

EOT *Survey*

2016 *Results*



John Lewis Partnership

Compiled by



The what – Employee Ownership Trusts

- Introduced in the Finance Act 2014
- Encourages transitions to majority employee trust ownership
- Provides CGT relief for vendors (from April 2014)
- Provides the means to give income tax-free bonuses to employees (as of October 2014)

In 2015, the Employee Ownership Association (EOA) launched the first national survey of companies that have established Employee Ownership Trusts (EOTs).

Following its success and the valuable insights it provided, the EOA commissioned RM2 to administer an evergreen version of the survey so as to continue to gather basic facts and opinions on the EOT model. These are the results from 2016.



The who – survey recipients



84 companies identified



48 non-replies

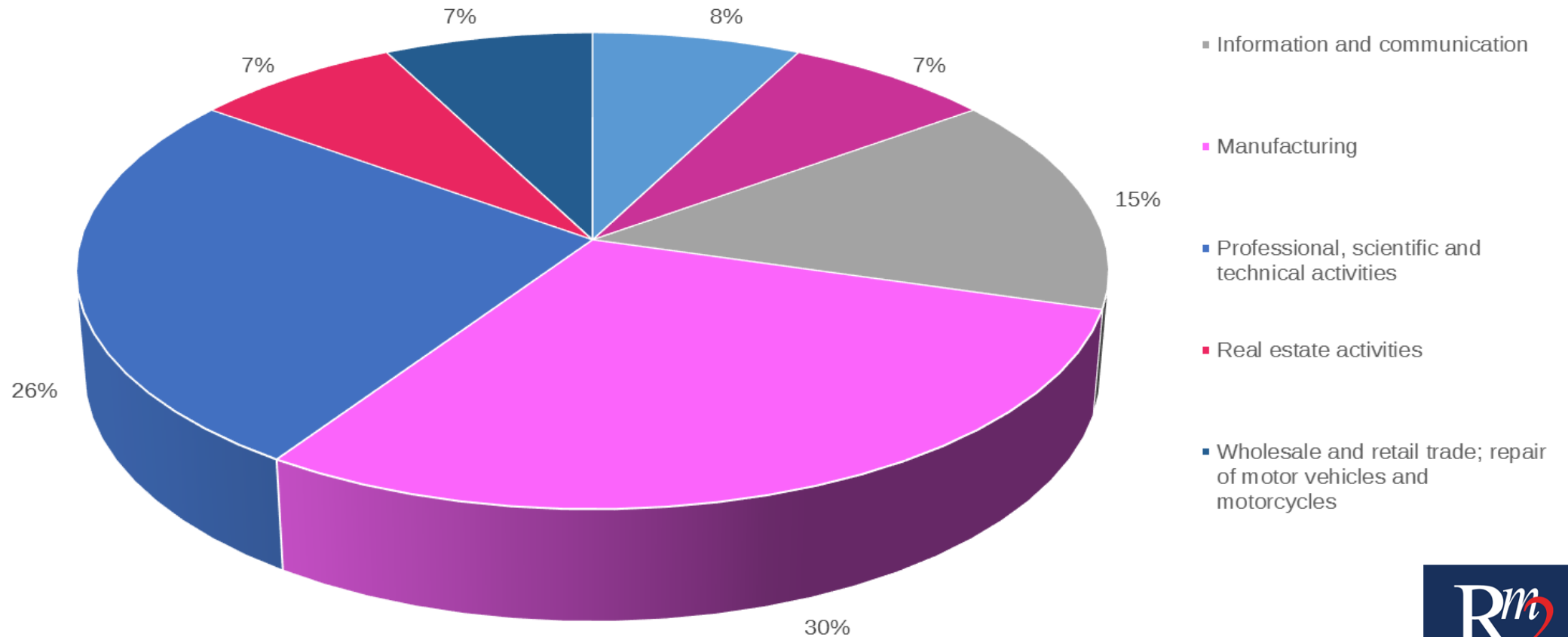


36 responses

- Combined results from 2015/16
- Supplemented with public domain information

The who – industry type

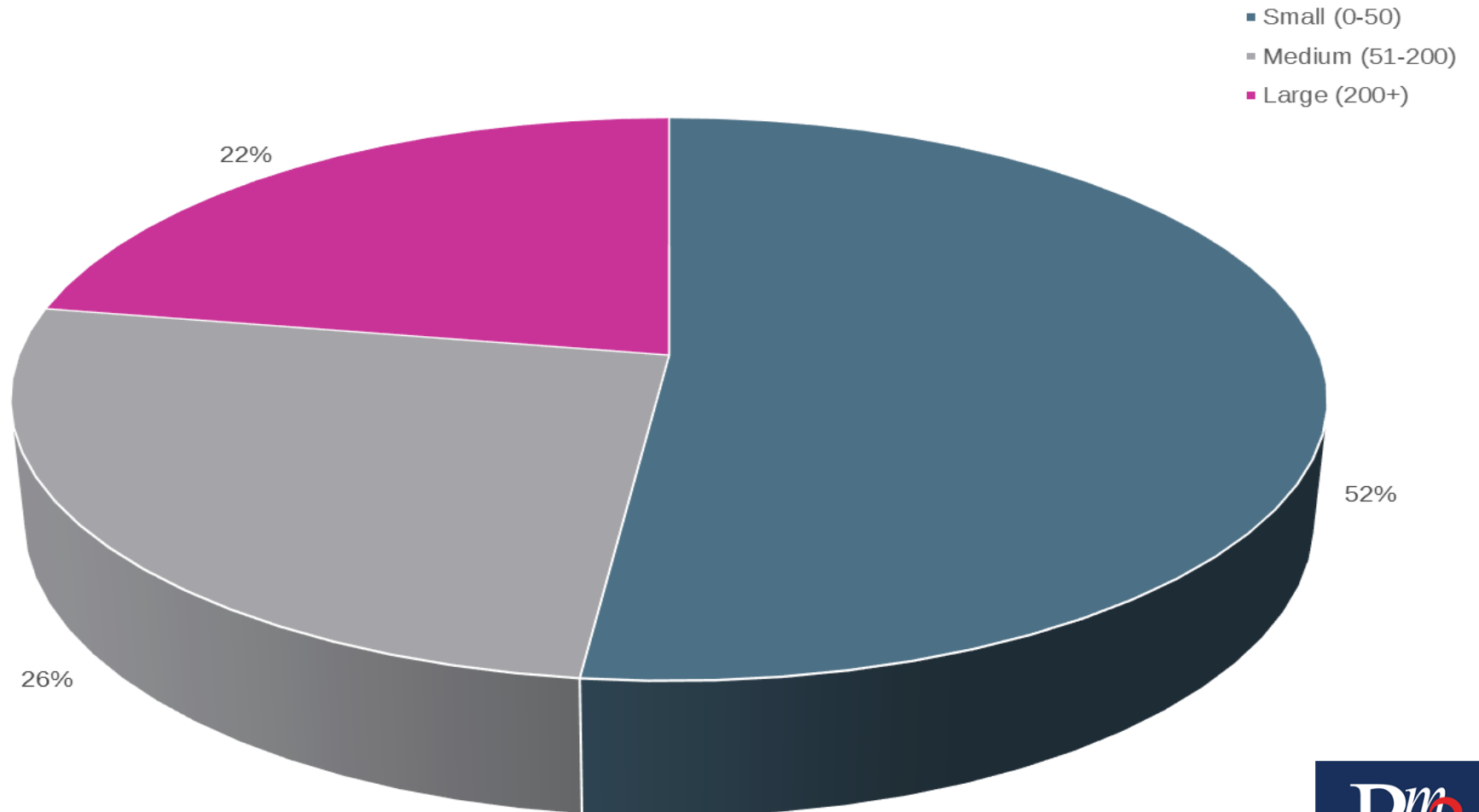
Since 2015, our companies have further diversified but **Manufacturing & professional** industries remain the largest EOT industries, totalling **56%** of those identified.



The who – business size (employees)

