

Vermont Employee Ownership Center 2019 Report to the Community

January 23, 2020

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.”

1. New employee-owned companies in 2019

In February, Alliance Group, which includes both Alliance Mechanical and Alliance Building Automation, established an Employee Stock Ownership Plan (ESOP) and became 100% ESOP-owned. The company has over 125 employees and is headquartered in Essex Junction.



Alliance Group employees at the 2019 Vermont Employee Ownership Conference

Also in February, Nutty Steph’s, the well-known purveyor of granola and chocolate, became Rabble Rouser, a Montpelier-based worker cooperative with four founding members and nine other employees.

2. Outreach and education

Conference. The seventeenth annual Vermont Employee Ownership Conference was held at the Davis Center on the campus of the University of Vermont on June 12, 2019. It featured 19 workshops and a plenary session with a keynote by Janet M. Edmunson, principal of JME Insights, who gave an inspiring talk on how the strength of relationships within employee-owned companies can drive their success. Attendance at these conferences has continued to grow over the years, and this was our best-attended one ever, with 264 registrants and 241 attendees.

Seminars. We presented our seminar on ownership succession planning in four Vermont towns in 2019 (St. Johnsbury, Springfield, Bristol, Brattleboro) and once via webinar, in partnership with the state’s Regional Development Corporations, the Vermont Small Business Development Center and VMEC. A total of 47 people attended these events, most of them business owners. We also participated in a panel on ownership succession at the Southern Vermont Economic Summit, attended by over 20 people. Selling to employees is presented in our seminar as one of four common exit paths, and some owners who might not have attended a presentation that was exclusively on this topic have found themselves receptive

to the idea. For those interested in learning in greater depth about selling to employees, we offer a track at our annual conference and, in 2019, offered two seminars on that topic (in St. Albans and Burlington), attended by 20 people.

Outreach to professionals. Those who advise business owners on their ownership succession plans need to know about employee ownership as an option. To that end, we helped organize sessions at continuing education events offered by the Vermont Bar Association and the Vermont Society of CPAs at which attorney Tabitha Croscut, a VEOC board member, gave an intro to ESOPs as a means for transitioning ownership. In addition, VEOC staff began a more systematic effort to reach out directly to professional firms, giving introductory overviews of employee ownership to staff members at Gallagher Flynn and KeyBank.

3. 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 2019, we had initial contact with representatives of 39 companies, the most ever. Of those, 21 remain on our list of active cases, joining 61 cases from previous years.

4. 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 2019, we provided technical assistance to three companies as they worked toward co-op conversion.

5. Financial report (for VEOC's fiscal year, ending September 30, 2019)

The VEOC is a lean operation, and keeps its operating costs low by partnering with employee-owned companies and economic development partner organizations to host many of our outreach events and meetings with clients.

Revenue sources. Our largest source of revenue in our FY19 was a grant from the State of Vermont's Agency of Commerce and Community Development (\$69,660 or 43% of our total income of \$160,239). Sponsorships from employee-owned companies and professionals specializing in employee ownership were our second largest income source (\$58,000 or 36%). The remainder came from event registration fees, donations, consulting fee income and interest on two outstanding loans from our revolving loan fund.

Expenses. Personnel costs were our largest expense (\$105,650 or 64% of total expenses of \$165,273). Other major expenses were for general operations (\$31,295 or 19%) and events (\$24,636 or 15%).

Board of Directors in 2019

Chris Moran, PC Construction – Board President
John Durgin, King Arthur Flour – Board Vice President
Michael Gurdon, University of Vermont – Board Secretary
Cindy Turcot, Gardener's Supply Company – Board Treasurer
Tabitha Croscut, Devine Millimet
Jon Crystal, VEOC (retired)
Keith Flaherty, Hallam/ICS
Elias Gardner, The New School of Montpelier
Linda Rossi, Vermont SBDC
Mary Steiger, PT360

Staff

Matthew Cropp, Co-Executive Director
Don Jamison, Co-Executive Director
Michele Kupersmith, Program and Outreach Coordinator

*For more information, please contact VEOC Co-Executive Director Don Jamison:
don@veoc.org or 802-338-7448*