

CASE STUDY

Savant

MAIN BUSINESS

Software development and IT consultancy

ANNUAL TURNOVER

£3.5 million

NUMBER OF EMPLOYEES

40

WEB ADDRESS

www.savant.co.uk

Savant Limited specialises in developing software for the clinical, medical and healthcare sector – NHS Blood and Transplant (NHS BT) is one of its biggest clients. The company employs 40 people in its offices in Cumbria and has an annual turnover of £3.5 million.

In July 2001, Savant's employees took over ownership of the company from the two retiring co-founders, who had run the company as a family business since 1982. The employees use an Employee Benefit Trust (EBT) to hold 100% of the shares – employees hold nominal shares, allocated on the basis of salary, in the trust, but do not own shares in their own name.

Staff share in the profits of the company through a twice-yearly dividend based on their nominal shareholdings. In 2007, dividends of 5% and 30% of salary were paid.

Prior to the employee buy-out, Savant operated almost as two divisions – software development and consultancy:

- The software development team, under the leadership of current *PULSE* Project Director, Ian Henderson, was close knit and was not keen on a management buy-out: "As a manager, I would be unhappy with the idea of 'owning' staff". This team began to explore the idea of co-ownership with the help of the Lancashire Co-operative Development Agency once it became clear that the founders wanted to retire.
- The consultancy team was exploring a management buy-out, but "the numbers didn't add up", according to Ian Henderson, so also started to consider the employee ownership route.

The management team at Savant believes that "the main assets of the company go home every night", and without their goodwill and co-operation, Savant cannot provide the levels of billable service and support it does. However, there is also a hard-nosed element to employee ownership: "We didn't want some kind of woolly liberal co-operation, with a committee deciding everything, and we're clear that managers are still responsible for decision making", Henderson adds.

All concerned felt it important to secure the long-term sustainability of the employee buyout by keeping 100% of the shares in the EBT, and not to allow individuals to hold shares in their own names, believing there was a risk that these holdings could migrate to external investors,

including venture capital firms, if employees with significant shares left the company and the trust was unable to buy them back.

Employee commitment is high, which means that Savant can go the extra yard to produce robust software products that are competitively priced. The company's core system, *PULSE*, is operated by the NHS BT, and it is "a life critical product, which we have to get right first time", according to Ian Henderson.

"Savant is unique in terms of its low staff turnover", according to Glyn Jones, Business Development Manager, which means it can offer customers long-term partnerships, which Savant believes is ultimately good for product delivery and commitment.

Employees are involved in all major decisions, for example, a recent one to relocate the business. One out of the four directors is elected by the staff and has a specific remit to look after the interests of the shareholders. All business documents (except personnel records) are available on the intranet, where the minutes of all directors' meetings are also posted as soon as possible.

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