Employee Ownership Association

The voice of co-owned business

CASE STUDY

Compton Fundraising Consultants

MAIN BUSINESS

Fundraising consultancy

ANNUAL TURNOVER

£3 million

NUMBER OF EMPLOYEES

44

WEB ADDRESS

www.comptonfundraising.co.uk

Compton Fundraising Consultants ("Compton") began life as a family fundraising firm in Australia in 1962 and is now a multi-national group of companies turning over £3 million a year and employing 44 people. Although the founder sold shares to the people he worked with in the early days, the firm was still 70% family-owned when he sold his interests in a management buy-out (MBO) in 1995.

The new management team liked aspects of family ownership and decided to pursue employee ownership (EO) by giving away shares during the MBO, according to group chief executive Andrew Day. The business moved to the UK in 2000 and established an employee share ownership scheme.

The business is 100% employee owned – "it's important that our people have a stake in the company, because we sell their time and expertise, so that our balance sheet is heavily dependent on retaining people", Day believes. Compton uses an employee benefit trust, supported by a Share Incentive Plan (SIP), to hold and distribute shares to employees. At the time of the MBO, the group put cash into the trust to enable it to buy shares for future distribution.

All new employees with at least six months' service receive between 3% and 6% of their salary in the form of shares and are required to sell these back to the trust if they leave (at a price determined annually by the company auditor).

Staff receive shares in a number of ways:

- as a bonus based on company performance;
- through buying additional shares up to the value of £7,500 a year; and
- receiving free shares from the company.

Employees also receive a twice-yearly dividend – 12.5% of the £8.50 share price was paid in December 2007.

Other fundraising consultancies "don't get the same business benefits we get as an employee-owned organisation", Andrew Day believes. Compton finds its senior, billable consultants stay longer than those in non-EO fundraising firms, which is important in a sector where timescales can be long and continuity is key.

Compton staff always make a point of talking about the EO status in pitching for business, as this is a selling point with its potential client base of charities: "these organisations are more interested in working with us because our consultants have a personal stake in the success of the business and therefore doing the very best job possible", Day adds.

The Annual General Meeting (AGM) is an important occasion at Compton, and is the main formal forum for involving people in the business. The financial performance of the company is reviewed and discussion invited on future direction. Staff also receive full quarterly financial statements. Although few other structures for employee involvement exist, Compton does have monthly management meetings and a staff committee to discuss operational issues.

Andrew Day does not believe a more structured approach would work at Compton, partly because "all staff are different, and have different stakes in the business", but also because of the type of people employed and the way they work – most Compton consultants work away from the company offices and travel worldwide to complete assignments.

Compton has more than doubled in size over the past five years and its client base has changed significantly. Its consultants now have the experience to take on more complex, large international projects: "our fundraising targets used to be in the millions, now we're talking £100 million", the chief executive points out. He believes EO helps sustain Compton in what is a very competitive market.

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