



## Best Practice Guide

# Creating Inclusion Through Company Ownership

Your company's ownership structure can be a powerful vehicle to drive impact and inclusion and can offer unique benefits to your business.

Intended to be used both by existing companies interested in increasing the inclusivity of their ownership as well as start-ups who want to maximize the impact of their ownership from the beginning, this guide will show you:

1. The different ways that your ownership can be used to drive positive social impact and their respective benefits
2. Common paths and options for inclusive ownership, highlighting some examples
3. The steps to determine the best fit for your company and who to speak with to get help
4. How to optimize your inclusive ownership structure

## Introduction to Inclusive Ownership: What It Is and Why You Should Consider It

It's not as simple as writing and implementing company policies, but when it comes to utilizing your business as a force for good, perhaps nothing is more impactful, and more core to a business, than ownership. Optimizing how your company's success can be shared broadly and address traditional inequalities creates a virtuous cycle of financial success and broader social impact. This is inclusive ownership.

### Inclusive ownership

(noun)

The creation of ownership structures and opportunities that create impact, are broad-based and/or inclusive of traditionally underrepresented groups, and/or focused on equality.

The benefits of inclusive ownership, both for your business and society, are far-reaching; so are the options available, whether you are just starting your company or if you are interested in re-examining your current ownership structure.



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*The new era of social and economic justice has to start with people - being empowered, engaged, and invested. People are far more likely to become better stewards of the systems they're a part of - social, political, cultural, and natural - when they have a personal stake in the economic system, with all the rights and responsibilities that that implies. Employee ownership provides a kind of up-close capitalism, an essential feedback loop that connects people to their workplace, their community, their economy, their environment, and to each other.”*



- Mandy Cabot, CEO and Co-Founder of Dansko,

So what does inclusive ownership actually entail? There are many different types, each of which create inclusion in different ways and are relevant to different businesses. Inclusive ownership can involve:

## **Worker ownership.**

Despite a traditional gulf between “labor” and “shareholders,” more and more companies are granting ownership as an additional benefit to employment. Providing distributed ownership throughout the workforce, particular to workers who might not traditionally have access to equity-building opportunities, improves their financial security and satisfaction and creates a more inclusive and productive workplace.

## **Non-profit organization ownership.**

Just as many non-profit organizations are seeking revenue-generating opportunities and starting for-profit subsidiaries, for-profit companies may consider granting ownership to non-profit organizations, either of their own founding or to already established independent community organizations. This can be done either in conjunction with or as an alternative to traditional charitable giving strategies.

## **Traditionally underrepresented populations.**

Due to systemic barriers and other challenges, individuals from certain populations have traditionally not had access to ownership and equity building opportunities. This can include specific demographic groups such as women or ethnic minorities, as well as other populations like low- or moderate-income individuals (versus accredited investors or high net worth individuals), specific communities like that of smallholder farmers (in the case of cooperatives), or even broad-based community ownership models that enable distributed ownership opportunities.

## Impact Snapshot: Opportunities for Inclusive Ownership

### **Late!**

(Certified B Corp Since 2012)

In order to fund charitable efforts, Chilean B Corp Late! Granted ownership to the Choose Well Foundation, a non-profit organization whose purpose is to develop and promote companies whose objective is social good. This foundation was developed by the founders of Late! in parallel to the creation of the company.

As a commercial company in Chile, Late! by law can not donate more than 5% of its profits. Donations in excess of this percentage are considered tax deductions from members. To be able to donate 100% of its proceeds, the ownership of Late! Was transferred to the Choose Well Foundation. This, because it is a non-profit organization, can withdraw the profits of the company, and transfer them to other foundations.<sup>1</sup>

### **Divine Chocolate**

(Certified B Corp Since 2016)

Divine Chocolate, with offices in London & Washington, D.C., is partially owned by Kuapa Kokoo, a cocoa farmers' cooperative in Ghana. This was a first in the fair trade world, giving members of Kuapa Kokoo meaningful input into decisions about how Divine is produced and sold. Two representatives from Kuapa Kokoo are Directors on the company's Board, and one out of four Board Meetings every year is held in Ghana. As shareholders, the farmers also receive a share of the profits from the sale of Divine. This innovative company structure was recognized when Divine was awarded Millennium Product status<sup>2</sup>

# Making the Case: The Benefits and Impact of Inclusive Ownership

None of the above options, especially for an already established business, can be done overnight, nor will they automatically cause excitement in current owners or prospective investors because of concerns around costs, loss of control, or dilution of shares. The good news is, in the right circumstances and with the right plan, creating more inclusive ownership opportunities can be beneficial to the business and its current ownership, as well as stakeholders being granted ownership.

