

# Sustainable Ownership for Sustainable Businesses



## New Hampshire Businesses for Social Responsibility

### Webinar

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# Goals & Outline



- **Framework: extending “sustainability” to the organization itself**
- **Case study: Nobis**
- **Discussion: your questions & ours**

## ➤ What We Do



## ➤ Who We Serve

Employee-owned businesses



Socially responsible businesses



Non-profit organizations



# What is Sustainability?



- **Meet present needs without compromising the ability of future generations to meet their needs**

World Commission on Environment & Development (Bruntland Commission), 1987

- **Seventh Generation: first an Iroquois philosophy, later also a company**

- **Conventionally: Sustainable products and services**

- **What about sustainable organizations?**



## Are You Building a Sustainable Organization?

- **Many organizations that are deeply committed to sustainability are entrepreneurial & founder-driven**
- **Eventually: someone else will own your firm (unless the business fails!)**
- **Who? How?**

# About Nobis



- **Established 1988**
- **Employee-owned (ESOP)**
- **100 Professionals**
- **Civil, Geotechnical and Environmental services**
- **Commercial, state/municipal and federal clients**
- **Client-Focused, Employee-Owned**

# Services



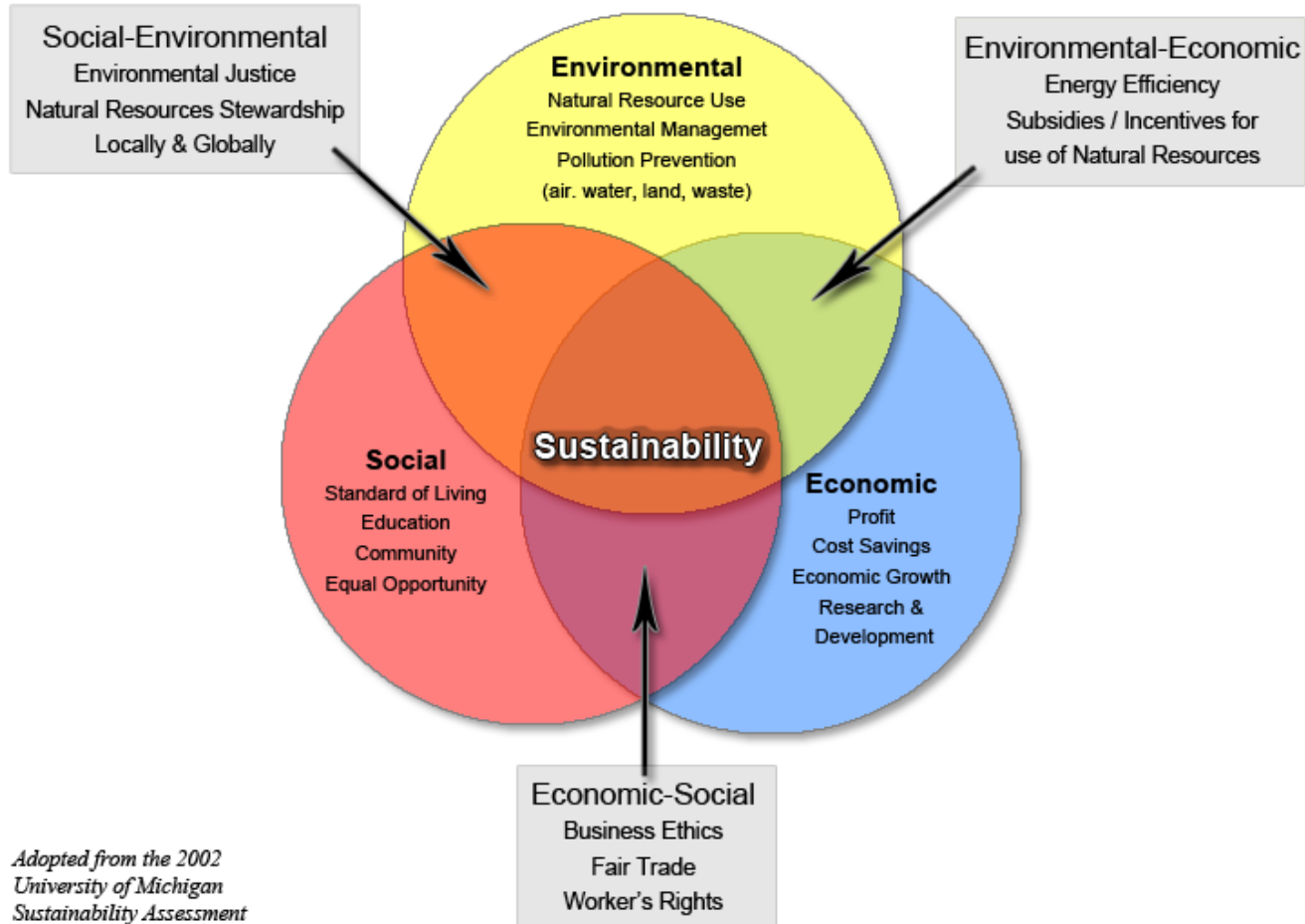
Storm Water Management  
Sustainable Civil Site Development  
NEPA Permitting Support  
Wetlands Mapping

