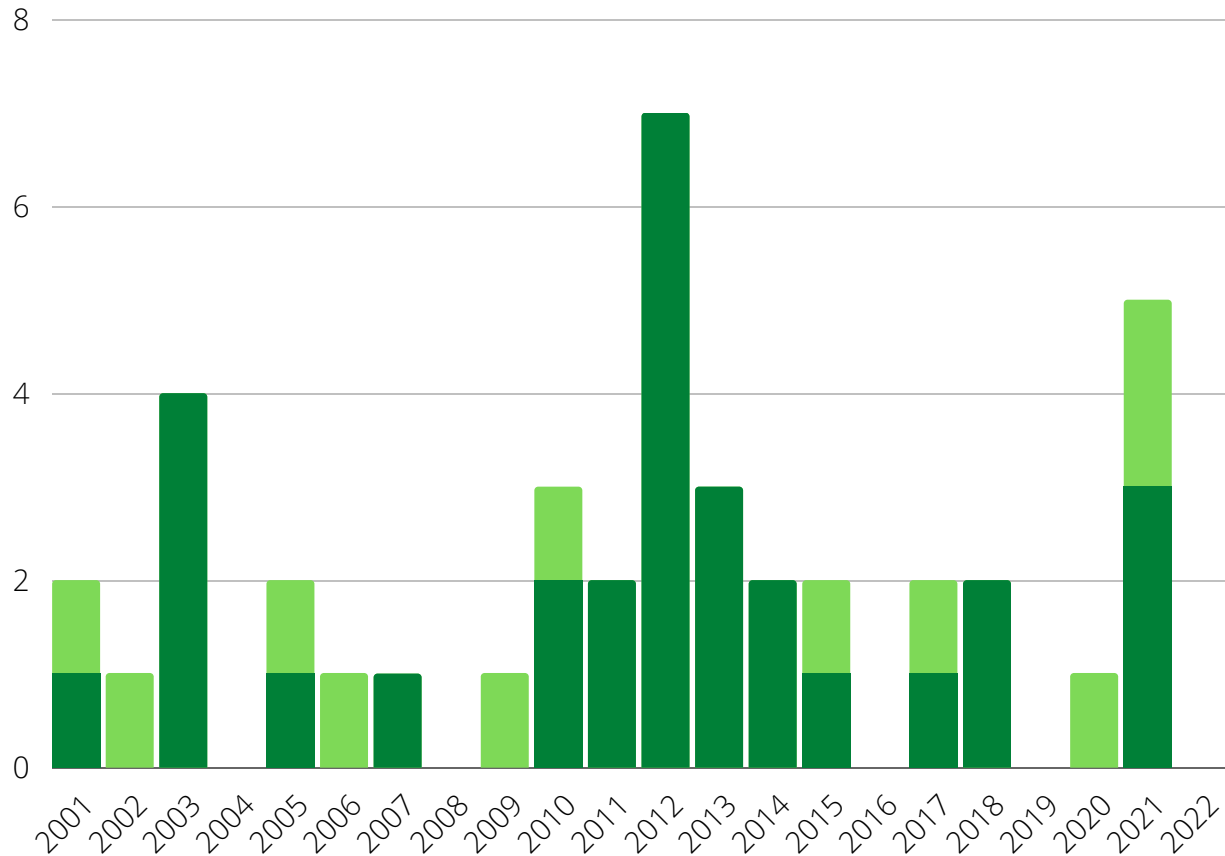
# VEOC 21-YEAR REVIEW

## TOTAL INITIAL CONTACTS BY MONTH



# VEOC 21-YEAR REVIEW

## NEW EO COMPANIES (BY DATE OF FIRST CONTACT)



- Conversion to employee ownership
- Start-up

Conversions are shown by date of first contact with VEOC, regardless of the date of conversion to employee ownership. Stone Environmental, for example, is counted in 2003, despite their conversion taking place many years later in 2016. For 2022, there were three conversions, but their respective initial contacts occurred in previous years.



**565**

### **COMPANIES CONTACTED**

VEOC has provided resources and information to more than 500 business owners since 2001.

**55  
COMPANIES**

### **EMPLOYEE-OWNED COMPANIES**

A total of 45 employee-owned companies are based in Vermont, while another 10 have a presence here. Vermont has more worker co-ops per capita than any other state, and is among the top states for ESOPs per capita.