In order to lead that conversation, it is useful to have a clear articulation of the value of inclusive ownership, both for your business as well as its broader social impact. Both elements can serve as a valuable source of guidance in decision making.

From an impact perspective, the results of inclusive ownership include:

- *Equality* - With growing global concern about increasing concentrations of wealth, inclusive ownership enables the success of a company to not just benefit one group, but to benefit all who are owners. This creates mechanisms that ensure that the success of one group is tied to the success of others and that all benefit equally.
- *Inclusion* - When different groups are all able to benefit from the same successes, a sense of shared purpose arises that is beneficial to all.
- *Empowerment* - Ownership frequently comes with a component of control as well. Diversified ownership empowers multiple groups to have a say in the direction of the company.
- *Financial Security* - Ownership provides a financial stake in the company that can increase the financial well-being of owners, whether individuals and organizations. This is true not only through profit distributions when the company is successful, but also in circumstances where a company is sold. The underlying value of the company may serve as a valuable asset for credit building opportunities as well.
- *Improved Culture and Satisfaction* - In the case of employees, increased ownership can lead to a more engaging, positive, environment to work in and increased employee satisfaction.

The benefits to the bottom line of the company, and thus to current owners as well as any new owners, are equally profound:

- *Improved Employee Performance* - Granting ownership to employees can be used to recruit and retain key talent and improve their day to day engagement. Inclusive ownership beyond employees can still drive the same results by creating a higher purpose for the company that employees can connect with.
- *New Market Opportunities* - Through formal government programs, voluntary initiatives, and the interests of prospective customers, inclusive ownership can play an important marketing and storytelling role to attract key clients and open new networks. Examples of government programs include those that provide incentives to women- and minority-owned businesses in the United States and Black Economic Empowerment programs in South Africa.

**A study conducted in 2000 indicated that ESOPs led to a 2.3% greater sales per employee.<sup>3</sup>**

- *Diverse Perspectives* - Inclusive ownership can add a broader range of perspectives to company decision-making, which can lead to innovation and new opportunities.
- *Alternative methods of raising capital* - In some circumstances, inclusive ownership can serve as a direct method of raising capital for the business, such as through stock purchase plans for employees or even "Direct Public Offerings" designed to enable community members to invest directly into businesses as owners.

## Impact Snapshot: Cooperatives

### **ONE CREATION Cooperative** (Certified B Corp Since 2017)

ONE CREATION Cooperative is a Swiss investment platform that offers democratic governance. ONE CREATION is incorporated as Cooperative company, which, under Swiss laws, makes it a truly non-speculative investment platform. Being a cooperative company also means that the smallest associate (10K CHF of capital invested) has one vote at ONE CREATION's General Assembly, just like the largest institutional associates (5 mio CHF of capital invested).<sup>4</sup>

Once you understand the different benefits of inclusive ownership and which might be relevant to you and your current stakeholders, you can identify the right approach to take for your company.

#### *Reflection Questions:*

- *Are there other ways to drive positive impact and inclusivity through your ownership beyond those highlighted above?*
- *What are the some of the main benefits or objectives that you or your company would want to accomplish through inclusive ownership?*
- *What things might your company have already done to promote inclusive ownership? Is there more that the company should consider?*

## Charting a Path: More In-Depth Options for Inclusive Ownership

The different opportunities for inclusive ownership highlighted above could involve a range of actual implementations for your company. This section will provide more detailed descriptions and examples of the different ways companies can pursue inclusive ownership and what might make them the right fit for you.

*If you are interested in providing opportunities for **worker ownership**, there are a multitude of different ways to structure your plan, including the following:*

- ❑ **Stock Options or Stock Purchase Plans** - Combined with traditional compensation like salaries and benefits, these options give employees the right to buy stock in the company in certain intervals and at certain fixed prices. Stock option plans are commonly used by companies from private start-ups to public companies, and many companies reserve some portion of ownership specifically for this purpose.

### Impact Snapshot: Stock Purchase Plans

#### **The Green Engineer**

(Certified B Corp Since 2011)

The Green Engineer, a green building services company based in the United States, implemented an employee ownership program wherein staff with more than two years service time have the opportunity to be invited to become owners. The buy-in is relatively low cost (\$5000) and can be paid in installments over two years. To date, 9 of their 17 staff have become owners, and they have experienced improved employee retention as well as financial performance. In order to develop the plan, they needed a new accountant and had to transition to a different corporate structure (S Corp vs LLP).