Hazardous and Waste Site Investigation and Remediation  
Reuse and Redevelopment  
Water Supply Assessment and Planning

Subsurface Characterization  
Geotechnical Analysis and Design  
Bridge and Highway Design-Build

# What is Sustainability?

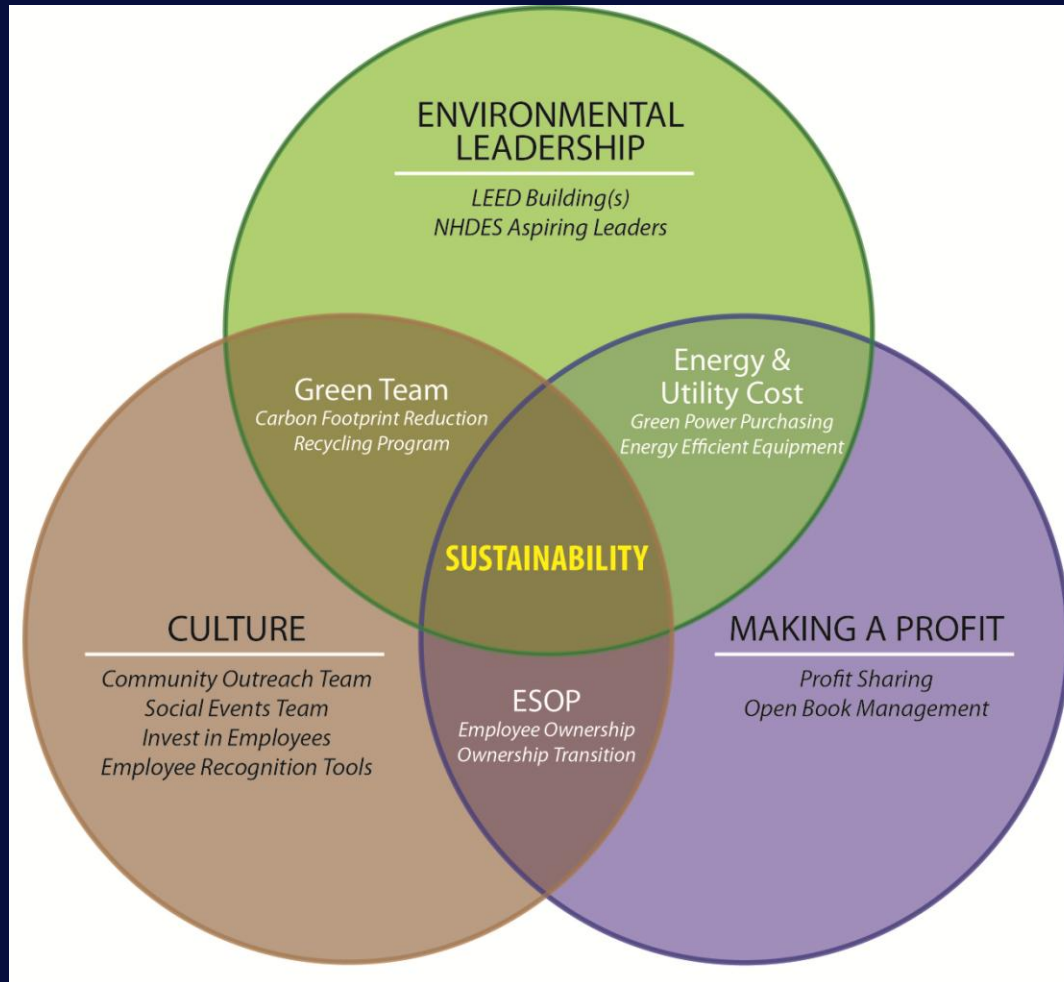
## *The Three Spheres of Sustainability*



