

## Recap . . . The ESOP Association's annual conference



Sandy Paavola  
Vice President

The ESOP Association's 28<sup>th</sup> Annual Conference was held in Washington DC in May of this year. The ESOP Association is a national trade association for companies with employee stock ownership plans. The combination of education and advocacy is a differentiating factor for this employee ownership group.

As a Wisconsin Chapter Officer, I had the opportunity to attend many of the sessions held during the convention. The overall theme for this year's conference was promoting shared prosperity through an employee ownership society. J. Michael Keeling, President of The ESOP Association, noted that in his inaugural address, President Bush called for a prosperous and equal nation by building an ownership society. As such, says Keeling, employee ownership and ESOPs should be openly discussed as a valid option to achieve the end goal of an ownership society.

Several sessions discussed ESOP advocacy programs to encourage employee owners to meet with their elected officials, both locally and nationally, and tell their story. Who better to show the power of employee ownership? See the sidelight on beginning an advocacy program.

Other conference sessions covered technical topics on valuations, administration, and fiduciary issues. In addition, communication techniques and ESOP committees continued to be a hot topic. Many sessions were held on how to engage employee owners and retain their involvement and enthusiasm. In future issues, we will highlight some ideas for activities for employee owners and ESOP communications committees.

## How to begin an ESOP advocacy program



- ✓ Build a relationship with your legislators - local, state and federal.
- ✓ Invite legislators to local company events because when they're back home their schedules are less hectic and they're looking for ways to meet with their constituents. This avenue provides some good press opportunities too!
- ✓ Get to know legislative staff - they're the people who'll get you in to see your congressional representative.
- ✓ When meeting with legislators tell your company's story.
- ✓ Fax and email can be the best way to get information into your legislator's office.



Greg Carlson  
Vice President

## Q&A

*This question and answer section is intended to provide answers to some of your most frequently asked questions. Watch for it in each issue and let us know if you have anything you'd like to contribute.*

**Q:** How can our overall value be less than the book value of the company?

**A:** This can happen, particularly when we are determining a minority value. The book value is a control value, since it is the estimated worth of the underlying assets of the business. Also, the P/E's we have selected include a consideration of the repurchase obligation, which is not on the balance sheet. The value also includes either the imbedded or separately stated discount for lack of marketability. All of these factors can lead to a value less than the book value.

## Welcome Lisa!

If you've recently dialed in to ESI's offices, it's very likely that you've heard a new voice on the other end saying "Hello." That voice belongs to Lisa Grossmeier, who joined us in March 2005 to become our central communications person. (Lisa assimilated many of Patty Putnam's duties when Patty began working on additional projects within ESI.) With a varied industry background and strong technology skills, she is an excellent addition to our team - lending her expertise to benefit our daily operations.



Since joining ESI, Lisa has assumed responsibility to ensure you receive your reports on a timely basis, has efficiently reorganized our hundreds of customer files to expedite handling the variety of questions that arise, and has taken on some of our financial data processing.

Lisa holds a degree in Accounting and has extensive experience specializing in customer support. We are very excited to have her on our team and know that you will enjoy getting to know her.

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## Communicating ESOPs as something other than a retirement plan

Adapted from NCEO Online

Most companies make a point to communicate their ESOPs as a retirement plan. But most ESOP participants will get distributions well before retirement. While it is appropriate for companies to advise employees to think of ESOP distributions as part of their retirement planning, the truth is that many employees will spend at least part of the distribution when they get it. So why not communicate ESOPs as a wealth-building plan? Wealth can be used for retirement, of course, but it can be used in other ways as well. This approach makes the plan more immediate while also making it clear that there are some risks.

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*"The important thing to recognize is that it takes a team, and the team ought to get credit for the wins and the losses. Successes have many fathers, failures have none."*

*- Philip Caldwell*

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## Congratulations Karen Toth of Antigo Cheese . .

on being named 2005's Employee Owner of the year by The ESOP Association at their recent conference in Washington D.C.

"Karen Toth is a wonderful example of someone who embodies the personal power and dignity of employee ownership," said Association President, J. Michael Keeling.

Ms. Toth has been with The Antigo Cheese Company (an ESI client) since 1993 and has worked to help her fellow employee owners understand the employee ownership concept. She is highly active in ESOP groups and recently joined the company's Interview Committee to make sure the right match is found when hiring new employee owners. She is also a regular at Wisconsin Chapter and national ESOP Association conferences.

If you have an outstanding employee owner, consider nominating them for 2006!



*Need guidance on M&A consulting strategies? Consider contacting ESI. In addition to our extensive ESOP valuation work, we also provide M&A consulting and analyses every year for our clients. Give us a call, we'd be happy to discuss your options.*