

## CASE STUDY

### School Trends

#### MAIN BUSINESS

School uniform suppliers

#### ANNUAL TURNOVER

£11 million

#### NUMBER OF EMPLOYEES

150

#### WEB ADDRESS

[www.schooltrends.co.uk](http://www.schooltrends.co.uk)

Founder and Chair of School Trends, Peter Beeby, has always been committed to co-ownership principles and started to actively pursue employee share ownership with the death of his co-founder and friend in 1994. School Trends supplies school uniforms from its base in Sheffield and currently employs 150 staff, turning over £11 million in 2007.

By 2003, School Trends had reached a point where it needed to consider an exit strategy for the founding shareholders. The company has always encouraged a highly participative work culture, with high levels of employee engagement, so that the traditional business transfer routes – for example, a sale – felt like “selling your mates”, Peter Beeby recalls.

“We were already operating on co-owned lines, philosophically and spiritually, so formalising this through employee ownership (EO) fitted our ways of working”. The main reason for formalising EO was “to protect what we already had”, he adds.

Beeby established an employee share ownership trust in late 2004, funded through a contribution of company cash, a bank loan and a deferred consideration on the part of the existing shareholders (that is, they agreed to be paid off over a period of five years). Three quarters of the shares of the company were transferred into the trust and the remaining quarter continued to be owned individually by employees.

Employees hold shares, and benefit from this holding, in the following ways:

- The company's constitution requires all new employees to buy a minimum stake representing 5% of their starting salary, redeemable on leaving employment.
- Individuals can also add to this holding by buying shares, up to a maximum of 5% of the total share capital per employee.
- Shares are also distributed annually through profit sharing – employees can receive up to 20% of salary as a bonus, 25% of which is paid in shares and 75% in cash.
- School Trends also holds an annual dealing day.
- Employee shareholders receive a dividend of 20% of the annual after-tax profit – £80,000 was distributed to staff in the last financial year.

The democratic principles of involving and engaging staff have developed organically since the company's establishment in 1988, and were "part and parcel of our early values", according to Beeby.

This involvement was formalised by the establishment of a Governing Council in 2004. The Council works with the operating board to keep operations and values strong, and ensures the company continues to operate in the best interests of its employees. Beeby describes as "pivotal" the decision to give the Governing Council a remit to appoint and remove the chief executive.

No directors sit on the Council, although the constitution does allow one director nominee. It meets monthly with a general remit to ensure the company is run with the best interests of employees at heart, and has a particular remit to consider terms and conditions.

True involvement is "hugely influential", according to Peter Beeby, who believes that people at School Trends feel they have a genuine say, without fear or retribution, which makes a big difference to their willingness to engage. School Trends is a very seasonal business – a high proportion of its work is focused in the spring/summer months – requiring additional time commitments from employees. Beeby believes this is undertaken without complaint or overtime enhancements because employees understand the business and have a stake in its future success.

The company has been in the *Sunday Times* Top 100 Workplaces ranking for three consecutive years.

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