- ❑ **Stock Awards or Performance Shares** - In addition to granting the right for employees to buy shares, a company can also choose to directly share ownership in the form of gifts, bonuses, or incentives when either individuals or the company achieve certain status or performance targets. These can be used in lieu of other compensation such as bonuses.



*“ The founders wanted to attract top talent, so they established a compensation package that included a generous stock option component for all regular full-time employees. The level of stock options is set at the higher end of similar companies in the market. We have successfully attracted and have retained top talent in part because of our stock options. We also use stock options as a reward for performance.”*

- Ariane Chan, General Counsel, Data.World (Certified B Corp since 2016)

- ❑ **Employee Stock Ownership Plans (ESOPs)** - Despite the generic sounding name, ESOPs are specific benefit programs that operate similar to a retirement plan that is “invested” in the company itself and generally includes participation from all employees. Employees receive the benefit of the plan upon leaving or retiring from the company, and the programs provide tax benefits to the company itself. While sometimes costly often not pertinent for the smallest businesses, ESOPs are frequently used to allow current owners, frequently founders of a company, to “exit” their investment without selling the company to outside investors after the company has reached a significant enough size, commonly cited as between 30-50 employees.<sup>5</sup>

## Impact Snapshot: Employee Stock Ownership Plans

### **Gardener's Supply Company** (Certified B Corp Since 2014)

“Gardener's Supply is proud to be employee-owned. We are gardeners ourselves and have earned our customers' trust by providing high-quality products, expert information and friendly, personalized service.”<sup>6</sup>

Their ESOP plan was initiated in 1987 and in 2009 they officially became a 100% employee owned company.<sup>7</sup>

- ❑ **Worker Cooperatives** - In addition to being worker owned, cooperatives are structured to be democratically governed by the employees as well. For an in depth look at a worker cooperative, see the Impact Snapshot about Namaste Solar below.

- ❑ **Phantom Stock** - There are a variety of other options available, including “phantom” stock which, while not technically counting as equity, pays dividends or bonuses as if equivalent to certain values of stock. This option might be most applicable to companies that, for other reasons, are unable to grant actual stock rights to employees.



*“ Our team wanted employee ownership options, and we wanted to maintain all of our Minority ownership certifications. To keep from diluting shares, we developed a phantom stock option for outstanding contributors and profit sharing on certain products and services developed by employees. This minimizes risk to the organization while incentivizing employees to be creative and rewarding them with a slice of TMI's profit.”*

- Tiffany Jana, CEO and President, TMI Consulting  
(Certified B Corp since 2012)

*Likewise, if you are interested in broader **community based approaches to inclusive ownership**, there are a variety of options available including:*

- ❑ **Gifting Ownership to a Non-Profit.** Like gifting ownership to employees for performance, a company can also choose to reserve or gift a portion of their company ownership to a foundation or non-profit organization as a means to boost its funding. Many start-ups have participated in committing at least 1% of their equity in advance of a company exit (either an acquisition or initial public offering). To learn more about how to easily commit ownership to a non-profit, and to combine that with other early stage opportunities for corporate philanthropy, see Pledge 1%.

### Impact Snapshot: Gifting Ownership to a Non-Profit

#### **Rally Software**

(Certified B Corp 2010-2015)

Rally Software, a Certified B Corp for five years until it was acquired by CA Technologies, was a founding member of Entrepreneurs Foundation of Colorado (name change to Pledge 1% Colorado) and later went on to found the global Pledge 1% movement. Rally granted 1% of its shares from both Series A and Series D fundraising rounds to be donated to non-profit organizations. The proceeds were nearly \$1.4 million following the company's IPO.

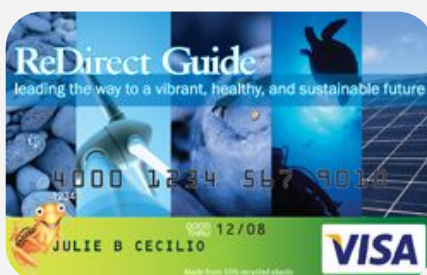
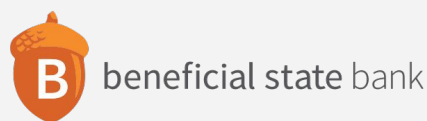
The proceeds from 1% of Series A was donated to two programs of Rally's local Community Foundation: the Community Trust Fund, which donates annually to non-profit organizations that improve the quality of life in Boulder County; and the Entrepreneurs Foundation of Colorado. The proceeds from 1% of Series D created the Rally For Impact Foundation, a donor advised fund to fuel the company's giving going forward.



