



Putting in overtime hours has become an expected contribution in today's work force. The supervisor or company CEO will be impressed by the show of such hard work and dedication. Many Anderson & Associates employees log up to 170 to 200 plus hours per month on average. While this may sound like slave labor to some, these additional hours are contributed willingly and wholeheartedly. Why? There are no employee performance reviews or awards, so to speak. No one receives a plaque for most hours logged. So why the effort and additional hours? The answer is a simple, four-word concept. Employee Stock Ownership Plans (ESOP).

As employee-owners, each employee at Anderson & Associates has a vested interest in the profits of the company that extends beyond what they take home on pay day. Thirty-four percent employee-owned, Anderson & Associates implemented the employee stock ownership plan in 1987, and the goal is to reach 100 percent employee ownership in five to seven years. An award-winning company, Anderson & Associates was named the ESOP Company of the Year by the Mid-Atlantic ESOP Association in May 1997.

The company has also built an established listing of repeat clients and references in North Carolina. Joan Milman of JBM Commercial Brokerage, says that she continues to do business with the company because of its outstanding customer service and strong work ethic. Both employees and customers feel that the evolution, growth, and success of the company has been influenced largely by the implementation of the ESOP design. Like most companies, its growth and success was an evolution. Anderson & Associates was not always an award-winning, nationally recognized ESOP company. Like most companies, it grew from humble beginnings.

Greensboro is home to a number of companies bearing the Anderson name. However, Ken Anderson started his engineering and surveying company out of his home in Blacksburg, Virginia, in 1968.

"When he started, he was a one-man show," says Keith Price, vice president and Greensboro branch manager.

Executive vice president Chip Worley was one of Anderson's first employees. "When I first started working in 1972, we worked out of a room at the side of his house," laughs Worley.

As the company grew, more employees were added, and the market area increased from Blacksburg to the surrounding areas. The company eventually incorporated and became a corporation under the laws of Virginia. As his company continued to grow, Anderson — as the primary stockholder — began to think of the future. If something should happen to him, or he decided to retire, what would happen to his company? What could he do to protect his employees and insure his company's future?

"Usually what happens is that the stock is offered for sale to whomever," says Worley. "and people like me weren't sure we would have the resources to buy him out, so to speak. So the ESOP became a vehicle to allow the ownership of the company to be spread more widely."

With this plan, Anderson could continue to control the company's growth and development as he wished. At the same time, this would also allow his employees to become owners. Employees, Worley says, who would not have the opportunity (of ownership) on their own.

"It was just a matching of the right vehicle at the right time for our situation," says Worley, "when you start a company, you have a great interest in it. You don't want it to be sold to somebody that you don't know. It's almost like raising a child."

Anderson, Worley says, "wanted to see it perpetuated in a good way

Employee-Owned Companies Located in Greensboro

AC Corporation
Cone Mills Corporation
Cross Company
Dillard Paper Company
Halstead Industries, Inc.
Hoffman & Hoffman, Inc.
James M. Pleasants Company, Inc.
MBF, Inc.
North Carolina Trust Co.
Oakwood Homes Corporation
Sutton & Kennerly, Inc.
T.F. Farmer Company
Triad-Fabco, Inc.
Tri-City Mechanical Contractors, Inc.

Some ESOP Facts

- What is an ESOP?
Employee Stock Ownership Plan (ESOP) is an employee benefit plan which makes the employees of a company owners of stock in that company.
- There are approximately 10,000 ESOPs in the United States, with 10 million employee-owners. This is 10 percent of the American workforce
- Approximately 1,500 ESOP companies are majority-owned by the employees.
- Approximately 500 ESOP companies are 100% owned by the employees.
- About four percent of ESOP companies are unionized.
- In 1993, U.S. ESOPs owned \$214 billion in corporate assets.
- Nationally-recognized ESOPs include United, Proctor & Gamble, Merrill Lynch, DynCorp, Lowe's Companies, Polaroid, AlliedSignal, Birkenstock, Reflexite, Phelps County Bank, and Web Industries.

Information provided by the ESOP Association.

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with people that he knows and trusts, and ESOP allowed him to do that.”

At the time that Anderson was researching and planning, ESOP was a relatively new concept. Worley believes Anderson and Associates was probably one of the first engineering firms to adopt the plan.

Although the company had some hard years when the economy dropped, Anderson & Associates is proud to say it has not had a lay-off in its 29 years. Today, it employs nearly 170 people in five locations: Greensboro, Tri-Cities, Tennessee, and Blacksburg, Richmond, and Middletown, Va.

The company's Greensboro branch was its first branch office. Since its opening in 1989, the office has grown from one employee to 20. Its employees work hard, but can't imagine working anywhere else.

Keith Price, Tina Vaughn, and Mike Davis noticed a difference right away when they arrived at Anderson & Associates. Most notably was the open-book style of management that is apparent in the way that the company runs on a day-to-day basis. For example, company financials are open to all employees. This practice is

unusual, even for ESOP companies.

“Everybody knows how the company is doing, how much money is in the company account, and how much money everybody makes,” says Vaughn, the company's business relations manager. “We can actually see how our performance is tied to the numbers.”

The employee relationships are also more team oriented. The company has no salaried employees, and the hours worked by employees are accessible as well.

