

# Workforce Engagement, Productivity, Wellbeing and Innovation

## Three Cheers for Employee Ownership

*Employee ownership is undergoing a revival. In the UK, the employee-owned sector contributes over £30bn to GDP and is growing by 10 percent per year. It has, however, a low profile, and its economic potential is often overlooked. In this article, **Peter Heslam** shines the spotlight on three companies that embrace employee ownership as a key to greater engagement, productivity, wellbeing and innovation in the workplace.*

Sounds of excited chatter gave way to hushed gasps, then spontaneous applause, and then a standing ovation. Such was the scene at a recent conference for store managers of the electronics retailer Richer Sounds. It occurred when its founder-CEO Julian Richer made an announcement that has caused greater reverberations than any of his hi-fi and entertainment systems.

Confronting his mortality on reaching age 60, Richer explained, it was time for him to hand his company to its workers. As the sole owner of Richer Sounds since he was a teenager, he would now transfer most of his shares to his employees and provide them with a 'thank you' bonus.

Employee ownership is still relatively rare in business. After all, it demands extraordinary courage and generosity for owners to give away the business they've worked so hard to build. This is what it took for John Spedan Lewis to establish the John Lewis Partnership in the early 20<sup>th</sup> century.

Its continued prevalence in shopping areas obscures how exceptional it is for a major company only to have employees as shareholders.

Nevertheless, interest in the employee ownership models of business is growing. They are associated with higher levels of workforce engagement, productivity, wellbeing and innovation. When The Technology Partnership (TTP) was formed in 1987 it found itself at the forefront of this new wave of interest. But to the founders, it seemed like an obvious choice.

The company was, after all, structured as a partnership, and in small new partnerships the partners are generally the only owners and employees. It was also in need of kickstart funding. Rather than looking only for external sources, it raised much of it through

its own employees, who became shareholders.

But at a more fundamental level, TTP's commitment to employee ownership, which now spans three decades, has been driven by a commitment to freedom. With a vision to apply technology intelligently and purposefully to

advance business and to progress society, its 300-strong workforce values the freedom to come to independent yet collective decisions that are in the long-term interests of the company and its clients. It does

not need to answer to the demands of external shareholders who may not share its values.

TTP's ownership model also promotes a partnership *ethos* throughout the company. This is reflected in its relaxed egalitarian



Julian Richer

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