Over half of all companies identified are classified as **small** businesses

The 36 respondents employ over **5,000** people

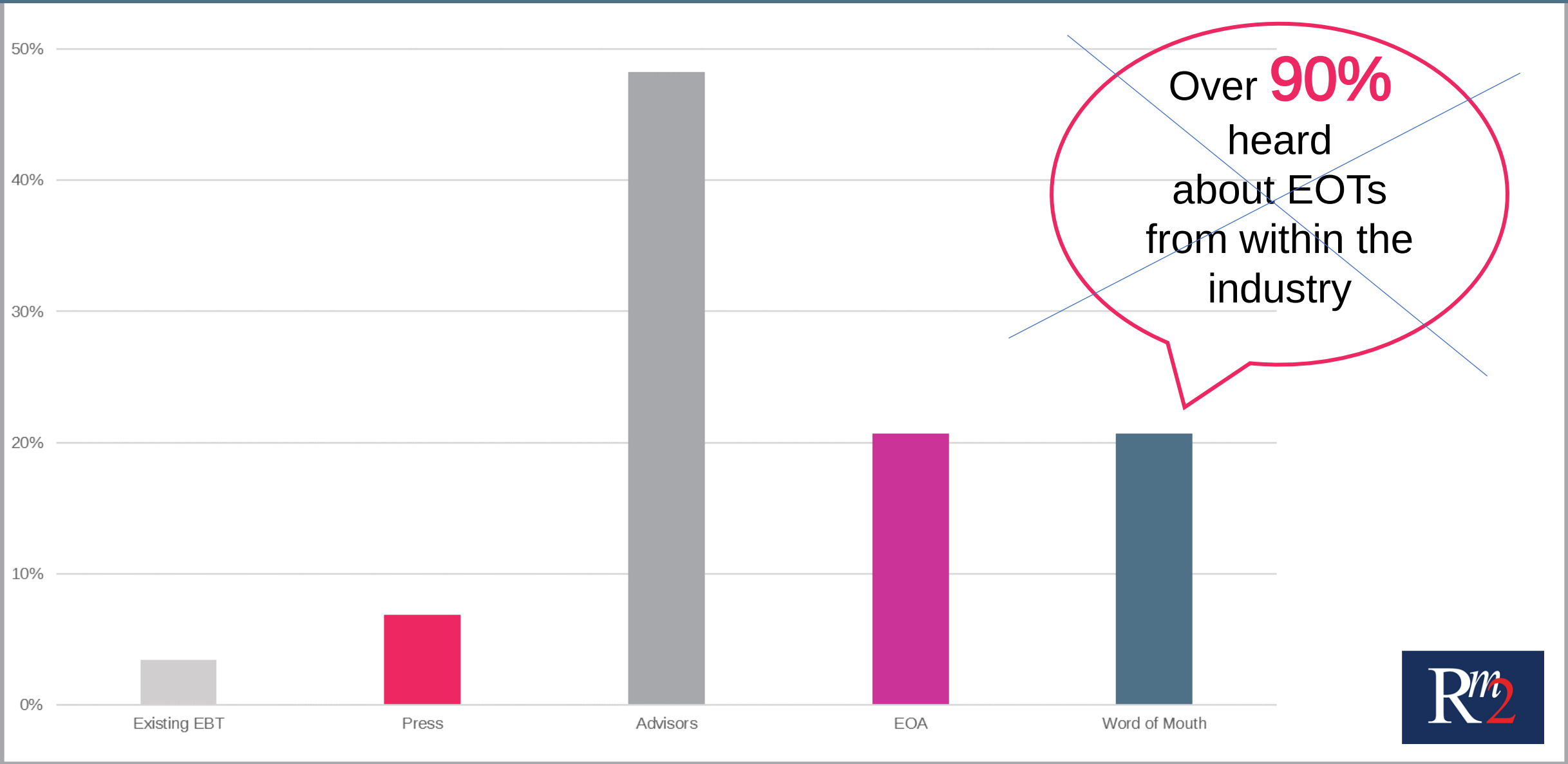


The who – business size (turnover)