“If one person fails, then the stock value can go down, and everybody loses, essentially. If one person succeeds, and the stock value goes up, then everybody wins,” says Vaughn.

“It is a team effort, and you can measure the results,” says Price. He adds that the open-book management was probably one of the first things he recognized when he first arrived. In fact, employees are structured around project teams, such as engineering, computer networking, and marketing and creative services teams. Each team is headed by a project manager, and team results are available to all employees.

“It's the closest way to being in business for yourself, without being in business with yourself,” says Vaughn.

Mike Davis is the Greensboro branch CADD (Computer Aided Drafting and Design) manager and serves on the ESOP Advisory Committee. He says it initially took a little time for the ESOP philosophy to sink in, and realize what it meant to him as an individual. Within a couple of years, he began to see the results of his hard work and his stock in the company started to grow. He says the company's structure keeps its employees motivated and concerned about individual and team performance.

“People go any extra mile, working late, and doing what it takes to get things done to provide a quality service to clients, and it's proven successful for us,” adds Davis. “We've got a lot of return clientele and people who ask for us by name now... we've made a pretty good impression, especially in the Triad.”

Davis also believes that being an ESOP company is a great advertising tool.

“I can't speak for anytime before I came here, but anytime you can say



you're an employee-owned company, I think it puts you head and shoulders above companies that are not, because that says that you have employees that really care."

Joan Milman agrees wholeheartedly. "I think because they are employee-owned, they are committed to give their customers the highest quality of service"

"If I need something within two to three hours, they ask me if they can get a courier, or whatever it takes. These guys really care. They give great customer service," she says.

Milman says she finds the company fascinating and observes that the employees seem to have an entrepreneurial spirit — that each employee feels they represent their own company. She has also found the company's versatility beneficial as well. She recalls a special project for which she needed to make a visual presentation to her client. Anderson & Associates created a 15-20 minute computerized presentation, complete with aerials and computer graphics.

Ken Anderson will admit he is doesn't know very much about the computer world. Yet, he recognizes

the importance of technology in order to provide better service to his customers

"Through our technology, we've really been able to expand our services," says Price. Services have been extended to include geographic information systems, digital terrain models, computer simulations, presentation management, and Internet resources. Technology has also helped cut company costs. E-mail and video-conferencing capabilities enable employees and clients to communicate more often, thus cutting travel, mail, and even telephone costs. The end result is that the customer is provided with quicker, better, quality service.

The quality of Anderson & Associates is not only notorious in North Carolina and Virginia, but Washington D.C., as well. Of the 10,000 ESOP companies registered nationally, the headquarters of the National ESOP Association recognizes this award-winning company immediately.

"The secret of Anderson & Associate's success is that they are employee owners and the firm's commitment to employee ownership,

The firm realizes that its most valuable asset is its employees; and to maximize that asset, it seeks their participation and involvement," says Susan DiLiddo, communications director of the National ESOP Association in Washington.

One of the perks of joining the ESOP Association is the opportunity to network and exchange ideas with other ESOP companies. Anderson & Associates is commended by the National ESOP Association on its participation as an ESOP company. The company remains active by participating in conferences, taking part in chapter meetings, and entering competitions. Last year, for employee ownership month, the firm opened its doors to other companies in Virginia to share the ESOP philosophy. They discussed concepts they've learned, and shared ideas they've been able to capitalize upon.

DiLiddo says their dedication to employee ownership, employee participation, and quality is what sets them apart from other companies.

"They've incorporated all the ideals that this association holds true. Employee ownership, improving



American competitiveness, increasing productivity through greater employee participation, and creating a broader distribution of wealth. They've incorporated all of these ideals into their daily operations. Employee ownership is a day to day practice at *Anderson & Associates*. It shows through everything that they do," concludes DiLiddo.

From the home office in Blacksburg, Va., to five locations in five different cities, Ken Anderson's nationally acclaimed company is one of Virginia's top 50 fastest-growing companies. But he didn't do it alone, and he can rest assured that his employees are dedicated to his company and its philosophies. ❁

Tina Adams is a freelance writer living in High Point.

A History of ESOPs

Developed by Dr. Louis O. Kelso, the ESOP concept is based on the theories of capital ownership. Kelso believed that only through widespread capital ownership could modern economies provide for more equitable distribution of wealth. He felt it was important to provide the majority who do not presently own capital with a means of achieving substantial stock ownership. Since the average worker does not have the financial capabilities to buy that capital with his or her own earnings, he conceived of the ESOP as a means of providing employees with access to capital credit.

He put his ideas into effect by installing ESOPs in a number of companies during the 1950s, 1960s, and early 1970s. However, it wasn't until he attracted the support of United States Senator Russell Long of Louisiana that ESOPs began to gain attention nationally. Senator Long was a senior member and Chairman of the Senate Committee on Finance at the time. For 12 years, he began to champion and promote the ESOP cause on Capitol Hill.

The Employee Retirement Income Security Act of 1974 ("ERISA") was the first major bill that facilitated the establishment of ESOPs. As a result of vigorous legislative promotion, ESOPs nationwide have increased from several hundred in 1974 to well over 10,000 today.

Information provided by the ESOP Association

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