

The Long Road to Employee Owned Status

In FiBQ 21.3 James Holden wrote about how and why he became committed to the concept of business as mission, and why he believes that working to conform the world of work to Christ is for him the Opus Dei of our time. In that article James briefly referenced that he was seeking to convert the family business into an Employee Owned company, being convinced that the concept offered a practical means of transforming capitalism. After seven years in the making, that conversion has finally been made last August. He now shares more about the process and why he remains genuinely excited at the prospects of transformation.

On Monday, October 3rd, 2022, I found myself at Lime Street Station. I'd attempted to catch a very early train in a bid to get to The Employee Owned Association's (EOA) first post-Covid annual conference at the ACC Liverpool, a sparkling new conference and events venue located on the banks of the Mersey, right at the heart of the city's rejuvenated waterfront. I confess I was rather hot and bothered as the trains had not been running smoothly and I'd arrived only via a rather convoluted and discombobulated route – not only that but I had a lot of company as the taxi rank was seriously weighted in favour

of those seeking lifts. The queue was snaking round the station like a giant boa constrictor.

I had recently gifted to the staff a 70% controlling stake in the family marketing consultancy business that I had taken on from my father, and as I waited, I couldn't help but think that my journey to Liverpool that morning reflected the circuitous route that we had travelled in turning Leader Communications into the Leader Marketing Partnership. Was it all going to be worth the time, effort and cost I asked myself, as I waited impatiently and not a little angrily?

At the Conference

As it transpired however, our cabbie somehow managed to get us to the ACC in time to hear the opening address to 650+ delegates from more than 200 businesses, all of whom were committed for various reasons to learning more about 'unlocking the potential' of employee ownership. As Chief Executive of the Employee Owned Association (an organisation that traces its existence back to the late 1970s and the radical pioneering work of Robert Oakeshott¹), James de le Vingne could be expected to be very positive



ACC Waterfront, Liverpool

Photo: Visit Britain

about employee ownership. But I was impressed by the facts that he quoted in support of his clarion call that employee ownership offers the best hope that we have of a better society: there are now more than 1,000 employee-owned businesses in the UK, with a combined turnover in excess of £30bn. We know EO works, claimed de le Vingne and, whilst he admitted that there are many challenges, he had no doubt that employee ownership is a next-generation business solution to many of the problems inherent in capitalism as we know it.

In writing this article I find myself wondering afresh to what extent these conference comments might be true and also to what extent employee ownership could be said to have anything to do with Christianity. In an attempt to answer these questions, it might be helpful to go back in time to when I first began a process of succession planning for Leader Marketing Partnership.

Succession Planning

Back in 2015, I was halfway through a two-year ordination training programme and during the summer recess I began seriously to look at what I would do with the Leader

Marketing Partnership business that I had worked for, owned and run for more than 30 years. *Leader* was not a big business by any means – a dozen or so employees and a fee income of less than £1m. However, I felt it was a special business, and not just because it was mine. It had a strong client base and a great history, having provided consulting services to some very significant businesses across its 50 years of trading, including several Madame Tussauds attractions, Greggs plc, Ove Arup, Blenheim Palace and The Royal College of Organists. In addition, we had some loyal and talented staff and, perhaps most importantly, a unique set of values enshrined in a *credo* that my father had developed over the years, based loosely on his Christian ethics².

Nonetheless, I was training for a new life, a life in public ministry and I wanted to move on. I began to explore the possibilities of a sale to a third party or even a trade sale to one of *Leader's* many competitors. It didn't take too long to get interest and offers from several quarters, but in each case I could see that what made *Leader* special and distinct would most likely be compromised or lost in any such deal. For sure I was consistently offered

a decent chunk of cash, but there were always strings attached as regards future performance; and in every case I sensed that the buyers were mostly interested in asset stripping the carcass and not the living company that was actually among the first PR firms to be established in the UK. There had to be a better way.

