



**Employee Share Schemes:
Innovative Communication Strategies
Guaranteed To Increase Employee Take-Up**

Webinar

Wednesday 21 October 2020





A Word From The Chairman



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Managing Director

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Agenda



- 12:00 – 12:05 Chairman's Introduction
- 12:05 – 12:30 Keynote address
- 12:30 – 12:45 Questions & Answers



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Employee Share Schemes:

Innovative Communication Strategies
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David Craddock

Founder and
Director

David Craddock
Consultancy
Services



A Webinar Presentation on
COMMUNICATION Strategies for Employee Share Schemes

for The ESOP Centre

by David Craddock
Specialist in
Employee Share Ownership
& Reward Management, Management Buyouts,
Share Valuation &
Investment Education

Wednesday,
21st October, 2020



Think like a wise man but communicate in the language of the people.

~ **William Butler Yeats**

Developing the Global Share Scheme

The Established Trend Towards Global Schemes - Why?

- The trend has arisen over the last 30 years from a belief in the need for corporate unity sustained by effective forms of employee incentivisation across many different cultures.
- The trend is reinforced by the globalisation of world markets which has contributed to this belief with a recognition of the interconnectedness of all the disparate elements within and across a world corporate group.
- The successful implementation of any employee share scheme, hinges upon the employee communication strategy; how more challenging, therefore, is the communication task across a diverse global group, to ensure compatibility between . . .
 - 1) *Company* culture and
 - 2) *Country* culture, the on-going challenge for global goal congruence in an international group of companies.

Kites fly highest against the wind — not with it.
~ **Winston Churchill**

Developing the Global Share Scheme

- The maxim of Leonardo Da Vinci was to encourage his students to study the art of science and the science of art and to recognise that everything is interconnected.
- The introduction of the global share scheme requires:
 - The tools of science to ensure its logical self-consistency.
 - The artist's design capability together with the sensitivity of understanding in the communication to peoples from different cultures and backgrounds.
 - In its execution, the global share scheme is predominantly social-scientific in its need to respond to the different ways in which people think and feel.



The Human Resource: The concept of employee involvement has come to have a worldwide credibility. Nevertheless, there remains a continuing need to assist and coach managers into attitudes and behaviours that are consistent with the belief that employee involvement has the capacity to enhance industrial relations and increase business productivity.

Remember: The employee share ownership version, historically “The Quiet Revolution”. The attention to the cultural aspect of the employee share scheme communication demonstrates that employee share schemes work best when accompanied by sister policies that reinforce the motivational message. **Examples: 1)** The company's proactive approach to employee training, **2)** The involvement of employees in decision-taking, say Works Councils, **3)** The commitment to regular corporate communications on company results.

It's not that I'm so smart, it's just that I stay with problems longer.
~ **Albert Einstein**

Developing the Global Share Scheme

Why Is Authoritarian Management Inefficient and Ineffective?

The response to empowerment and enfranchisement:

- The higher employee expectations of all peoples, particularly within the Western world, for better treatment from their managers together with the drive for gender equality.
- The growth of materialism leads people to believe that what they want is within their grasp and, in some cases, they see the satisfaction of their wants as their economic and social right.
- The expansion of global communications gives glimpses of other worlds, generating aspiration and expectation at all levels.
- The less intrusive and less dictatorial nature of governments that respect the market is expected to be mirrored in the management style of business.

The secret of getting ahead is getting started.
~ Mark Twain

Developing the Global Share Scheme

The Business Challenge:

- To reflect social scientific trends in the management of the business environment and to appreciate that the business environment is part of the general people community environment.
- To harness the release of human energy that comes from employee empowerment and employee freedom into the achievement of the corporate aims and objectives.
- To develop strategies that enable management to retain control of the business whilst maximising employee contribution, i.e. the democratic challenge that can arise in the private company environment.
- To understand the cause and effect of policy implementation, e.g. How does the employee share scheme improve productivity? How do the human resource policies interact?



An educated mind can never be enslaved.

~ **Candace Owens**

Exporting the UK Model

The Basis for the Exporting Activity:

- It is into this social-scientific and business context that the global share scheme emerges as an appropriate tool for the creation of the environment.
- The US and UK continue to encourage their traditions of share schemes, traditions that arise, **1)** in the US, from succession planning and long-term pension provision and **2)** in the UK, for shorter-term incentives.
- The role of the tax reliefs, where available, is to offer tax baits to bring the schemes to the attention of business managers and, indeed, all employees.
- As with any export product, it is essential to refine the product to be suitable for the importing countries and this is where progressively sensitised communication strategies are pivotal.
- To restrict the international vision to a group of molecular legal structures loses sight of the human resource context which is the driving force for extending the schemes into the overseas businesses.
- The businesses expanded into overseas countries with a spirit a vision; the employee share scheme exportation should be done in the same spirit.