- **Starting a Foundation.** Some companies have created a company foundation or non-profit to serve as a charitable partner and granted the foundation ownership in the company. This serves to keep the two organizations formally associated and to provide capital funds to the foundation in perpetuity. In other circumstances, non-profits or foundations initiate the creation of a for-profit arm, but in both instances the connection remains.

## Impact Snapshot: Foundation Ownership

**Beneficial State Bank**  
(Certified B Corp Since 2012)



California-based [Beneficial State Bank](#) is a for-profit bank owned by a foundation. Co-Founder Kat Taylor explains how they leverage their inclusive, mission-aligned ownership structure to meet their overall diversity and inclusion goals:

“One hundred percent of the economic rights to Beneficial State Bank belong to Beneficial State Foundation, which is a public charity, permanently governed in the public interest. The board has to be appointed by three large public charities that represent access to low-cost higher education, access to safe and affordable housing, and community development. There are no private shareholders in the mix, so there’s no one forcing us to meet short-term quarterly earnings benchmarks—we have enough pressure to be profitable from our regulators and our own model. At the end of the day, profits, if and when distributed, can only go back into the low-income communities that we serve or the environment upon which we depend. So it’s virtuous profit-taking to match the crowdfunding at the front end of the model.”

## Cooperative

(noun)

Cooperatives are organizations that are run by and for the benefit of their members, frequently workers, suppliers, or consumers of the organization. Cooperatives generally share control through a one-person-one-vote system.<sup>8</sup>

- ❑ **Forming a cooperative.** Companies can structure themselves as a cooperative in order to protect and preserve a specific community stakeholder group and share the success of the company with them. Cooperatives could be designed as worker, consumer, producer, or multi-stakeholder cooperatives. Consumer cooperatives are common for retail companies, such as grocers, while producer cooperatives are common for agricultural companies to enable groups that frequently struggle to have market stability the opportunity to pool together and support one another through the business.

## Impact Snapshot: Forming a Cooperative

### New Day Films

(Certified B Corp since 2013)

New Day Films is a unique, filmmaker-run distribution company, providing award-winning films to educators, community groups, government agencies, public libraries and businesses since 1971. Democratically run by more than 150 filmmaker members, New Day delivers hundreds of titles that illuminate, challenge and inspire. New Day was initially formed because the women's movement had arrived and a group of independent filmmakers were unable to find a distributor for their feminist films—so they decided to create one.<sup>9</sup>

- ❑ **Issuing a Direct Public Offering:** Direct Public Offerings are an alternative way to raise capital without an intermediary, offering ownership “directly” to the public. This allows the company to receive investment from “non-accredited” investors (investors that do not have a high income or net worth), increasing its inclusivity and serving as an important connection from the company to the community.

DPOs can be used by start-ups or more established businesses who are interested in raising capital from outside investors while keeping a community oriented company. While a more mature market for this type of investment exists in Europe, recent regulatory changes in the United States and Canada has created increases there as well, with heavy representation from companies that would identify as social enterprises.<sup>10</sup>



*“ We saw the real benefit in terms of investors’ engagement—not just their capital but their help to build a loyal customer base. That’s fostered its own momentum and its own opportunity. What if we had a thousand owners? Not just loyal customers, but ambassadors who would tell their families about Persephone Beer. I think this strategy to capitalize our growth doubles as a marketing strategy in terms of spreading our brand awareness and developing that owner-customer base.”<sup>11</sup>*

- Brian Smith, Co-Founder and CEO, Persephone Brewing

- ❑ **Becoming a Women, Minority, or Veteran Owned Business:** While usually a matter not of changing ownership, but rather seeking compliance and verification of one’s current ownership, seeking women or minority owned business status can yield significant benefits. In the United States as well as around the world, there are some Federal, State, County, City & Corporate Programs that may be available to help the company grow, access management support, and receive technical assistance.

To learn more about the many advantages that may be available for women, minority or veteran owned businesses, see the below section on “Getting the Most Out of Your Inclusive Ownership.”

Just as all of these options can be achieved in increments, they can be adjusted and even combined to find a path to inclusive ownership that is right for you. The next section will provide general considerations to guide you.

A summary of the different ownership options discussed above is included as an appendix.

## **Reflection Questions:**

- *Are there certain companies that you aim to model yourself after? How might they have structured their inclusive ownership?*
- *Are there other options available to you company in addition to the above that would create more inclusive ownership?*

## Impact Snapshot: Multiple Pathways to Inclusive Ownership

### Persephone Brewing

(Certified B Corp since 2015)

In the true spirit of inclusive ownership, Persephone Brewing based in Canada has utilized multiple versions of the ownership structures described above. 5% of the company is owned by [Sunshine Coast Association for Community Living](#), a non-profit organization dedicated to serving people in British Columbia, Canada who have developmental disabilities.<sup>12</sup>

In addition to non-profit ownership, Persephone also raised 600k through a community-based crowdfund with Vancouver-based FrontFundr, with a minimum investment of \$250.

