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Training**

19th January
9.30 - 11.30

Information [here](#).





YES say Yes to 2023!

Pictured: Gregor Mabbott

As part of their move to employee ownership, Falkirk based **Your Equipment Solutions** committed to hold twice yearly update meetings to keep all employee owners informed on what was happening in their business and to give feedback on how they want the company to run.

The second event was held early January in Stenhousemuir FC's club house. Despite being held on a chilly Friday night after working hours, there was almost 100% attendance with only staff on leave unable to be there. It was a lively night with employees agreeing it was a useful and informative meeting.

Sales Manager and Trustee, Gregor Mabbott proved to be an entertaining and engaging host for the event. Gregor talked through the company's stellar performance and the plans for the future. YES commits to many community projects and the story of the gardening project featuring a lawn mower and dog poo had everyone laughing.

There was a discussion on how employees believe the company could improve how they do things. It was agreed that a hallmark of the

YES way of working is excellent customer service and nothing should be compromised about that. People agreed that YES was a great place to work, if a bit crazy at times and Gregor emphasised the importance of looking out for each other and taking proper breaks from work.

As the trading environment appears increasingly unstable, the importance of keeping an eye on costs was reinforced.



New director appointments at Kilmac

Kilmac Ltd has announced two new director positions within the company.

Both **Iain Wilson** and **Michael Bannon** have stepped up to the position of commercial director. Iain has been with Kilmac since 2019, Michael joined the company in 2017 as a Quantity Surveyor, and worked his way through the ranks to become commercial manager.

A spokesperson for Kilmac said: “With over 35 years’ experience between them, they have proven to be great assets to our company, and in recognition of their efforts, they will now manage the commercial department and their own commercial teams as part of Kilmac’s continued growth strategy.”

Kilmac is a civil engineering contractor based in Dundee and working across Scotland. The company employs 130 people and moved to employee ownership last year. The company is



working on a growing number of contracts across Scotland including included the new Madras College in St Andrews that opened in 2021, the Broughty Ferry flood defences, and the Edinburgh University’s Nucleus project. Additionally, we have delivered completed work on the expansion of the James Hutton Institute in Invergowrie, the transformation of Perth City Hall to provide a new home for the Stone of Destiny, and groundworks for a string of local authority schools, supermarkets, housing associations and motor dealerships.

Very happy new year for Altar Group

Broughty Ferry integrated marketing, design and digital agency, **Altar Group** starts the New Year on a high with a number of high profile contract wins. The Group operates design studio Avian, web design firm Blue2 Digital, public relations firm **Ginger PR** and digital research company Kolabo.

The group has added the Scottish Energy Forum, Abertay University and Caledonian Housing to its client roster.

Avian welcomes on board Abertay University, London-based Austin Capital and Schwartzbrau, a new German beer brand. Blue2 is now working with Caledonian Housing, Welsh Whisky company Penderyn and the Spinnaker Tower in Portsmouth.

New clients for Ginger include Rocket Heritage & Archaeology, Simon Howie Butchers, and The Scottish Energy Forum.



And to top it off, the group has secured the number one spot of The Drum Recommends Top Agencies of the Month. This is a poll of agency performance across the UK and the team is absolutely thrilled that our highly valued clients have made this happen.

In 2021 the business moved to an **employee ownership model**.

Staff now indirectly own a majority stake at 60% of the business. The remaining 40% is held by original shareholders and key staff members.

OAK News

Happy New Year to everyone – let's hope it's a good one for employee owners everywhere.

The turn of the year is often a mix of reflection over what has been, and optimism about what is to come. The world has experienced a tumultuous few years, and there is no sign of the uncertainty abating. However, our employee owned community has grown significantly and employee-owned businesses have demonstrated such resilience proving that the ownership structure makes for a better, more sustainable business.

2022 saw another 30 Scottish headquartered businesses become employee-owned in Scotland which is the largest number of transitions to date. Kidzcare, guitarguitar, Carlton Bingo amongst many others are all good businesses with visionary owners who opted to transfer their ownership to their employees – and all thriving.

2023 is shaping up to be a similarly successful year in terms of the number of companies showing interest in exploring employee ownership, particularly the EOT model. The growing awareness amongst professional advisers, particularly accountants, has helped encourage business owners to view a move to employee ownership as a viable and attractive option. By far the most powerful argument comes from employee-owned companies. I'm increasingly working with customers and suppliers of EOBs who are persuaded by the enthusiasm and success of employee ownership.

