

Ohio Employee Ownership Center

ESOP Game

Why Should an ESOP Company Play the ESOP Game?

Research: ESOP without ownership culture → NO improvement in corporate performance
ESOP WITH ownership culture → improved corporate performance

ESOP Game: helps establish and/or maintain an ownership culture by giving employees:

- ▶ a basic understanding of the mechanics and principles of an ESOP
- ▶ an understanding of the accumulation and allocation of shares into individual participant accounts
- ▶ an appreciation of the need to project and manage the ESOP repurchase obligation
- ▶ an appreciation of the need for balance in decisions between their costs and benefits
- ▶ an appreciation of the fact that managers have constraints on their decision-making; e.g., they cannot say “yes” to every good idea because of a lack of funds available
- ▶ an appreciation of the benefits to a company of being an S-Corp ESOP
- ▶ an awareness of the acquisition transaction in which the ESOP bought the company
- ▶ a basic understanding of some fundamental business management principles
- ▶ an appreciation of the issues faced by a mature ESOP
- ▶ an awareness of the factors influencing ESOP stock valuation
- ▶ an appreciation of the link between their actions taken and the price of ESOP stock
- ▶ an appreciation of the need to continue to invest in the future and grow the company
- ▶ an appreciation of what it means – and what it does not mean – to be an owner; i.e., managers still manage and workers still work.

The ESOP Game is best conducted in groups of 6-8 employees with about 50-60 employees maximum per session. OEOC staff can lead the sessions, and either trained company Communication Committee members or other OEOC staff can facilitate individual groups. Each session will take about 3 ½ hours. Preferably, a 60-90 minute presentation on the ABCs of ESOPs should precede the ESOP Game.

After experiencing the ESOP Game, employees will regard both the ESOP and the company as a little bit less of a “black box” and will begin to see more clearly the value they can add to improve company performance and ESOP stock price, and, ultimately, share in the success through increases in their own ESOP account value.