

plan. To facilitate the ESOP process, designate one primary contact at the company for the operational aspects of this engagement. That person will liaise with the ESOP consultant, presenters, and outside advisors. (The company's legal counsel should review and approve all materials for conformity with applicable provincial, and federal laws.)

## **THE ESOP TEAM**

Having the right team will influence the success of the ESOP process. Chapter 2 discussed how the team is chosen and the importance of the team's chemistry. Ownership commitment is also critical; ESOPs initiated by the ownership group, in terms of a buyout have the highest chances of going forward and being successful. However, ESOPs initiated by a lower level of management, the HR group, or from employees, without a strong commitment from management, have a fairly low success rate. Of course control rests with the ownership group, and that group must be convinced that the process will succeed. Therefore, for an ESOP to succeed, the ownership group must have a vested interest in seeing the process go through. Management will follow the ownership group's lead. It is just as important to manage the expectations of the management group as all the other employees within the company.

### **Owner Members of the Team**

The owner, or the owner's representative on the team, will usually set the parameters for the ESOP as well as represent the company's position and interest. This person must have 100 percent commitment to the employees becoming partners in the company. Obviously, the owner or executive must be a person respected by the employee group, or the process will fail. This trust and respect may not even be there at the beginning, but certainly by the end of the process after having worked as a team the important element of trust will have been built and used successfully in negotiating and in launching the ESOP.

Owners who have the traditional mindset of the hierarchy of ownership -pyramid levels- will find it difficult to implement an ESOP. The hierarchical way of running a company has proven successful—but not