There are challenges ahead. The **recent news** that Scott & Fyfe have had to make redundancies is very sad. Redundancy is never easy, and can be particularly difficult when it's employee owners who are losing their employment. However, sometimes tough decisions have to be made to protect the business for the remaining beneficiaries. That doesn't make it any easier.

We're lucky to have CDS in Scotland who are working hard to grow the sector and hopefully create opportunities for mutual support. The proposed Learning Journey **page 8** will be an excellent opportunity to find out how other EOBs



have faced and managed their challenges and what has worked well within their firms. Do consider joining us on 28th February and 1st March. Places are limited so register soon!

Remember there is also the opportunity to hear from – and ask questions of – Graeme Nuttall OBE whose landmark Nuttall Review set the ground for the introduction of the EOT that made such an impact on our EO landscape. You can find out more here

Bit of a shorter newsletter this week – normal service resumes in February!

- Carole
01786 611066



Two businesses split from world's largest employee-owned network

The **Mondragon Corporation** of Spain's Basque region, an integrated network of more than 90 employee-owned companies plus many worker cooperatives, is the best-known example of worker cooperatives in the world. On December 15, the worker-owners of two of its largest member cooperatives voted to separate from the network, as reported in several articles, such as [this one in El Pais](#).

The worker-owners of cooperatives Orona (an elevator manufacturer) and the diversified ULMA Group held special general assembly meetings of their worker-owners in December, and 70% and 81% respectively voted to exit the Mondragon Corporation. Combined, the two departing cooperatives represent 15% of the network's sales and, with 11,000 employees, 13% of its workforce. By leaving the conglomerate, the two companies will, among other changes, no longer pay 13% or more of their profits into the conglomerate's solidarity fund, designed to protect cooperatives as they face economic downturns.

Although the two companies are leaving the Mondragon Corporation, they will remain worker cooperatives. The chair of Ulma's board of directors, Lander Diaz de Gereñu, wrote that "We are part of the success model that the Basque cooperative model represents. And we will always defend and support its values."

The process leading up to the parting of ways has been a cause for noticeable tension and speculation for several months. According to members of the Mondragon cooperatives, senior leaders of these two departing coops argued in favor of greater autonomy in their decision-making and use of financial resources, though Mondragon's central management bodies have asked aloud what these companies would have done differently or would do differently if they did not belong to the network. Others point to worker-owners' allegiances and commitments, which are focused to a much greater degree on their own companies than on the network as a whole. Some observers also speculate that economic incentives played at least some role, that members of Orona and the ULMA Group wanted to transfer fewer resources to the network. Those opposed to the separation argued for strength in numbers, and that all the firms in the network gained from belonging. A number of members wondered in social media whether rivalries and unresolved conflicts among senior managers on the different sides had also contributed to the breakup.

A more complete and definitive analysis will have to wait until more data can be collected and from a larger number of sources. After the vote, both sides wished the other well and reaffirmed their commitment to cooperative ownership and its principles, policies, and practices.

Michelle Quadrelli appointed MD at Scott & Fyfe

Former Operations Director Michelle Quadrelli, has taken over the helm on the retirement of former Managing Director John Lupton at Tayport based **Scott and Fyfe**. John held the role for 13 years, joining the company in 2010.

Scott & Fyfe is a long established materials technology company founded in 1864. The company designs and produces a range of technical textiles for a range of markets worldwide including agriculture, automotive, manufacturing and polymer. The company transferred from family ownership to employee ownership in 2013.

Michelle Quadrelli has been with Scott & Fyfe for almost 20 years. She is known as a forward-thinking Innovator with a passion for design and its use within business. Michelle is a Textile Design graduate of Duncan of Jordanstone College of Art and Design, a Chartered Marketer, Green Belt Six Sigma certified and holds an MBA with Distinction from the University of Edinburgh Business School.

Michelle has 20 years' experience working within the manufacturing and materials technology sector both within commercial and operational roles, operating at board level since 2016. She is also part of the advisory group



for the Design for Business Programme at V&A Dundee as well as a Board Trustee for the Scott & Fyfe Employee Benefit Trust and the Scott & Fyfe Defined Benefit Pension Scheme .