Distributism Rediscovered

The serial philanthropist and Christian entrepreneur, Julian Richer³ reports in his book *The Ethical Capitalist*⁴ that part of the stimulus for him to convert *Richer Sounds* into an employee-owned enterprise was the financial encouragement offered by the then chancellor, George Osborne, in 2014, in the form of significant tax benefits⁵. At the time I was completely unaware of all this, as were my professional advisers; and, like so many, I simply happened to stumble on the idea of employee-ownership as I worked on an ethics essay following a placement in the City of London as part of my ministerial training. It wasn't called employee-ownership in history, rather it was known as distributism – an economic theory asserting that the world's productive assets should be widely owned rather than concentrated. It was



Julian Richer
founder of *Richer Sounds*

Photo: David Parry / FT. Credit: FT Commission

Pope Leo XIII (1810–1903), Fabio Cipolla
Photo: Wikimedia Commons



Pope Pius XI (1857–1939), Philip de László
Photo: Bodleian Libraries, University of Oxford



developed, I discovered, in the late 19th and early 20th centuries and was based upon Catholic social teaching principles – especially Pope Leo XIII’s encyclical *Rerum Novarum* (1891) and Pope Pius XI’s *Quadragesimo Anno* (1931). In the UK the concept was championed by Christian writers such as Hilaire Belloc⁶ and G.K. Chesterton on the basis that *laissez-faire* capitalism and state socialism are equally flawed and exploitative, and that the best solution is as wide a spread of the means of production as possible.

I was greatly attracted to the ideology of this mid-point between unfettered capitalism and Marxism. Moreover, I was particularly delighted to learn of distributism’s pedigree and the way it appeared to incarnate the Christian doctrine of humanity made in the image of God warranting respect for human dignity. In doing so I saw that distributism testified to and provided evidence for the value of every person employed. The trouble was that no one I spoke to seemed to know much about it all – until, that is, I made the

link to employee-ownership when I chanced upon the EOA whilst googling in a rare quiet moment in 2018. It was for me an epiphany moment and as *Leader’s* current managing director Faye Hampson recently said in a media interview⁷:

“James came in and told us ‘this is what I want to do’. He felt strongly about doing things for the common good: this agency feels like a family – rather than selling us out to a corporate and seeing 50-odd years of legacy dissipated, we became an employee-owned business where the motive is what benefits the collective.”

A Long Journey

Even so, it took a further four years before *Leader* fully transitioned to employee-owned status in August 2022. Partly that is because the legal process takes a fair bit of understanding; partly because of the intervention of Covid 19; but mostly because meaningful empowerment does not necessarily come easily either to senior leaders or

employees. As Stefan Stern, business journalist and visiting professor at Bayes (formerly Cass) Business School has said: “Even if the boss is ready to let go, people have to be ready to take up the challenge.”⁸

It was therefore quite a journey both for me and the new leadership team, but the results of my extensive research amongst firms that had moved to EO status kept us going, as the outcomes of transition were always very positive on a wide range of measures. The EOA were very happy to put me in touch with many companies that had transited, and I must acknowledge that I found their willingness to help quite extraordinary. Val King, formerly MD of the employee-owned Rooflight Company, was a particularly inspirational role model⁹.

Once we had decided definitely to proceed, we appointed a specialist lead consultancy to help us in the process. After considerable deliberation we chose Baxendale Consultancy, one of a comparatively

small number of EO specialists, and the support of Ewan Hall proved valuable, particularly bearing in mind the Covid-induced hiatus from March 2020. A second consultant, Kate Mercer of Leaders Lab, also played a vital role in defining roles and responsibilities in the new team.

The Christlike God

Six months on from our 'EO Day' I have to say that my ongoing experience has been very much in keeping with what Peter Cheese, chief executive of the Chartered Institute of Personnel and Development, has recently written:

“Follow the evidence...[of] a sector [employee-owned businesses] where productivity, performance and employee enjoyment are exceptional enough to suggest its leaders must be doing an unusually large amount right Sharing knowledge and power, putting ego

aside, constant communication and ferocious commitment to employee engagement appear to be some of the critical ingredients in the employee ownership mix.... Leading colleagues who are your shareholders appear to be a game changer¹⁰.”