Persephone is also in the process of developing a comprehensive ESOP. To date, they've granted shares to two of their core employees, and are excited to be able to be even more inclusive going forward.<sup>13</sup>

## Finding the Right Fit for Your Company

With a general understanding of the different options available, as well as the potential benefits of creating inclusive ownership structures, it's important to go through a process to identify the right option for you. Below are a handful of considerations that will help your company identify whether and how inclusive ownership is a right fit for your company.

A worksheet to help your company navigate options for ownership is available as an appendix to this guide.

- *The stage, size, industry, and complexity of your company.* Not all options for inclusive ownership are available for all companies, and not all companies have the same ability or appetite to make changes. For smaller companies without complex ownership structures, it may be more challenging and costly than it's worth to introduce complex ownership structures.
- *Future plans and need for investment in the future.* Different ownership structures could facilitate or hinder growth and/or opportunities to bring on new investments in the future. Employee stock options, for instance, can be utilized to attract talented employees, while cooperative structures may limit the company's options for outside equity investments.

### Are You Just Starting Your Business?

Changing your ownership structure is complicated, and unnecessary if you consider the inclusivity of your ownership from the beginning, where you have more flexibility. This could include identifying a diverse group of business partners or investors, creating a stock option plan for employees from the beginning, or committing a percentage of ownership to non-profit organizations from the outset.

- *“Exit” opportunities for current owners.* Changes in ownership are frequently triggered as a means for current owners to “exit.” The timing of those exits can be coordinated with efforts to pro-actively create inclusive ownership and can be lucrative for the owners. For instance, a sole owner of a company could begin implementing a succession plan by granting ownership opportunities for employees who can take over the business in the future or creating an “ESOP” for the whole company.
- *Ownership goals and the values of the company and its current owners.* With multiple options available, it’s important to not just have a sense of the business benefits from inclusive ownership, but how different structures will relate to the positive impact your business wants to create as well. A company that has always focused on creating a great workplace, for instance, might be more interested in providing worker ownership opportunities, while a company that has consistently focused on corporate philanthropy might be more interested in opportunities to grant equity to local non-profit organizations.
- *Potential business benefits and challenges that need to be solved.* It’s a win-win situation when an inclusive ownership structure can drive business benefits as well (which, in turn, benefits those new owners). To that end, it’s important to also identify business challenges the company is facing and consider how inclusive ownership could contribute to solving them. Having a hard time retaining employees? An employee stock option plan might help.

You might not be ready or interested in becoming a cooperative, but that doesn’t mean that there aren’t incremental opportunities available for almost all companies to increase the inclusivity of their ownership. All of the options outlined above exist in a matter of degrees, allowing a company to identify and balance the potential risks and benefits to all stakeholders affected by changes in ownership. Thinking through how far you’d like to go will help further clarify the specific options available to your company.

Specifically for worker ownership plans, a company should answer each of the following:

- What employees should be eligible? To maximize inclusivity and avoid internal frustrations, try to find opportunities for all to participate.
- When and how can employees be eligible (e.g. at a certain tenure)?
- How much of the company should be reserved for worker ownership?
- Should employees “buy” stocks or be able to participate without direct out-of-pocket costs?

Remember, an employee ownership plan need not require a company to distribute that ownership all at once. Companies frequently transition percentages of ownership to employees gradually over time.

## Making Sure Inclusive Ownership Really Is Inclusive

When designing the eligibility and other parameters on the program, it is also important to think through the unintended barriers to participation that might arise for certain employees. When the goal is to create an inclusive ownership structure, creating a process for eligibility that is not conscientious about the inclusivity of the program would be counterproductive. It might be useful to review your other company practices around hiring, promotions, and salary compensations to ensure your processes have minimized biases and even proactively addressed issues of diversity and inclusion. (For more help with that, please see our Best Practice Guides on “The Basics of Diversity and Inclusion,” “Recruiting a Diverse Workforce,” and “Retaining a Diverse Workforce”)



## Q&A with Blake Jones, Co-founder Namaste Solar (Certified B Corp Since 2011)

### How is your ownership structured and how did you arrive at it?

*We modeled our capital structure from the fantastic examples that have been set by Organic Valley and Equal Exchange over the past few decades. In order to preserve their cooperative structure, whereby farmer-owners and employee-owners, respectively, maintain democratic control of the company (one member, one share, one vote), they created a second class of non-voting preferred stock that would allow for bringing on external capital without sharing control. Obviously, this could be used with any company model, not just cooperatives.*