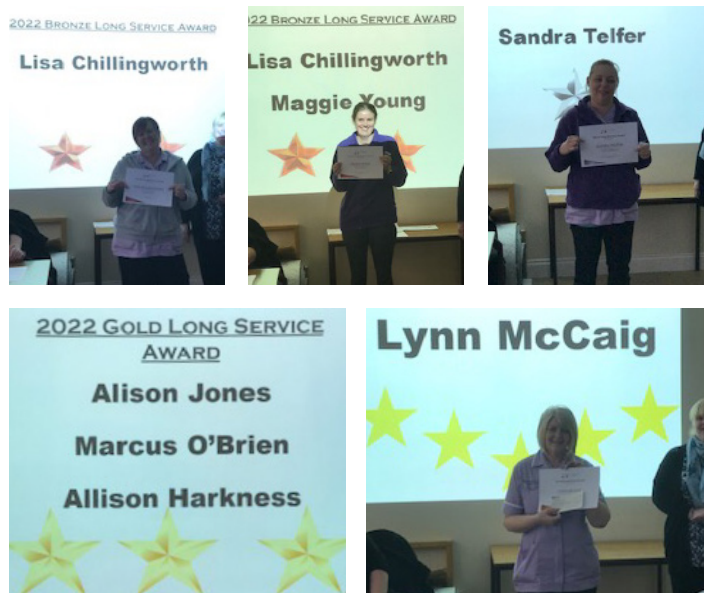
Using both her passion for design and marketing, Michelle was awarded the Employee Innovation Award at The Philip Baxendale Employee Ownership Awards in November 2012.

Michelle's ambition is for Scott & Fyfe to be a successful employee-owned company that aims to earn partners for life by delivering unique materials solutions globally.

Stewartry Care rewards staff for long service

Stewartry Care's recent AGM saw several employees being recognised for long service.

With an amazing 25 years' of working with the Dumfries & Galloway care provider, Lynn McCaig received her Gold Award. Alison Jones, Marcus O'Brien and Allison Harkness all received Gold Awards and Sandra Telfer received the Silver Award. Lisa Chillingworth and Maggie Young were presented with bronze awards for 10 years' service.



EOT Trustees ; the drivers of EO success?



Pictured: Philip Baxendale

The role of the EOT Trustee is an important one in any employee-owned business and during the Trustee workshops we focus a lot on issues that Trustees might have to deal with. History tells us that when things go wrong, they can go badly wrong and the stories of Roadchef and Palmer & Harvey are sobering reminders of how poor governance can result in employees losing out.

The reality is that there rarely issues in employee-owned companies. When the former owners are still around the company tends to continue making the right decisions and doing the right things, and a smooth handover to the new generation of leaders reduces the risk of rogue executives taking the company down the wrong path. Employees know what they are doing and have a stake in the success of the business. Most businesses have experienced a challenging few years and the Trustee role has been largely one of supporting the executives in navigating through the Covid crisis, Brexit impact and the economic uncertainty that exists in the world.

There is a danger that, when there are no major issues on the table, the Trustee role can become quite a passive one. And that's when complacency sets in.

The role of the Trustee is to push the board to do the very best for the company, and for the employees as beneficiaries - just as shareholders do in conventional businesses. Corporate shareholders want to maximise their value. Exactly the same for our EOT and EBT beneficiaries - maximise their value.

The difference is that in our employee ownership world that value is defined way beyond being purely financial - the company has to deliver quality products and service, provide meaningful employment, invest in innovation, and always be a great place to work – however value is defined in your Trust Deed.

I recommend the Philip Baxendale Question. Philip Baxendale sold his family's boiler making company to its employees, becoming one of the trailblazers for employee ownership in the UK. When Baxi Boilers was eventually sold, Philip used the majority of his stakeholding to set up Baxi Partnership to encourage and promote more employee owned businesses in the UK. Philip Baxendale would ask "Is this the best we can do?"

Being a leader in an EOB isn't an easy job, nor should it be. There's always work to be done and there's no room for complacency. The Trustees serve as the drivers of that passion to always reach for the best- to provide proper scrutiny of board decisions and actions and ask the question - Can we do better? Can we be better? Do we model the right behaviours that ensure our people are valued and encouraged to bring their best selves to work?

Too many Trustee meetings become distracted on operational issues that the managers should be looking after. It's not the Trustee role to run the company. If you have hired the right people, let them get on with it.

