Creating an Effective ESOP Advisory Committee

Organizing and structuring your committee to maximize its effectiveness
Who We Are

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What We’ll Cover Today

• Issues to consider when establishing an ESOP Advisory Committee
• Best practices that we learned along that way that you might find useful
• Tips and tactics to help you organize and build an effective committee
• Items to consider to ensure your committee’s maximum effectiveness
About our Companies

Wiley|Wilson

• Architectural and engineering firm
• Headquarters in Lynchburg, VA; offices in Richmond, VA; Alexandria, VA; and Atlanta, GA
• Roughly 170 employee-owners
• Company formed in 1901
• Was privately held until 2000
• In December 2000, 74% of privately held stock purchased by ESOP Trust
• Between 2003 and 2004, purchased remaining 26% to become 100% ESOP
• In 2005, elected S Corp Status
• In 2012, named MAC ESOP Company of the Year
About our Companies

Carris Reels

- Manufactures packaging for the wire and cable industry
- Headquartered in Vermont; 8 locations in U.S. and Mexico
- 500-plus employees
- Founded by Henry Carris in 1951; his son Bill Carris took over in 1980
- ESOP formed in 1995
- Became 100% owned in 2008
- In 2008, named National ESOP Company of the Year
- ESOP mission is to “improve the quality of life for our growing corporate community”
About the Wiley|Wilson ESOP Communications Committee

• Initially had Employee Advisory Committee (EAC); created right after ESOP established
• Original purpose to provide forum for employee-owner issues
• New ESOP Communications Committee formed by a cross-section of company who were interested in a committee that showed more employee-ownership; Board of Directors agreed
• Created a charter and bylaws to clearly explain the purpose of the Committee
• Today between 7 and 10 people serve on the committee
• Members serve 3-year terms; no limits on consecutive terms
• Interested members must submit a letter of intent to the BOD, along with two letters of recommendation from fellow employee-owners
• Meetings held each month
About the Carris Reels Corporate Steering Committee (CSC)

- Initially had several committees working on plan document areas
- Committees merged in 1997 to form the CSC
- 25 person committee; meets twice annually and focuses on company direction
- Members include Board of Directors, Senior Management, Site Managers, employee-selected reps, internal (non-voting) trustees
- Reps are elected (and paid); one per site; 1:50 ratio
- Recognized needed help—called in Ownership Associates and Praxis
- Update CSC continually; last overhaul in 2009
- CSC Research Committee to look at the direction of CSC
Successful Committee Traits

Some of the best-run/most effective ESOP Advisory Committees have a few traits in common:

- Executive support
- Flexible organization
- Member engagement
- Employee-owner involvement
- Ongoing communication
- Power to make decisions
- Appropriate funding
- Ample time to meet and be effective
What Worked for Us

During the formation of our respective committees, we discovered common tactics that worked for us both:

- Determine the committee’s mission up-front
- Create bylaws for the committee
- Establish goals to help the committee to meet its mission
- Ensure committee is composed of enthusiastic, dedicated members
- Get buy-in and support from senior leaders/executives
- Seek outside advice and consultation, if needed
What Didn’t Work for Us

Not everything is a success. Some things NOT to do:

• DON’T forget to establish a clear mission and definite, focused goals
• DON’T overlook the importance of staff/executive buy-in
• DON’T refuse to evolve and remain stagnant; recognize when changes are needed
• DON’T keep the committee and its activities a secret
• DON’T skip planning regularly scheduled meetings
• DON’T avoid naming officers or outlining membership roles
Committee Effectiveness

• How is it measured?
• What do you measure?
• What is considered “successful?”
• How often do you gauge effectiveness?
• Are we meeting our goals? If not, why not?
• Are we getting new members to join the Committee?
Current/Ongoing Issues

No ESOP Advisory Committee will be perfect. Here are a few of the questions we struggle with regarding our Committees and its governance:

• Should an employee-owner serve on the Board of Directors?
• Should an employee-owner be made a Trustee?
• How do we define “engagement?” How do we measure it?
Questions?

Please feel free to contact us after the session if you have additional questions we can help you with:

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