### How did this help to scale up the business while maintaining democratic control?

*In our first 7 years, our employee-owners provided all the capital to fund our rapid growth—with many employee-owners borrowing from family and friends (as entrepreneurs and small business owners often have to do)—along with reinvesting all the profits we were making. Over time, this caused strain because we collectively voted to maintain low levels of compensation, with no profit distribution either, in order to maximize reinvestment in the company's growth. This was further exacerbated by ongoing rapid growth and new growth opportunities that we had trouble saying "no" to. Bringing on external capital—in a way that didn't compromise our values and company model—was critically important in not just providing the growth capital we needed, but also in allowing us to pay annual dividends to employee-owners (and external investors alike) and instill further confidence in ourselves that our business model—which we all loved—was indeed viable for us as we took things to the next level and continued to scale up. Lastly, this also relieved the previous pressure we had been feeling to potentially sell the company (or bring on "the usual suspects" type of investors) in order to unlock financial benefits for employee-owners, or to provide liquidity, for example.*

### What kind of investment and investors did that attract?

*Namaste Solar has conducted its first two private offerings in the last 4-5 years that collectively raised about \$4M from around 120 investors. These are highly values-aligned impact investors who are keenly interested in supporting the way we do business. Around a third to a half are unaccredited investors, and all but two are individuals. We've all been reading the reports about how the impact investing sector is growing, but Namaste Solar is also seeing it firsthand as we interview investor after investor who is looking for opportunities and companies like ours to invest in. Ultimately, we expect to conduct a private offering every few years to provide ongoing growth capital and also liquidity for employee-owners and investors who are ready to redeem/divest. I like to think of it as a slowly revolving door of employee-owners and values-aligned investors who commit their capital to our cooperative and mission.*

To learn more, visit [www.namastesolar.com](http://www.namastesolar.com)



Once you've arrived at some sense of how and to what extent you want to create inclusive ownership, you'll need to take some tangible steps to make it happen. In order to do this well, it is necessary to come up with a plan of action and identify the help you need.

### ***Creating a plan of action.***

Ownership transitions can take time and involve multiple steps, potentially including:

- conducting company valuations,
- drafting policies and contracts,
- holding board or shareholder meetings, executing sales agreements, and
- communicating (even celebrating!) the plans to stakeholders.

Ownership transitions can also, in some circumstances, be done incrementally. However, they still need to be planned in conjunction with other key events in the company's operations (for instance, understanding how it can complement and/or be affected by management transitions, business cycles, or new hires).

Having a clear understanding of the steps that need to be taken, as well as when they need to be taken, is therefore essential to successfully planning, resourcing, and executing the process. The steps will vary by company, jurisdiction, and company objective, and so it is also essential to find the right external help and resources as you go through the process.

### ***Getting Help.***

Transferring ownership has significant individual and business ramifications that require expertise in order to appropriately execute and understand. There are a variety of tax implications to different ownership structures, which in some circumstances might require a change of corporate form. It is generally necessary to discuss your plan with your own tax or business lawyer.

To understand and get help with the different nuances of ownership transitions specifically, there are also a variety of resources and services available. See below for a sampling of resources and organizations that can help specific to the United States, including from the Certified B Corp Community. Consider tapping into your own network of businesses as well to identify those with inclusive ownership strategies that could serve as models, and see if there are organizations that provided support to those businesses.

Having a clear plan of action, and the external resources you need may also help with getting approval from your shareholders (in conjunction with an articulation of the value of your plan, as indicated above).

#### ***Reflection Questions:***

- *Given the current state of your company, what options for inclusive ownership seem most relevant and feasible?*
- *Are there other important considerations for your company when thinking about inclusive ownership opportunities?*
- *What other resources could you use to get help in deciding your ownership or helping implement it?*



**Cutting Edge Capital** USA - Cutting Edge Capital provides capital raising consulting specializing in broad based community ownership for social ventures



**The Democracy Collaborative** USA - is a nonprofit that conducts research and other programs focused on creating more shared ownership and control in the economy



**Lift Economy** USA- provides a variety of impact consulting services with a specialty in consulting for worker cooperatives



**International Cooperative Alliance** Switzerland - is a global organization focused on advocacy and support for cooperatives



**National Center for Employee Ownership** USA - Provides resources and resource to support employee owned companies and help company's grant employee ownership



**Praxis Consulting Group** USA -provides consulting services for employee owned companies or those interested, including services to create a "culture of ownership"



**Pledge 1%** USA - a network organization that provides resources for companies to commit to provide 1% of equity to non-profit organizations



**Project Equity** USA - Provides resources and consulting services for broad-based employee ownership

## Getting the Most Out of Your Inclusive Ownership

Once you've gotten through the challenges of identifying and implementing an inclusive ownership strategy, you ought to make sure that you are taking full advantage of it. This involves looking at opportunities to boost the financial success of your business as well as ways to complement your ownership with other impactful practices.