Do not go where the path may lead; go instead where there is no path and leave a trail. ~ Ralph Waldo Emerson

Communication Sensitivity by Country

The subtle is point is this:

- The structure of the employee share scheme should be as similar as possible around the world. However, although the content of the communication will be similar, the delivery will be highly sensitised to the different audiences around the world.

To maximise employee understanding, this is the key recipe for success:

- The cultures in which the businesses operate must be understood through research that is *internal* to the company.
- The use of indices that are developed *external* to the company enable the company to identify differences between cultural environments in which the company operates.

The use of the cultural indices:

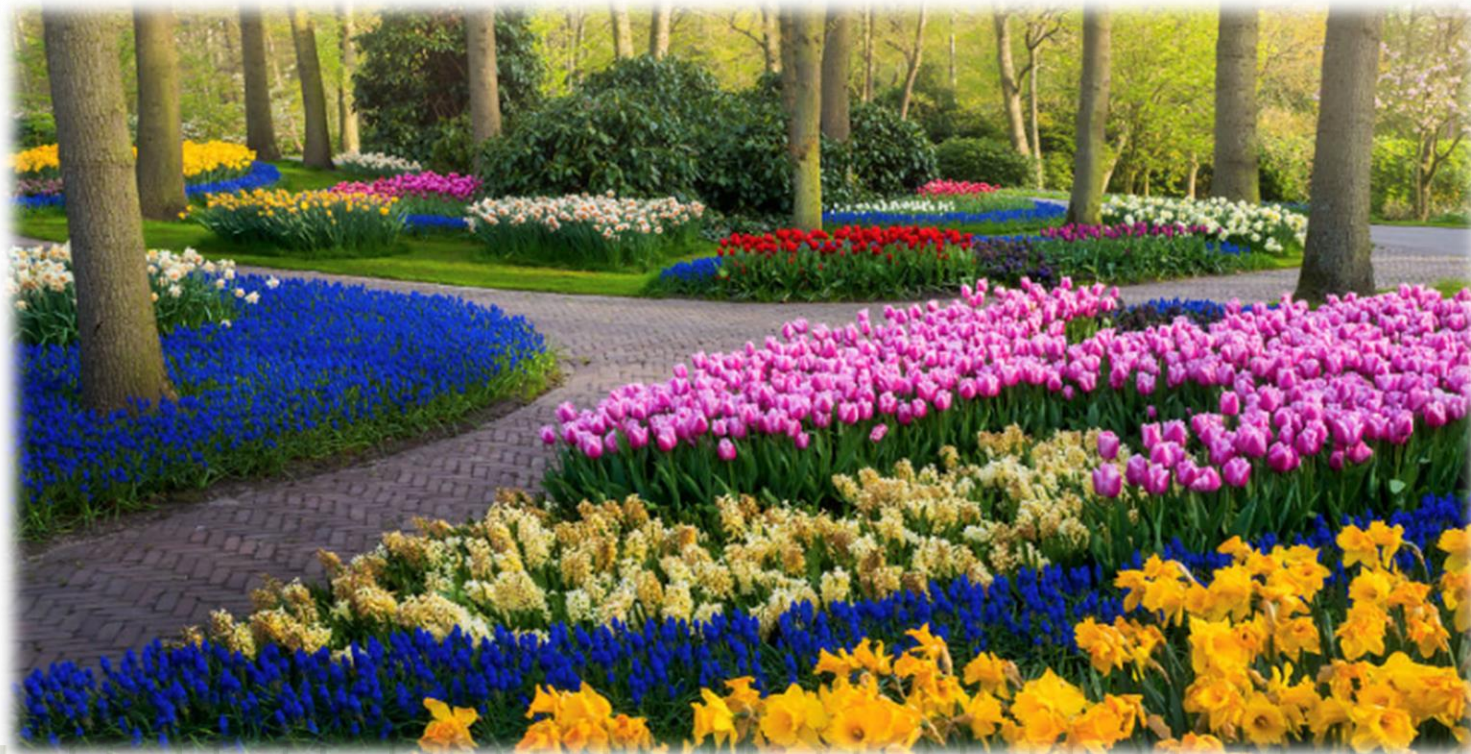
- To develop a cultural profile for a given country, with each index on a scale of 1 to 5.
- Each index score indicates something important about the understanding of that country's predominant culture.
- The communication can then be refined accordingly to maximize the benefit from the introduction of the employee share scheme.
- The outcome is a cultural profile for each country which must then be interpreted in the light of the company profile and the objectives of the company in introducing the employee share scheme.