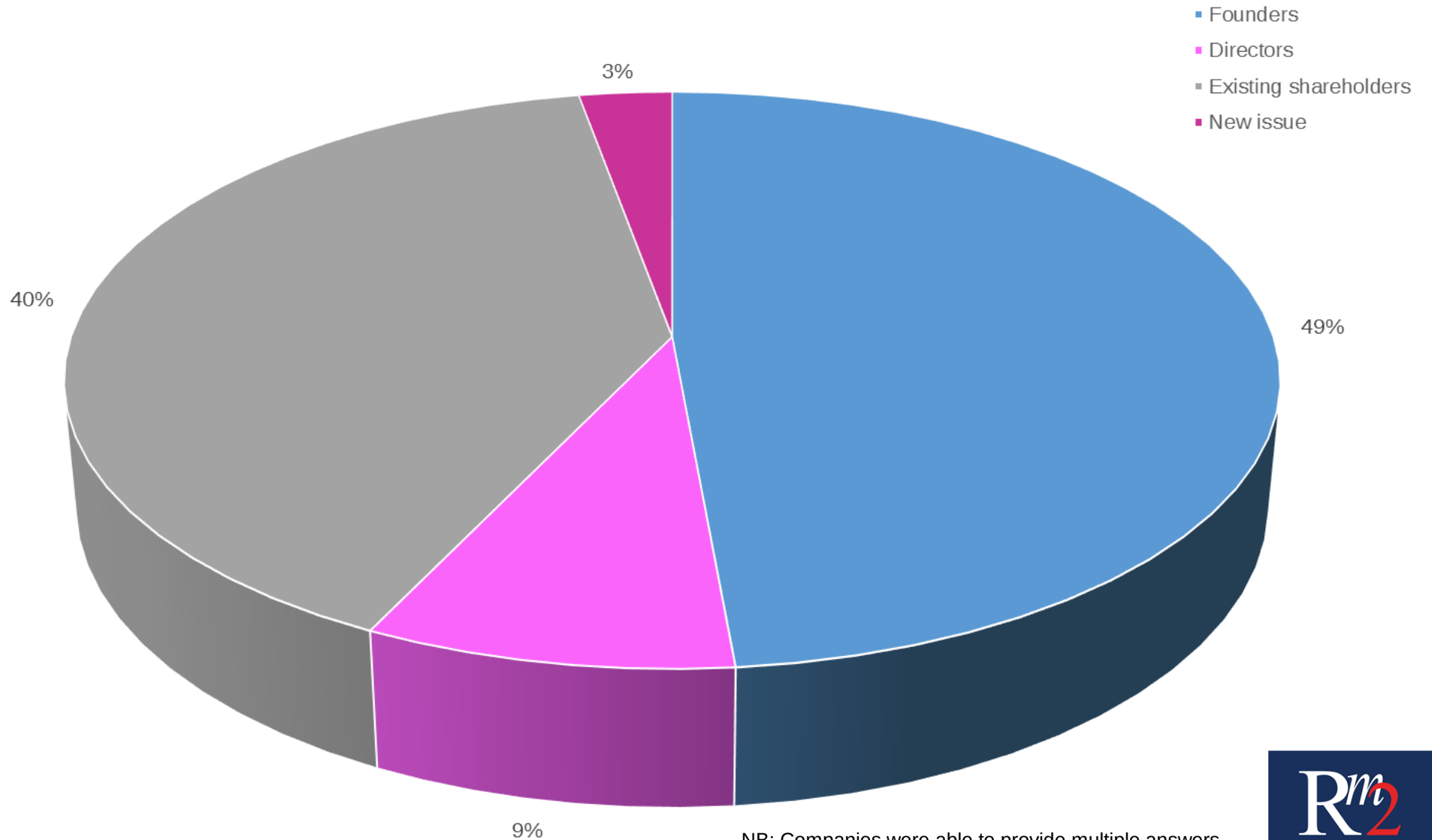
Companies with EOT's had a turnover ranging from **£150k** to over **£140m**

The how – heard about EOTs from...



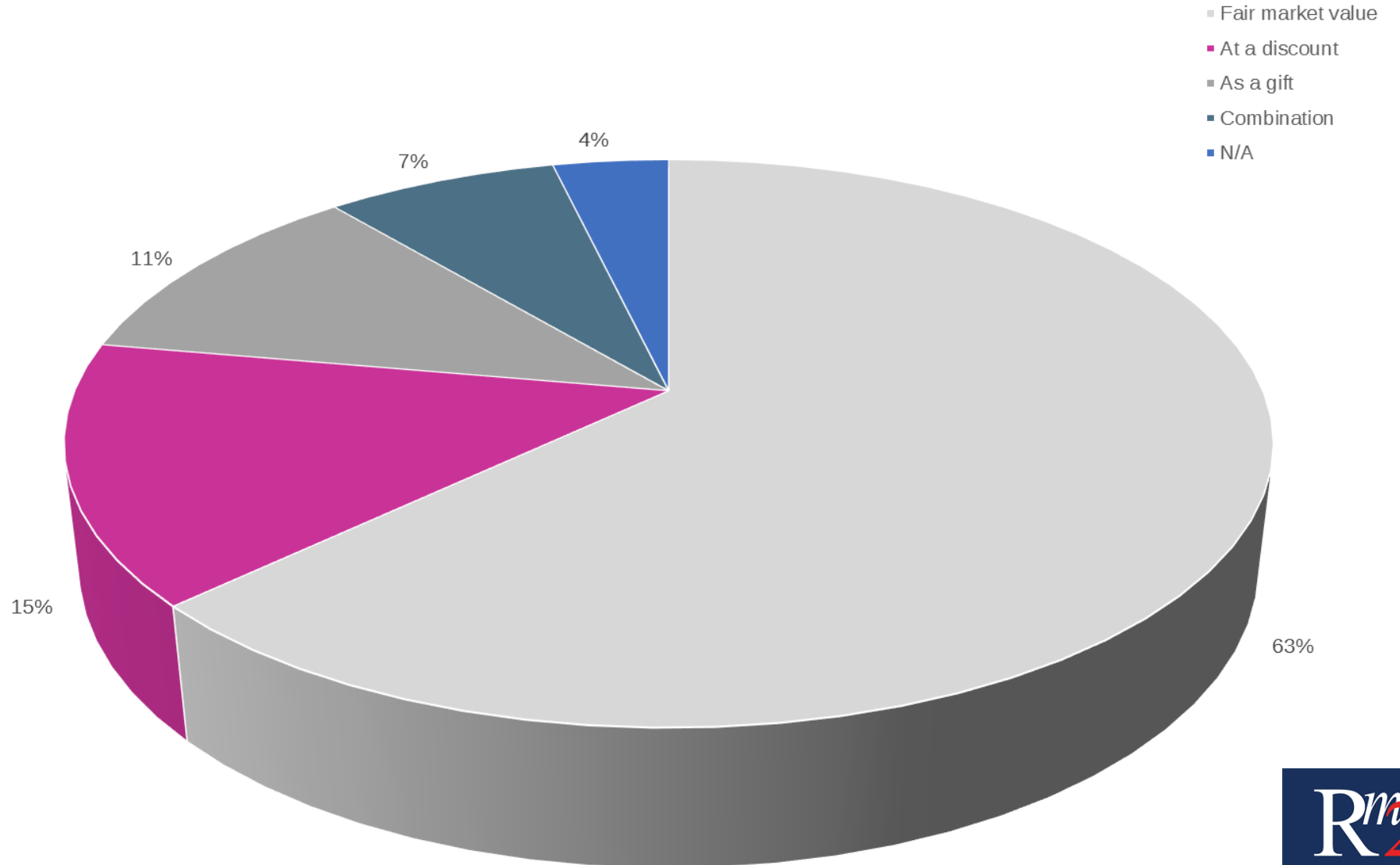
The how – shares were acquired from...