### Business Opportunities:

Depending upon the scope of your inclusive ownership, there may be many opportunities available for you to market and gain access for your company as either a worker owned company, a minority- or women-owned business (in the United States), as a cooperative, etc.



If your company is partially or entirely owned by people from underrepresented populations (e.g., women, minorities, members of the LGBT community, people with disabilities, and veterans, to name a few), it may be worth exploring certifications for similar ownership. (e.g., In the United States: [WBE Certification](#), [MBE Certification](#), [LGBTBE Certification](#), [DBE Certification](#), [VBE Certification](#); in Canada: [WBE Certification](#), [CAMSC Certification](#); in Europe: [WBE Certification](#); in the United Kingdom: [EMB Certification](#), and [Black Economic Empowerment](#) in South Africa).

If yes, consider applying for certification. It will open up a variety of funding and business opportunities. Once you're certified, you can:

- Advertise your certification on your website and in diverse supplier databases/directories.
- Seek out buyers/clients with supplier diversity policies and preferences. Many companies, including large retailers like Starbucks and Target, have supplier diversity programs; many government agencies have bid preferences for companies owned by people from underrepresented populations.
- Take advantage of funding opportunities associated with your ownership. Search online for relevant grants, loans, and other financing options that you are eligible for.

## Examples

EILEEN  
FISHER

[EILEEN FISHER](#) (B Corp since 2015) supports innovative, women-owned companies that are ready to expand their business and their potential for positive social and environmental impact. Each year, they award 10 grants of \$12,000+ through their [Women-Owned Business Grant Program](#).

CONNXUS

[ConnXus](#) helps grow small, woman-, minority- and veteran-owned businesses by connecting them to Fortune 2,000 corporate buyers. ConnXus is itself a National Minority Supplier Development Council (NMSDC) and California Public Utilities Commission (CPUC) certified, minority-owned business based in Mason, Ohio.



“ Last year, we participated in the United States Small Business Association (SBA) [Emerging Leaders Program](#), which introduced us to various programs and efforts that support minority-owned and women-owned businesses. We were encouraged to participate in events with buyers and gained new business with a client base which we previously considered unattainable.”

 **IMPACTIVO**  
DATA · DESIGN · INSPIRATION

- Maria Levis, Founder and CEO at [Impactivo Consulting](#) (Certified B Corp since 2013)

In addition to specific government and community programs, worker ownership or other inclusive structures can be used to market to conscious consumers, as well as to recruit new talent and engage your current employees. The opportunity to tell a story that differentiates your company from others because of its inclusive ownership can have a significant role in company sustainability and growth.

## Impact Snapshot: Communicating Worker Ownership

### Dansko

(Founding Certified B Corp)



As Dansko transitioned to its ESOP, they contracted Praxis Consulting to provide trainings to employees about the plan (among other services). Since then, Dansko has created an employee-run ESOP Communications Committee that is comprised of 7 members selected through a competitive nomination process. Among the internal communications that the ESOP Communications committee organizes are their “ESOP Birthday” events in February celebrating their transition and National ESOP Month in September.



## Improving Your Impact:

In conjunction with inclusive ownership structures, your company should consider the following additional practices to maximize its impact:

- Mission-Aligned Governance:** In addition to having an ownership structure that promotes inclusivity, a company can also adapt its legal structure to formally include purpose and stakeholders in its decision-making processes—not just the maximization of profits for its shareholders. (See the “Basics of Mission Aligned Governance” Best Practice Guide for more information.)

- **Transparency:** Companies with a diverse ownership structure should implement transparency measures to ensure that all relevant parties have access to information about the company and its performance. This can be to drive productivity as well as inclusion, as sharing information such as company financials can give employees an additional incentive to improve company performance. For more on transparency, refer to our “Building Engagement and Accountability Through Transparency” Best Practice Guide.
- **Board Accountability:** With a diverse ownership structure, a company should also consider the diversity of members of a board, who are able to hold the company accountable. Including members from traditionally underrepresented demographics or non-executive employees adds a voice that aligns with diverse ownership.
- **Inclusive recruiting tactics and workplace culture.** Within its internal operations, a company can improve the impact of inclusive ownership by improving access to that structure for underrepresented groups and removing additional barriers to them receiving the full benefits. Employee ownership strategies, for instance, can only maximize inclusivity when there are employees from diverse backgrounds and there are not other factors in the workplace that cause lack of satisfaction, advancement, or engagement for those groups.