*Adopted from the 2002  
University of Michigan  
Sustainability Assessment*



# Sustainability at Nobis



# Our Ownership Culture



# Two Primary Drivers of Organizational Sustainability



- **Assuming: an otherwise successful business model**
- **Leadership: who will maintain and grow your enterprise and its impact in the future?**
- **Ownership: How will you manage the transition in ownership of the firm?**

# What's at Stake?



- **Ben & Jerry's**
  - IPO, then sold to Unilever
- **Stonyfield Farms**
  - Sold to Groupe Danone
- **Honest Tea**
  - Sold to Coca-cola
- **New Chapter**
  - Sold to P&G

# The Standard Model



- **Startup**
- **Growth: build systems and volume, generate and reinvest profits, build equity on paper**
- **Plateau, further growth may require**
  - Marketing
  - Distribution
  - Capital
- **Liquidity: sell the firm...but to whom?**

# Long-Term Independent Ownership Aspirations



## Sold to employees

- Clif Bar
- Dansko
- King Arthur Flour
- Nobis

## Other sustainable ownership models

- Family transition
- Friendly buyer
- Cooperative
- Non-profit trust: Hershey's
- UK: combination

# What Aspects of Your Business are Most Critical to Sustain?



- **Who will \*lead\* the business, and how are you developing them?**
- **Who will \*own\* the business, and how are you planning for the transition?**
- **Are your leadership and ownership transition plans aligned and mutually reinforcing?**

- **Formed in 1988... 100 employees today**
- **ESOP in 2003... why?**
  - Need for long-term sustainability
  - Shared leadership ...  $1 + 1 = 3$
  - Provide Founder an exit strategy
- **Sustainability focus**
  - Maintaining an “Employee Ownership Culture”
  - Focus on employees = Value to Customers = Long-term value to Company



- **Nobis Values at core of our sustainability**
- **Identified key attributes for future Nobis Leaders:**
  - Alignment of Values and Shared Future
  - Technical Excellence
  - Long-term Commitment to organization
  - Recognized by Peers
- **Expect Leaders to go “above and beyond”**
- **Leaders to Shape our Future – Goals and Implementation**

# Nobis: Ownership Transition via an ESOP



- **Started with Founder selling a portion of his stock to ESOP**
- **Develop future Leadership**
- **Foster an Employee Ownership culture**
- **Set up a plan for Founder to transition out**
- **Transparency: Develop Charters for Leaders' Roles and Expectations**
- **“Bake” key Transition issues into Strategic Planning.**
- **Provide for transition funding**

# Lessons Learned, Looking Ahead



- **Manage the Business!** Without a profitable business a transition can fail.
- **Share the transition plan!** Early and often... Everyone needs to understand Why, How and When.
- **Incorporate the Transition into Planning.** Long-term strategy AND Short-term business planning.
- **Be prepared to adapt!** It's an increasingly uncertain world.