Over **90%** of shares were acquired from existing shareholders, founders and directors of the company

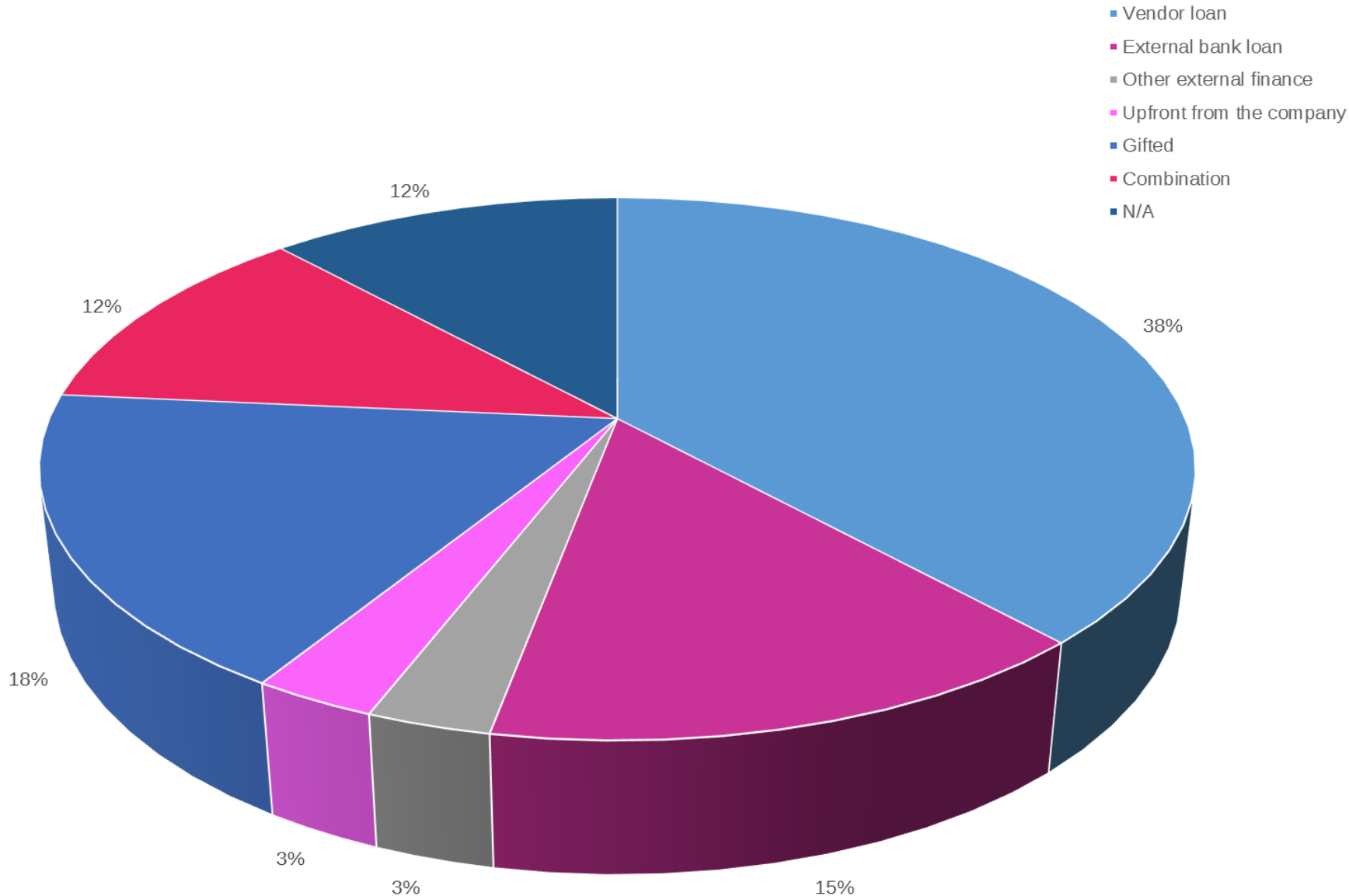