While ownership is a powerful vehicle for inclusion in its own right, it is also a fitting supplement to other positive company practices around inclusion.

### *Reflection Questions:*

- *What could be your business objectives for inclusive ownership and how can it fit into your overall strategy or marketing?*
- *What other impactful practices are you already doing that would complement inclusive ownership? Is there a way to enhance them?*

### **Appendices:**

*Summary of Ownership Opportunities and Terminology*

*Worksheet: Choosing the Right Inclusive Ownership Structure*



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Here's a summary of all the key options available for inclusive ownership:

Worker Ownership	
Stock Options / Purchase Plans	Giving employees the right to buy stock in the company in certain intervals and at certain fixed prices.
Stock Awards or Performance Shares	Awarding ownership of the company free of cost as gifts, bonuses, or incentives when either individuals or the company achieve certain status or performance targets.
Employee Stock Ownership Plans	ESOPs are specific benefit programs that operate similar to a retirement plan that is "invested" in the company itself and generally includes participation from all employees. Employees receive the benefit of the plan upon leaving or retiring from the company, and the programs provide tax benefits to the company itself.
Worker Cooperative	Worker cooperatives are structured to not just give ownership to employees but be democratically governed as well.
Phantom Stock	While not technically counting as equity, pays dividends or bonuses as if equivalent to certain values of stock.
Non-Profit Ownership	
Gifting Ownership to a Non-profit	Like gifting ownership to employees for performance, a company can also choose to reserve or gift a portion of their company ownership to a foundation or non-profit organization as a means to boost its funding.
Starting a Foundation	Some companies have created a company foundation or non-profit to serve as a charitable partner and granted the foundation ownership in the company.
Community Ownership	
Cooperatives	Cooperatives are organizations that are run by and for the benefit of their members, frequently workers, suppliers, or consumers of the organization. Cooperatives generally share control through a one person one vote system.
Direct Public Offerings	Direct Public Offerings are an alternative way to raise capital without an intermediary, offering ownership "directly" to the public. This allows the company to receive investment from "non-accredited" investors (investors that do not have a high income or net worth), increasing its inclusivity and serving as an important connection from the company to the community.
Becoming a Women , Veteran, or Minority Owned Business	Companies, normally through certification, that are owned and controlled by a member from a traditionally underrepresented population.

# Worksheet: Choosing the Right Inclusive Ownership Structure

Choose up to three inclusive ownership structures that could be options for your business. Use the below worksheet to work through important questions for each one.

Option 1:

Option 2:

Option 3:

Question	Option 1:	Option 2:	Option 3:
<b>Complexity</b> Does the size, industry, or complexity of your business affect the feasibility?			
<b>Future Investment</b> Would this positively or negatively affect any plans to pursue investment in the future?			
<b>Exits and Successions</b> How would this affect current owners' future options?			
<b>Values</b> How does (or doesn't) this option align with and support the company's existing values?			
<b>Problem-Solving</b> Would this option address current challenges your company is facing?			

What options stand out as the most feasible and relevant for your current business? Which seem like they might not be the right fit?

*Did you find this resource guide useful? Do you have feedback on how it can be improved, or ideas for other resources we can provide? Let us know what you think at [inclusion@bcorporation.net](mailto:inclusion@bcorporation.net).*

## Endnotes:

- 1 <http://www.late.cl/somos/>
- 2 <http://www.divinechocolate.com/uk/about-us/research-resources/divine-story/kuapa-kokoo>
- 3 <https://www.nceo.org/articles/research-employee-ownership-corporate-performance>
- 4 <https://www.bcorporation.net/community/one-creation-cooperative>
- 5 Linshuang Lu, Praxis Consulting Group, March 2017
- 6 <http://www.gardeners.com/how-to/company-of-gardeners/7846.html>
- 7 <http://www.vermontwoman.com/articles/2014/0414/gardenerssupply/turcot.html>
- 8 <https://www.sba.gov/starting-business/choose-your-business-structure/cooperative>
- 9 <https://www.newday.com/about>
- 10 <https://www.bcorporation.net/blog/how-b-corps-persephone-brewing-are-democratizing-fundraising>
- 11 ibid
- 12 <http://scacl.ca/persephone.php>
- 13 <https://www.bcorporation.net/blog/how-b-corps-persephone-brewing-are-democratizing-fundraising>



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