Intermission 1 — Thoughts to Inspire

An early morning walk is a blessing for the whole day. ~ Henry David Thoreau

If we could give every individual the right amount of nourishment and exercise, not too little and not too much, we would have found the safest way to health. ~ Hippocrates

Make the most of yourself, for that is all there is of you. ~ Ralph Waldo Emerson



*Good, better, best. Never let it rest. 'Til your good is better and
your better is best. ~ St. Jerome*

The Cultural Indices: The Tools

1) The Emotional Distance Index:

Measures the level of emotional distance between managers and the people reporting to them. Emotional distance is sometimes referred to as “power distance” and measures the level of trust and affinity between people in authority and the people who are subject to that authority.

2) The Individualism/Collectivism Index:

Measures the extent to which a community is bound by ties of collectivity or, alternatively, is made up of individuals who are pursuing their own personal agendas with or without regard to the collective good of the community.

3) The Gender Index:

Measures the extent to which the traditional role of men and women still prevail in the community.

4) The Risk Index:

Measures the inclination of the culture to avoid uncertainty and for people within that culture to accumulate around them benchmarks as points of certainty and inflexibility.

5) The Timescale Index:

Measures the extent to which the community thinks short-term at the expense of long-term or vice versa.



Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence. ~ Helen Keller

Immigrant Minorities

When cultures come together in one country:

- The extent to which the presence of migrant minorities presents a challenge depends upon the degree of assimilation.
- Migration, particular if not planned and prepared, can cause severe culture shock which can lead to illness, both physical and mental.
- Research shows that migrants will settle more easily at work than at home and that an apparent normality at work can disguise cultural turmoil back in their domestic setting.
- Language is central to cultural transfer and respect must be given to different levels of fluency so as not to undermine the confidence of those who are using the language as a means of assisting their cultural assimilation.
- The deception of language is to make the rash assumption that peoples who speak the same language will necessarily receive the message in the same way: *often they will not!!!* the language may be common but the culture may not be common at all.

Well done is better than well said.
~ Benjamin Franklin

Linguistic Implications

Different uses of language that can contribute to cultural misunderstandings:

- The choice of vocabulary, e.g. **1)** The use of the word “Scheme” in the US rather than the word “Plan”; **2)** The words “Share” and “Trust” have universal connotation.
- The use of powerful imagery, e.g. **1)** The planting of seeds for Sharesave, **2)** The division of a cake for profit-sharing, **3)** Images of different ethnic backgrounds working together, **4)** Images pertaining to the company’s products as a cross-cultural point of unity.
- The Chinese and Japanese have a particular set of beliefs (*never say superstitions!!!*) revolving around the use of numbers, e.g. **1)** In Chinese communities, “4” connotes “death” while “8” connotes “success”, **2)** In Japan, always check the use of numbers in examples with the local company.
- Ensure that interpreters understand the scheme, speak in detail with them before the communication to ensure their “buy-in” to the scheme.
- Use traditional story-telling in agricultural communities.



Quality is not an act, it is a habit.

~ Aristotle

Intelligence Levels

- Always the intention should be to simplify the communication materials and any accompanying presentations.
- Avoid employee embarrassment and humiliation by offering an opportunity to ask questions in private.
- Maximise the ways in which questions can be asked, i.e. in the group setting, in a private meeting or by private e-mail or letter.
- Often a mix of intelligence levels in the communication group can be a help and point of unity, but it can also be a hindrance.
- Enhancing the meaning through significant simplification, using symbols, illustrations and presentational aids, e.g. with miners in South Africa who can neither read or write.
- What is intelligence? Remember that intelligence can take different forms; for some intellectual intelligence may predominate, for others it is emotional intelligence.

Intermission 2 — Thoughts to Inspire

If we did all the things we are capable of doing, we'd literally astound ourselves. ~ **Thomas Edison**

To become master of your outer life, you must first become master of your inner world — CEO of your mind. Teach your mind how to think differently: how to be calm, loving, courageous and optimistic.