NB: Companies were able to provide multiple answers

The how - shares were acquired at...

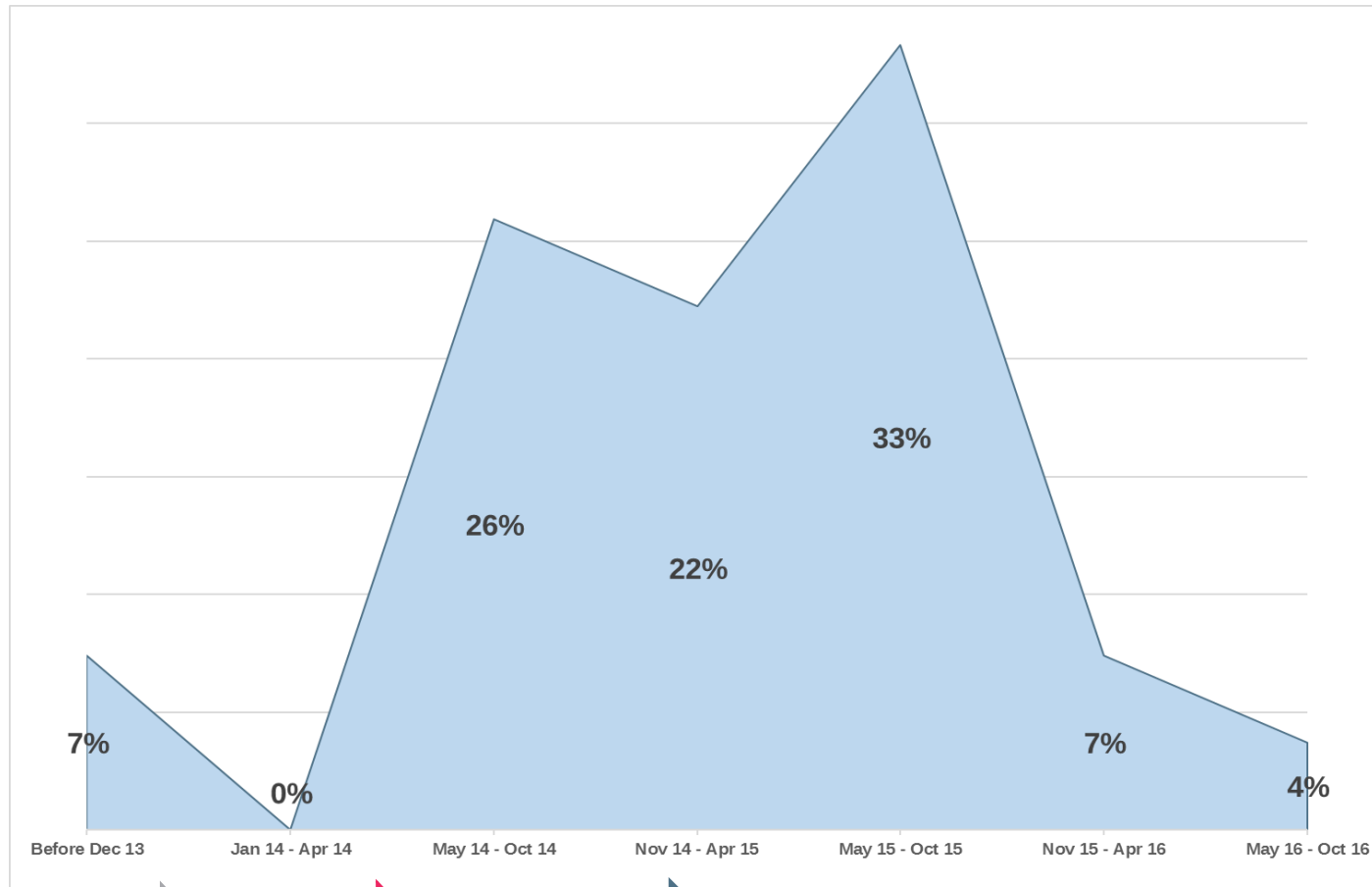


The how - financed via...

