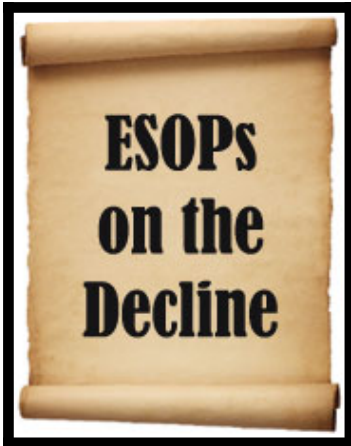


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ESOP Firms Experience Tremendous ROI - So Why Are There Fewer of Them?



Today on The One-Stop ESOP Blog, Aaron Juckett shares highlights of the National Center for Employee Ownership's (NCEO) Statistical Profile of Employee Ownership for 2009. Juckett's first bullet is:

The number of "ESOPs, stock bonus plans, & profit sharing plans primarily invested in employer stock" declined from 10,800 in 2007 and 2008 to 10,500 in 2009.

If you follow his post to NCEO's report, their table on Growth of ESOPs and Equivalent Plans shows that this is not the first time that the minimum number of companies with these plans has fallen. Probably coinciding with the 2000 tech bubble burst and events of 9/11, the number of plans dropped for several years in the last decade, picking up again in 2004.

So the state of the economy appears to play a role. The government may also be a contributing factor to the latest drop from 2008 to 2009: Nancy Dittmer shared an ESOP Association press release last week on the RSM McGladrey ESOP Blog that seems to support an assault by the Department of Labor on "Congressional wishes since 1974 to encourage employee ownership through ESOPs" with respect to the Employee Retirement Income Security Act (ERISA).

If this is true, I think the government should back off in this case. I have explored in several past posts how going ESOP leads to bottom-line benefits that include:

- Greater productivity, leading to
 - Stronger sales, as well as
 - A tendency to outperform the stock market long term.

The 40 finalists for our 2010 Top Small Company Workplace award – the winners of which will be announced in Inc. Magazine in June – exemplify this trend. The table below shows how those that have ESOPs compare to those that don't on 2009 revenue, three-year revenue growth, and profitability:

	2009 Avg. Revenue	Avg. Revenue Growth, 2007-09	Percent Profitable, 2007-09
ESOP (7)	\$69.1 million	49.2%	100.0%
Non-ESOP (33)	\$36.6 million	31.2%	88.9%

If more of the estimated 27 million small businesses in the U.S. were encouraged to explore ESOPs, they might see their results pick up by a similar proportion – and of course that would have direct implications on job creation and hiring. Not to mention, the communication that's often par for the course with ESOPs would improve employee engagement and workplace team building to help further boost the bottom line.

What's *your* answer to the question that's the title of this post?

View full post on [Winning Workplaces](#)

You can also find this article published on [ESOP Firms Experience Tremendous ROI - So Why Are There Fewer of Them?](#), and on the tag pages [ESOP](#), [Experience](#), [Fewer](#), [Firms](#), [Them](#), [There](#), [Tremendous](#).