The core of the Trustee role is the Philip Baxendale Question - "Is this the best we can do?". If the Trustees can get a satisfactory answer to that question, they're doing their job.

co+operative
development
scotland



Employee Ownership Learning Journey

28 February – 1 March 2023

Co-operative Development Scotland (CDS) is hosting a free learning journey to the North East & Tayside area of Scotland to showcase examples of effective employee ownership in successful, growing businesses. These companies will share their learning and experience giving helpful pointers of what has worked and what hasn't in their employee ownership journey.

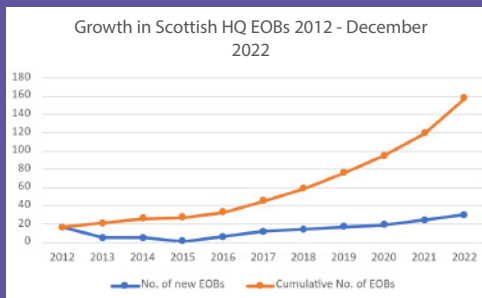
During this 2-day trip you will meet award winning **Woollard & Henry Ltd**, **Accord ESL**, **2020 Project Management**, **Houlder Ltd**, and **Merlin ERD** as well as guest speaker Andrew Lane of **Union Industries**.

This will be of interest to existing employee-owned companies, business owners considering employee ownership, advisers and individuals and organisations looking to find out more about an increasingly popular succession route.

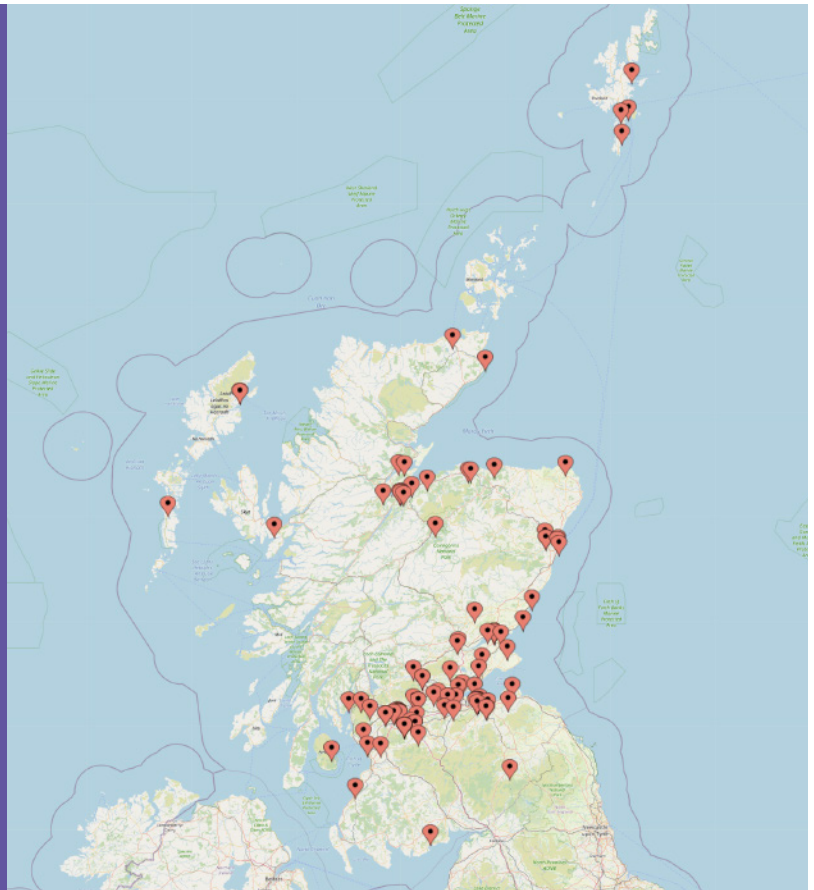
View the programme and book [here](#).



Employee Ownership in Scotland



OA Ownership Associates UK
let's make it happen



Trustee Training - 19th January 2023

This two hour session aims to equip Trustees to fulfil what is a pivotal role within the employee-owned company. The session is in two parts and is delivered over Zoom. You can join for both parts, or if you have already attended Part 1 or a previous session, you're very welcome to join only for Part 2.

Part 1: Information giving – legal duties of trustee, responsibilities, the Trust deed, the Trustee role. 9.30am – 10.30

Part 2: Case Study – group work on a trustee dilemma in an employee-owned company. All groups work on same case study, come together to report on discussions. Everyone says this is tremendously useful. 10.30 - 11.30

To register your interest email carole@ownershipassociates.co.uk