~ **Susan Smith Jones, PhD (Excerpt from the book *Wired for High-Level Wellness*)**

Be transformed by the renewing of your mind. ~ **St. Paul the Apostle**



The way to get started is to stop talking and get doing.
~ **Walt Disney**

Collectivism Versus Individualism

The relative strength of collectivism versus individualism:

- The 1980s/1990s/2000s UK legislation has sought to encourage both: **1) individual** wealth creation and **2) collective** social cohesion.
- An understanding of any national or ethnic culture reveals a natural propensity to a predominant disposition of individualism or collectivism.
- Strong individualist countries are **1)** former imperialist nations, e.g. UK and the Netherlands and **2)** countries with significant ambitious populations, e.g. US, Australia and Canada.
- The requirement is to achieve an understanding of the balance between the two dispositions.
- The correlation between countries that have an individualist disposition and countries that have a capacity to generate wealth.
- The words “individualist” and “collectivist” refer to the natural inclination of a country and not to any enforced approach by a totalitarian government or authority.

You can't build a reputation on what you are going to do.
~ **Henry Ford**

The Gender Factor

The balance between masculine and feminine characteristics:

- The concern is not the innate biology of man and woman but the gender characteristics of masculinity and femininity.
- The mark of a mature society is where there is a high level of tolerance and this usually correlates with a healthy balance between masculine and feminine characteristics.
- The outcome of the index hinges on the extent to which **1)** there is a breakdown of traditional roles within the country and **2)** roles are interchangeable within the country.
- The countries in which the natural characteristics of compassion and tenderness prevail, characteristics traditionally associated with femininity, are usually countries in which there is a high level of co-operation that is conducive to employee share ownership and a natural appeal and reception for the employee share scheme initiative.

This above all; to thine own self be true.
~ **William Shakespeare**

Using Cultural Indices: Full Example

Full Example: The USA

- Where the indices are *not* determined by indigenous Americans.
- A country that is a melting pot of migrant cultures.

What is the overall relative position on the indices?

- 1) **Emotional Distance Index:** Low
- 2) **Individualism/ Collectivism Index:** High
- 3) **Gender Index:** Mid-Point with a competitive edge
- 4) **Risk Index:** Entrepreneurial risk in some communities, very conservative in others
- 5) **Timescale Index:** Long-term visionary strategy with short-term steps



No bird soars too high if he soars with his own wings.
~ **William Blake**

Timescale Orientation

Compare and contrast the following:

- In **1924**, when asked about the effects of the French Revolution, Chou En-lai of China replied: “It is too early to say”.
- In **1996**, during the last years of British colonial rule in Hong Kong, a group of potential share scheme participants remarked that three years was too long a term for the employee share scheme.

The timescale index is impacted by the following:

- The perception of what constitutes long-term and short-term.
- The expected length of service of the employees.
- The cyclical nature of the business.
- The potential volatility of the country’s political status.
- The state and the response to the world economy.

Respect for right conduct is felt by everybody.

~ **Jane Austen**

The Summary Approach

The general principles on the use of the cultural indices:

- Relative benchmarking • Based on national cultures
- A management tool rather than an absolute science
- Interpret with common sense and practical knowledge

The application of the communication strategy:

- Define the share scheme objectives
- Research the national cultural environment
- Understand the natural cultural inclinations
- Couple with an understanding of the economic situation
- Use cause and effect analysis to best effect • Apply the cultural indices
- Refine the share scheme communication accordingly

Pivotal to this approach are the following:

- Always seek to maximise human motivation and to create the compatible environment
- Always seek to achieve the corporate objectives

Employee Share Schemes

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Thank You!



“To be successful, to get to the top of the mountain in your business life and career work, takes a combination of attributes: gumption, grit, effort, resolve, determination, zeal, perseverance, positive thinking, sense of humour, courage, belief, curiosity, kindness, faith, passion, enthusiasm and confidence. It involves creating connections to people who inspire, motivate, empower and support you in achieving your highest goals and living your best life.”

“Success is determined by your daily agenda and how well you get along with people. Do your best and you will attract the best back to you.”

~ David Craddock

Questions & Comments



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newspad

The Esop Centre's *newspad*, edited by Fred Hackworth, is a monthly publication providing in-depth coverage of the main international news in the employee share ownership field.

NB Reminder: The email address of Fred Hackworth, editor of *newspad*, has now changed to: fred_hackworth@zen.com (please note the under-score). Please send all press releases, company bulletins and news items for *newspad* to the above address. Thank you.

