

Employee Ownership Is Good For Business, According To New Book From Harvard Business School Press

By Emily Meyertholen

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Employee ownership is often misunderstood and considered nothing more than a glorified benefits program. However, compelling research presented in *EQUITY: Why Employee Ownership is Good for Business* (Harvard Business School Press; May 12, 2005; \$27.50/Hardcover) offers convincing evidence that when implemented correctly, employee ownership can be the foundation for a powerful —and more effective—model of management.

EQUITY was co-authored by Martin Staubus, director of consulting for the Beyster Institute at the Rady School of Management, University of California San Diego, Corey Rosen of the National Center for Employee Ownership and veteran business journalist John Case.

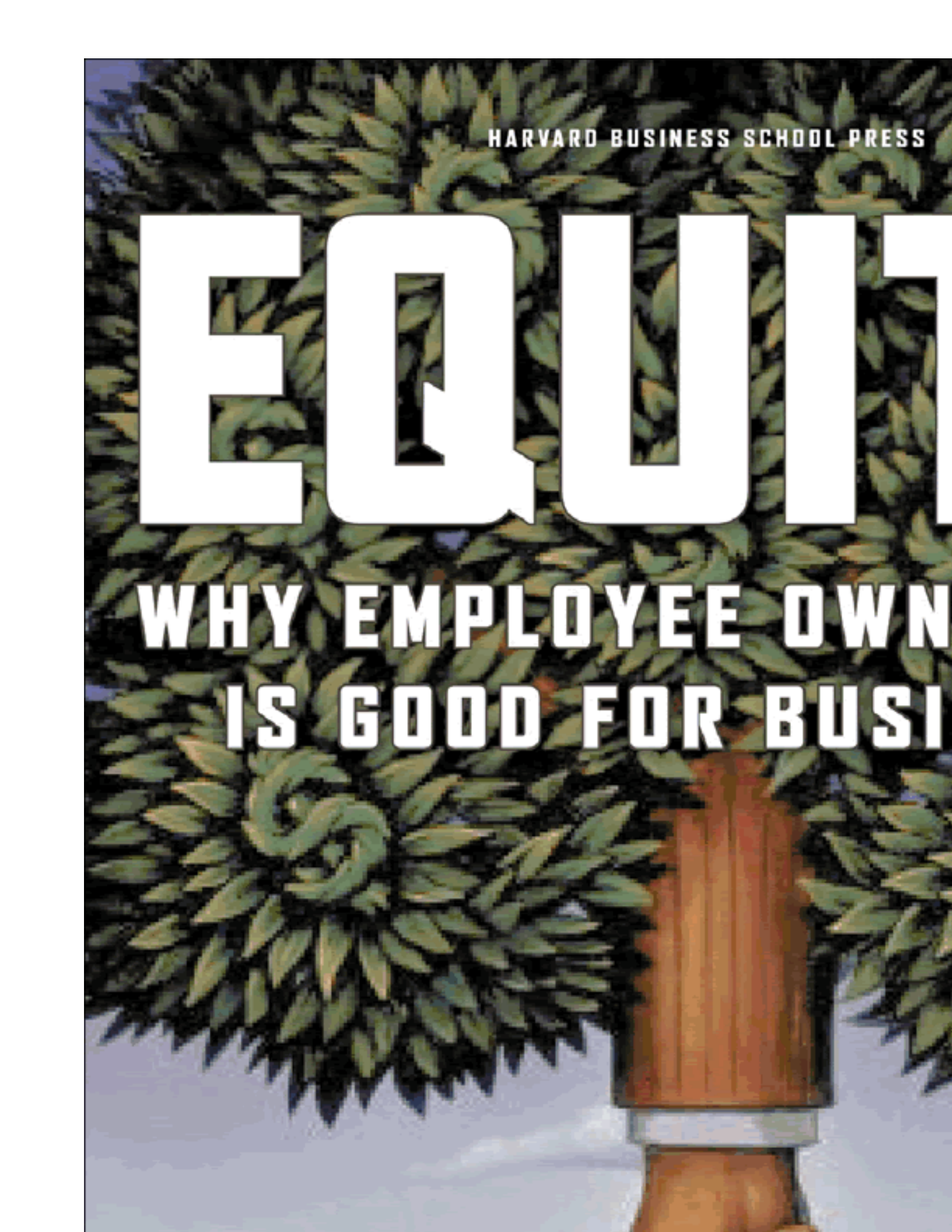
According to the authors, leading experts in the field of employee ownership, taking employee ownership seriously drastically changes the basis for collaboration between employees and managers and gets people committed to a whole new level of success for the business. It enables companies to do things they otherwise couldn't, and it enhances a company's overall performance beyond what would otherwise be possible.

Employee ownership is no longer a rarity in the United States. Today's employee owned companies include everything from home builders to insurance companies, clothing manufacturers to food stores, and just about every other industry in between. Whether in the form of Employee Stock Ownership Plans (ESOPs), 401Ks, stock options, stock purchase plans or profit-sharing, nearly 80 percent of the corporations on *Fortune's* "100 Best Companies to Work For" offer some form of broad-based employee-ownership plan. Companies have created dozens of different tools and tactics for making ownership real and for getting employees to think and act like owners. What matters most, say the authors, rests on three key principles:

- Offer stock ownership significant enough that it matters to employees' financial future;
- Build a culture that helps people feel and think like the owners they are;
- Create a shared understanding of key business disciplines and a common commitment to pursuing them.

EQUITY relies on rich historical analysis, original research and compelling first-hand reporting of contemporary examples such as W. L. Gore and Associates, SAIC and Stone Construction. The authors explain how companies can build a culture of ownership and in return create a company that shows faster growth, higher profitability, stronger resilience in economic downturns and a competitive advantage that conventional rivals can't touch.

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WHY EMPLOYEE OWNERSHIP
IS GOOD FOR BUSINESS