



Employee Ownership Blog

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The ESOP Association and the Employee Ownership Foundation Release Results of the 2010 ESOP Company Survey

We wanted to share the following press release which was sent out by The ESOP Association this morning regarding the results of the 2010 ESOP Company Survey.

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The ESOP Association and the Employee Ownership Foundation Release Results of the 2010 ESOP Company Survey

August 11, 2010 (Washington, DC) – The ESOP Association and the Employee Ownership Foundation released today the results of a survey conducted among the Association's 1,400 corporate members in the first quarter of 2010 which confirms positive benchmarks for ESOP (employee stock ownership plan) companies. The company survey is conducted every five years and was last completed in 2005. Prior to 2005, the survey was completed in 2000.

The eye-opening statistics of the 2010 survey are the increase in age of the ESOP and account balances. In 2010, the average age of the ESOP was reported to be 15 years as opposed to prior years where the ESOPs reporting were much younger. In addition, the average account balance has risen dramatically to \$195,222.65; a much higher figure which correlates with the age of ESOPs participating in this year's survey.

The 2010 results have also shown a rise in the number of S corporation ESOP companies which was reported as 73% this year. This figure is in line with ESOP Association membership figures that show 66% of members as S corporations. Another interesting figure was the number of C corporations considering converting to an S. In previous years, the number answering yes to this question was 45%, in 2010 the number dropped 10% to 35.5%. The reason for establishing an ESOP has not changed over the last decade, with 50% of the respondents reporting that their ESOPs were created as part of an exit strategy, or a buyout from current owners. This figure is not surprising considering this has been the driving force behind the establishment of ESOPs for more than two decades now. In addition to an exit strategy, 23% reported that the ESOP

was created to provide an additional employee benefit and another 21% stated the attraction of the employee ownership concept as the reason.

The figure for the amount of stock held by the ESOP has increased dramatically to 78% in 2010, up 10% over the 2005 survey data, and up 12% compared to the 2000 data. The number of currently leveraged ESOPs has decreased with 52% of companies reporting that they are not currently leveraged and have paid off ESOP debt. These results also reflect the age of the ESOP as most ESOP loans are a 7-12 year term. Approximately 90% of members reported having retirement savings plans in addition to the ESOP including the use of 401(k) plans, pension plans, stock purchase plans, and stock options.

In terms of motivation and productivity, 84% of respondents agree that the ESOP improved motivation and productivity. In addition, 78% of companies participating in the survey advertise the fact that they are employee owned through websites, in company literature, and in marketing campaigns.

"The data from the Association's company survey, which is done every five years, proves the case for more employee ownership," said J. Michael Keeling, president of The ESOP Association. "When coupled with 30 plus years of research, this survey shows employee owned companies are better performing, provide greater wealth creation for employee owners, stay in business longer, have greater profitability, offer better benefits, and have more employee involvement in decision making. Shared capitalism offers new prospects for U.S. businesses, and as a community, we need to be promoting these benefits more widely."

The above is a sampling of the data that was collected. In addition to providing members with a comprehensive summary of the results, a publication detailing all 45 questions and responses will be available for purchase by members and non-members in the fall of 2010. This year, 460 members participated in the ESOP Company Survey.

The ESOP Association is the national trade association for companies with employee stock ownership plans (ESOPs) and the leading voice in America for employee ownership. The core cause of The ESOP Association is the belief that employee ownership will improve American competitiveness, increase productivity through greater employee participation, and strengthen our free enterprise economy.

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