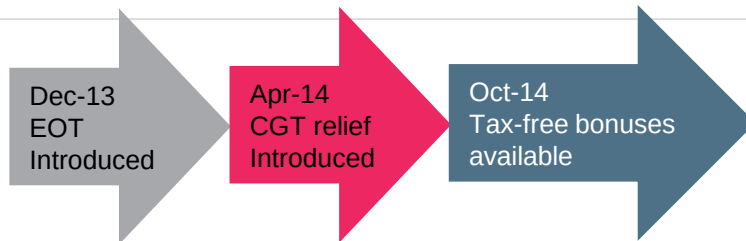


38% of respondents financed the transition through a loan from the vendor

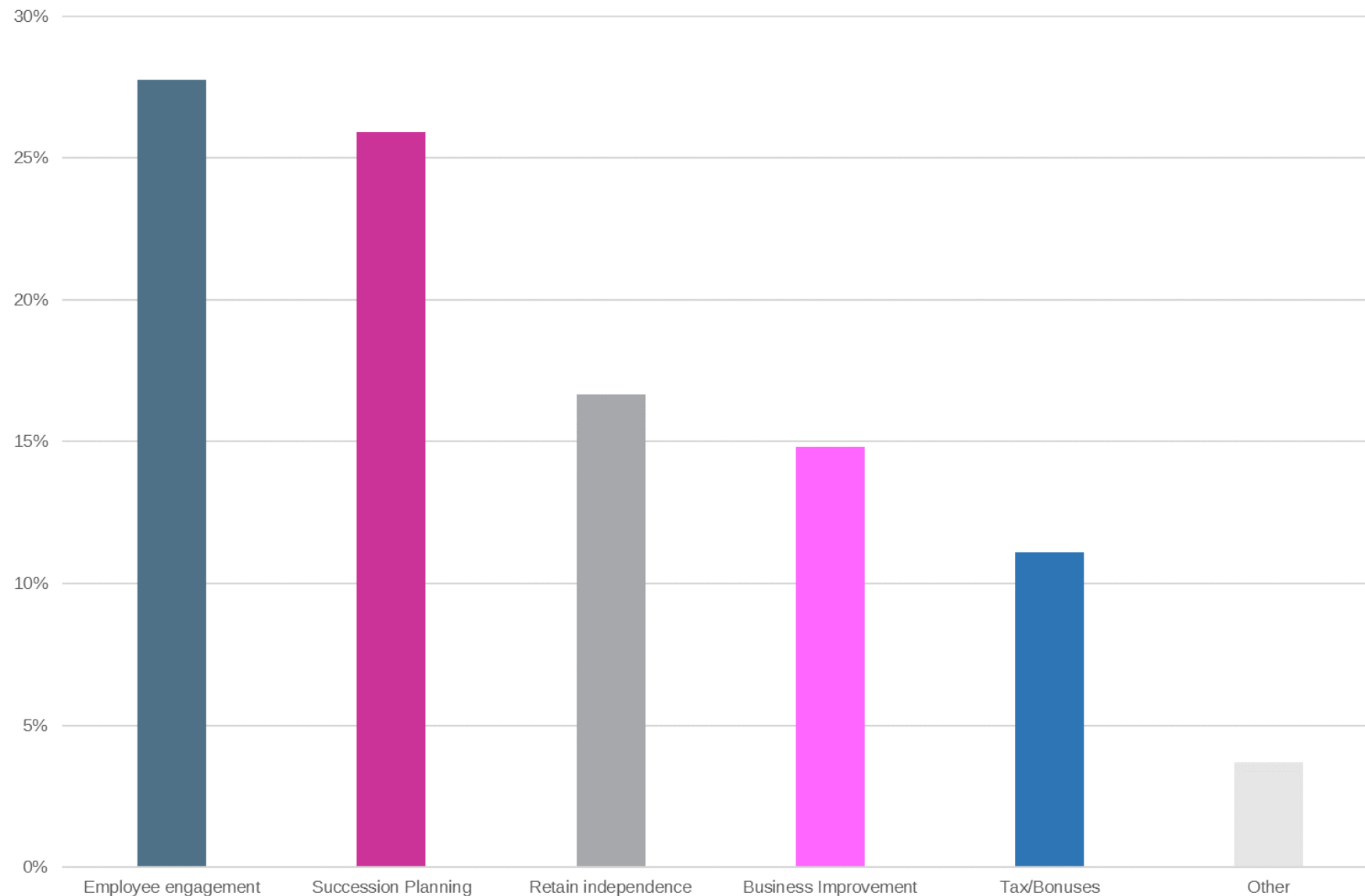
The when – the transitions took place...



67% of transitions to Employee Ownership Trusts took place after CGT relief and tax-free bonuses for employees were introduced.



