

Life is interdependent. Transition to Employee Ownership. Bring work to life.



**Your weekly blog on all things EO
with Barry Horner**

Episode 2 | Series 1

“The Big Reveal”

When and how to talk to your team about transitioning to Employee Ownership

Get the communication ‘right’ and they move from being recipients of change to active participants.

The decision to transition your business to employee ownership is a monumental one, and a move that will reshape your company’s future and empower the very people who drive its success - your team. But with such a significant shift comes a crucial question.

When and how do you tell your employees?

In this episode of EO Know-How, I share some of the key learnings from when Paradigm Norton transitioned to employee ownership back in March 2019.

While the urge to keep things under wraps during the initial exploratory phases is understandable, there is a compelling argument for **transparency and early communication, particularly once a formal decision to pursue employee ownership has been made.** In fact, revealing the news to your full team as soon as that pivotal point is reached can unlock a wealth of advantages.

Paradigm Norton became employee owned in 2019 and we decided to tell our team 18 months before we signed all the legal transition documents. The team became aware that two of the senior team, who were also shareholders were approaching retirement, so conversations about this started to surface. Having reviewed all sale options and determining that transitioning to EO was the only viable* one for us, we decided to go public, and I am so glad that we did.

(*Only viable option as we wanted to preserve our values, our culture, our brand, our reputation, our team and our commitment to excellence with our clients.)

Why the Urgency? The Power of an Early Reveal:

The rumour mill had started to churn, whispers were happening in the kitchen, and a growing sense of uncertainty for us meant that it was better to be open and transparent and reveal early. Keeping such a significant development secret for too long breeds anxiety, distrust, and even leads to valuable team members feeling undervalued and looking elsewhere.

In contrast, and from our experience, an early, well-managed announcement can foster:

- **Trust and transparency.** By being upfront with your team (we now call our team - Partners), you demonstrate respect and build trust. It signals that you value their contribution and see them as integral to the company's future, not just cogs in a machine. This transparency will significantly boost morale and loyalty. This most certainly was the case for us.
- **Reduced anxiety and speculation.** Early communication quashes rumours and prevents employees from filling the information void with potentially negative assumptions. Knowing the facts, even in the early stages, provides a sense of stability and control. Why wouldn't the team think that you were selling out to the highest bidder?
- **Increased engagement and buy-in.** When employees are informed early, they feel part of the journey from the outset. This can lead to increased engagement, a sense of ownership even before the formal transition, and a greater willingness to contribute to its success. They move from being recipients of change to active participants.
- **Opportunity for input and ideas.** Revealing the news early allows you to gather valuable feedback, address concerns, and even incorporate employee ideas into the transition process. This collaborative approach can lead to a smoother and more successful implementation. On the day of signing, the business transfers to the beneficiary group - don't you owe it to them to inform them of what is coming down

the track?

- **Stronger team cohesion.** Sharing such significant news openly, fosters a stronger sense of unity and shared purpose within the team. Knowing they are all heading towards a future where they have a stake in the company's success can be incredibly motivating and bonding.
- **Positive external perception.** When your team is informed and excited, their enthusiasm radiates outwards, creating a positive buzz around your company for clients, suppliers and potential future employees.

The Big Reveal: How to Communicate Effectively

So, you have now made the decision.

It is definitely going to happen.

A Board decision has been made.

Now, how do you share this exciting news with your team?

We created a roadmap to EO that we shared with the team, with a clear timetable to completion.

1. **Plan the communication approach.** Don't just spring it on them. Decide on the timing, the key messages you want to convey, who will deliver the news, and the format of the announcement (we chose an all-hands meeting, smaller team 'café' briefings backed up by written communication).
2. **Be crystal clear.** Explain what employee ownership means in simple, understandable terms. Avoid jargon and focus on the key team benefits.
3. **Highlight the real reasons behind the 'Why'.** Share the reasons behind the decision. Emphasise the long-term vision, the desire to reward their hard work, and the commitment to the company's future with them at the heart. In the absence of clear messaging here, the assumption of the team could well be 'the tax breaks for the vendors'.
4. **Highlight the reasons why you decided against a trade sale.** Unless the alternatives are properly communicated, your team may struggle to really appreciate the huge benefits to them going EO.

We painted a stark picture of the alternatives to going EO to the Paradigm Norton team:

- Tax and business services teams no longer required (That's 30 redundancies to start with!)
- Possibly new values and culture
- New key business leaders

- Most likely a change of approach and strategy.

Who would vote for that and equally how would our clients respond?

- 5. What is in it for them?** Outline the significant advantages for your team, such as a share in profits, greater influence, and a more secure future. Be realistic and manage expectations about the timeline and specific details. Our mantra, which has worked well for six years is - Information, Influence and Reward. (A topic for a subsequent EO Know-How.)
- 6. Acknowledge their concerns.** Be prepared for questions and address any potential anxieties openly and honestly. Most likely some of the team will be unsure or even resistant to change. Create a safe space for them to voice their concerns. We used regular 'speak easy' cafes to achieve this and I know how much the opportunity to share issues and concerns was appreciated.
- 7. Outline 'what happens next'.** Provide a clear timeline of what will happen next and how team members will be kept informed throughout the transition process. We completed on 13th March 2019, so provided the team with a month-on-month timeline of activities and actions for the 18 months prior.
- 8. Reinforce the positive.** Emphasise the exciting opportunities that employee ownership will bring and reiterate your belief in the team's ability to drive the company's continued success.
- 9. Follow up and ongoing communication.** The initial announcement is just the start. Plan for regular updates, Q&A sessions and opportunities for ongoing dialogue as the transition progresses. We arranged further Town Hall meetings and regular cafes, led by the People team.
- 10. Post EO comms.** Once you have established a clear and transparent communication plan, pre transition, continue with the same cadence post transition. It's on completion/the day of transition that the hard work really starts.

The decision to transition to employee ownership is a hugely powerful statement about your belief in your team.

By sharing this news openly and early, you not only build trust and reduce anxiety but also ignite enthusiasm and foster a sense of shared purpose that will be invaluable as you embark on this exciting new chapter together.

The 'big reveal' is more than just an announcement – It is the first step in building a truly shared future.

Cultural sensitivity is required here. If, for example, you have never really shared openly the trading position of the business, suddenly doing so could be counterproductive.

Introduce change more slowly where it feels appropriate. Start with the end in mind.

We would be pleased to share further tips and ideas on **‘The Big Reveal’**.

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