October 2020

In this month's edition:

- Educate public about share schemes, says HMRC study
- Employee-owned companies near 500 milestone
- Centre webinar reports: Could equity be used to replace a portion of an employee's salary?; Employee ownership and the future of capitalism; Employment-Related Securities
- Roadchef: widow urges tax-free compensation
- Float will create 200 millionaire staff shareholders, claim
- Free share awards value employees
- Loan Charge dubbed 'one of the worst laws ever'
- Centre weblave report
- Share plans symposium London March 24
- Companies section: Admiral, BA, Sir Patrick Vallance, Frasers Group, Gymshark, John Lewis, Pearsons, Rio Tinto, Royal Mail, Ryanair and FCA
- Chancellor seeks to reduce job cuts

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From 43,000 curated sources, you get a machine summary of the key point(s) from forward-looking articles, not just article titles:

(LF.10) Reduced Inequalities

In September 2015, 193 world leaders agreed to 17 Global Goals for Sustainable Development. If these Goals are completed, it would mean an end to extreme poverty, inequality and climate change by 2030.

Goal 10: Reduce inequality within and among countries.

- If the distributions of **income**, **unpaid taxes** and **labor** follow CBO's projections, **income inequality** will be greater in 2031 than it was in 2016.
- High growth over the past decade** has been based on unsustainable resource exploitation; addressing the **resulting growth in inequality** and environmental cost will be critical to ensure social stability and to ensure **strong sustainable growth** in the coming decade.
- The increase in **inequality** observed in the last 20 years is a serious threat to France's social contract.
- America's **populist president** is pushing a tax plan that will further increase **economic inequality** at a time when **income** and **wealth gaps** are already widening.
- A failure to give the **world's poorest nations control** over their bodies could widen **inequality** in **developing countries** and thwart progress towards global goals aimed at ending poverty by 2030.
- Under French leadership the G7 group of the 7 largest advanced economies plus the European Union will focus in 2019 on fighting **inequality**, including **poverty** induced by **climate change**.
- Leadership might require companies to take positions and advocate for **change on global inequality** - including **in-work poverty**.
- Achieving the 17 **Sustainable Development Goals** - which include clean water, clean energy, sustainable cities, climate action, responsible consumption, **reduced inequality** and more - would open a market opportunity of \$12 trillion by 2030.
- The next decade offers an opportunity to address **Africa's urban poverty** and **inequality** and shape development priorities to ensure that urbanization helps foster **well-functioning, livable and sustainable cities**.
- In Africa and in the LDCs, eradicating poverty by 2030 will require both **double-digit GDP growth** and dramatic declines in **inequality**, illustrating the scale of the current challenges faced.
- The economic catch-up of Asia with the West will continue in the coming decades - thereby reducing **global inequality** among countries and among world citizens.

(FS.3.05) Employee Share Ownership

Considering 75 percent of the 2032 global workforce will be Millennials and Generation Z, it's critical that **organizations** keep a pulse on **employee engagement** and in a way that's consistent with how the emerging generations communicate.

- 2019 will see a continued evolution in designers' understanding of workplace optimization with designs that boost office morale and **employee wellness** while facilitating a creative work environment.
- By 2016, Gartner Predicts Twice as Many Employee-Owned Devices Used for Work than Enterprise-Owned Devices. With proposed revisions to the UK Corporate Governance Code, from 2020, companies will be required to report on **employee engagement**, as announced earlier this year by Financial Reporting Council.
- For HR leaders looking to better determine the attitudes that drive employee turnover and increase retention, using AI to provide insights into **employee engagements** will be crucial.
- By 2021, Artificial Intelligence (AI) will allow the rate of innovation in New Zealand to double. **Employee productivity gains** are expected to increase 1.5 times.
- Artificial Intelligence will double the rate of innovation improvements and improve **employee productivity gains** by 1.5 times in New Zealand by 2021.
- US health benefit costs per employee will increase 4.1% next year - slightly higher than inflation and less than the double-digit increases seen in years past.
- With a tight labour pool, small businesses will find 2019 to be the year to focus on **employee engagement** and happiness.
- Nearly 50 percent of companies also expect that automation will lead to some reduction in their **full-time workforce** by 2022, based on the job profiles of their **employee base** today.
- Employee wellness** has been on trend for years, but expect to see some high-tech changes in 2019.
- By 2020, automation and artificial intelligence will reduce **employee requirements in business shared-service centers** by 65 percent, which adds the RPA market will top \$1 billion by 2020.
- This year, many **organizations** will look to employee scheduling software to solve problems around creating, publishing and managing employee schedules that include setting its own shifts to adjust course and increase. Act on sales to help identify customer specific content to enhance worker value.

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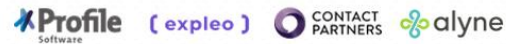
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