The why – reasons behind the EOT



28% stated employee engagement as a key reason for their EOT



26% used an EOT as part of their succession planning



Almost 20% said the EOT helped to retain their independence



The why – reasons behind the EOT

Improved performance and the ability to share rewards and benefits realised.
As well as clear succession planning and a controlled exit for the founders.

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To ensure the long-term future of the company by safe-guarding our Independence and fully engaging our employees to ensure decision-making is solely focussed on the long-term benefit of customers and employees

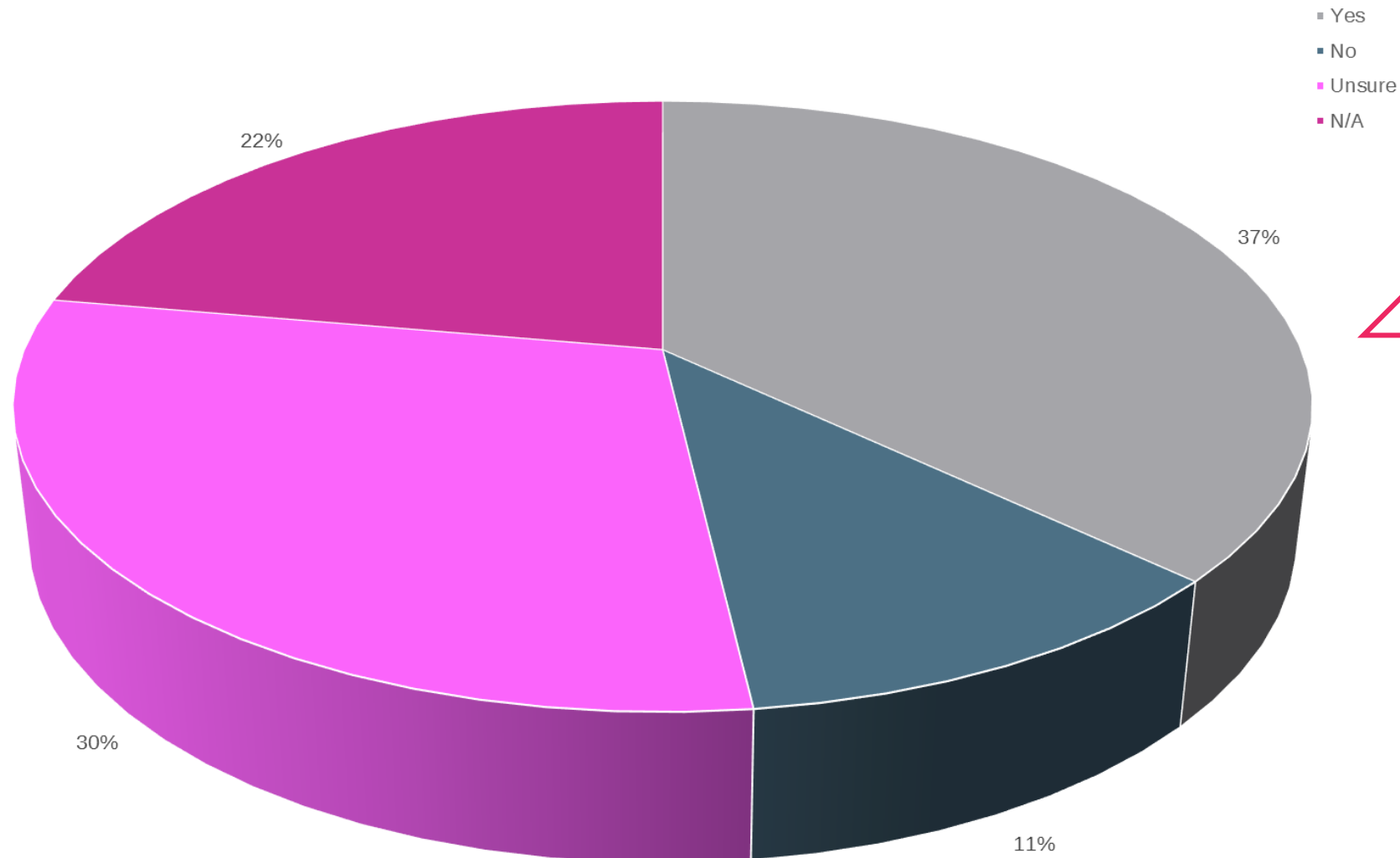
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To improve employee engagement, provide for profit share bonuses to employees and ensure the longevity of the company.

Future development, empowering the workforce and succession planning.

The future

Plans to increase EOT shareholding



Over **85%** of those who could, stated that they had plans to or would consider increasing the EOT's shareholding