Whilst it is still very early days for the Leader Marketing Partnership as an employee-owned business, I can't help but recollect a compelling book that I first read in 2015 – *The Christlike God*. In this complex book, John V. Taylor argues convincingly that whatever else one can say about God, He is Christlike in that Jesus is his human form. And I reckon the qualities that Peter Cheese has seen in the employee-owned sector (and which I have experienced in Liverpool, in my research into many EO firms and through *Leader's* journey) are indeed very Christlike. When thinking about my entire EO engagement, a quote from Bishop Taylor's text increasingly comes to mind: “the Christlike God

is with us always, directing his world through stimulation, persuasion, mutual exchange and joint discovery”¹¹, whether or not those involved would call themselves Christian or nay.

Ed Stubbs is the managing director of Gripple, an industrial manufacturer of wire joining and fastening systems, and sponsor of the Gala dinner at the Liverpool conference. I hope he too proves prophetic when he says: “You look at all the stuff about executive pay and employee representation on boards, is the capitalist model broken and we are sat here in Sheffield saying, we have the capitalist model that solves all these issues, the productivity gap...the answers are all here in EO”¹². Whether he is right remains to be seen.

I myself say: “Amen to that, Ed”. But an even bigger Amen to the Christlike God, who I have reason to believe is animating the Employee-Owned movement. 🙏

1. Robert Oakeshott (1933-2011) was an English journalist, economist and social reformer who founded Job Ownership Ltd in 1979. It became the Employee Owned Association in 2007 and exists to promote and champion the concept and effective practice of employee ownership.
2. The *Leader credo* can be found in a commemorative book *In Pursuit of Success* by Rachel Hicks and can be downloaded free of charge here: <https://www.leader.co.uk/wp-content/uploads/2021/08/Leader-Book-In-pursuit-of-success>.
3. Julian Richer established the HiFi retail chain Richer Sounds in 1978. It is now an employee-owned business that turns over in excess of £200m. When Richer Sounds transitioned to Employee Owner status Richer gave every member of his staff £1,000 for every year of service – just under £4m - as a golden thank you.
4. Julian Richer, *The Ethical Capitalist*, Random House Business, 2018, p.190.
5. See <https://www.hrmagazine.co.uk/content/features/osbornes-welcome-boost-for-employee-owned-business>. Essentially from April 2014 there was a complete capital gains tax exemption on individual shareholders transferring a controlling interest in a company into a trust for the benefit of that company's employees. Also from October 2014, companies indirectly owned by their employees (eg the John Lewis Partnership) could pay their staff cash bonuses of up to £3,600 *per annum* free of income tax.
6. See in particular Hilaire Belloc's polemic: *The Servile State*, T. N. Foulis, London, 1912.
7. *Midlands Business Insider*, Jan/Feb 2023, p.51.
8. Ownership at Work, *Re-designing the CEO*, Ownership at Work, p.6. <https://ownershipatwork.org/wp-content/uploads/2021/01/Redesigning-the-CEO-how-employee-ownership-changes-the-art-of-leadership-1.pdf>
9. Val & the Rooflight company are featured on the cover of FiBQ 20:1.
10. *Re-designing the CEO*, p.2.
11. John V Taylor, *The Christlike God*, SCM Press, 1992, p.220.
12. *Re-designing the CEO*, p.15.



James Holden is a minister in secular employment and the Bishop of Coventry's officer to business leaders. He worked for his family's marketing business for 39 years before he gifted a controlling stake to a loyal staff. He also founded and established the African Oyster Trust which builds and supports hospitals and schools in The Gambia. Currently he is undertaking a variety of consultancy tasks for kingdom-oriented organisations including a care home and charity focussed on reforming agricultural practices in Tanzania. He is married to Laura and lives in Warwick.