# Discussion: Your Questions...and Ours

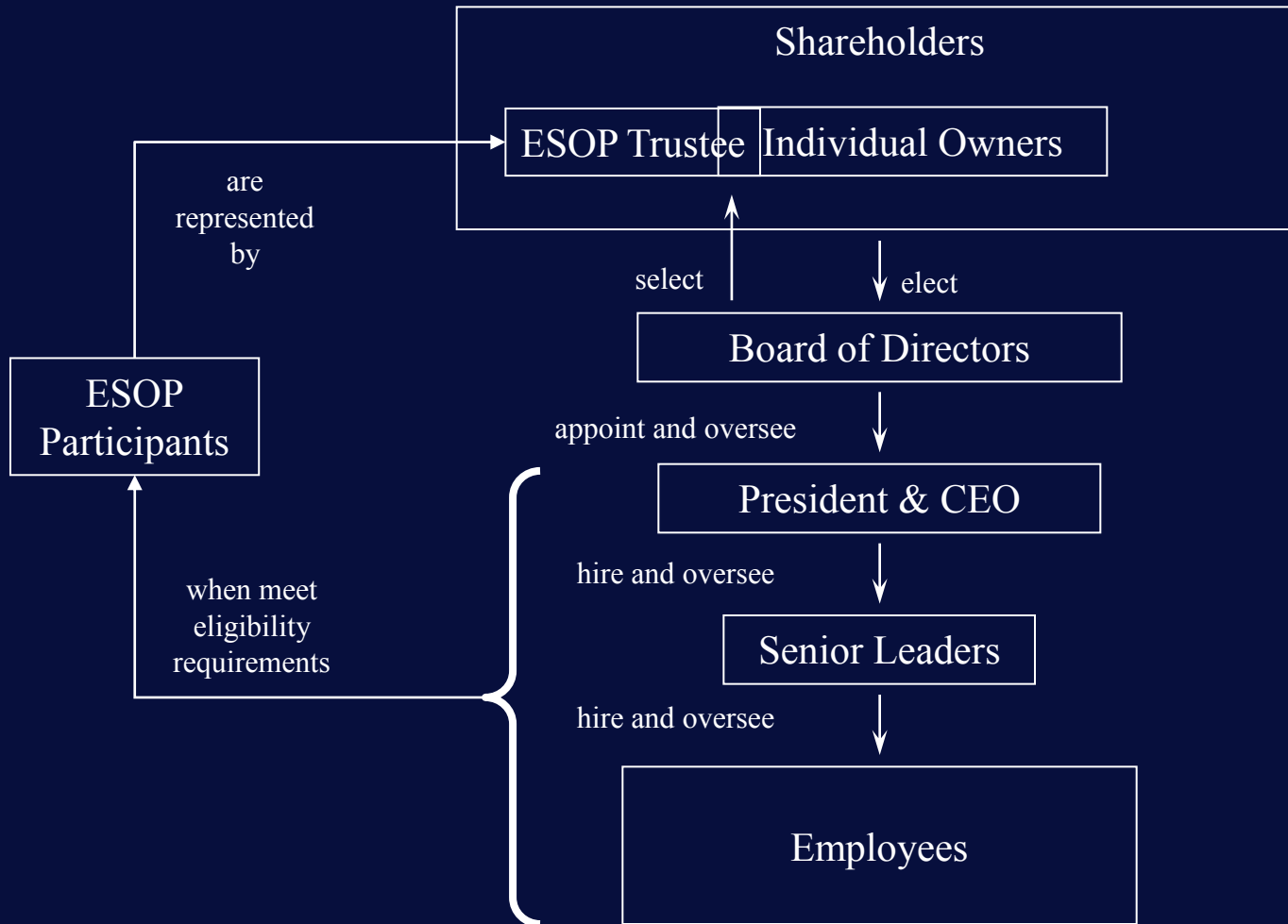


- **How has your thinking evolved over the past 10+ years as you have executed this strategy?**
  - Leadership development
  - Ownership structure
- **Have you faced major business disruptions that challenged / changed your planning?**
- **How robust is your plan: what could change in the environment that would put your plan at risk?**
- **What key elements are unique to Nobis? What are generalizable to other firms?**

# Appendix: The ESOP Model



# Another Structure: Employee Stock Ownership Plan (ESOP)



- **The ESOP Association**
  - [www.esopassociation.org](http://www.esopassociation.org)
- **National Center for Employee Ownership**
  - [www.nceo.org](http://www.nceo.org)
- **Vermont Center for Employee Ownership**
  - [www.veoc.org](http://www.veoc.org)

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