



The voice of co-owned business

CASE STUDY

Scott Bader

MAIN BUSINESS

Polymer manufacturer

ANNUAL TURNOVER

£150 million

NUMBER OF EMPLOYEES

630

WEB ADDRESS

www.scottbader.com

Ownership of chemical company Scott Bader is unusual. Since 1963 it has been wholly owned by a charitable trust, the Scott Bader Commonwealth. Employees are expected to become members of the Commonwealth and as such have responsibility for ensuring the company is sustainable for the benefit of future generations. Currently 77% of the firm's 630-strong workforce is a member of the Commonwealth.

Founded in 1921 by Swiss émigré Ernest Bader, who sought to build a company with a social purpose and extensive employee involvement, Scott Bader is now a global business with operations in a growing number of countries, including Croatia, Dubai, France and South Africa.

The Bader family put 90% of the company's equity in a trust in 1951 to enable employees to have a say in running the business – employees have no direct financial stake in the company but can enjoy some of the fruits of their labour through a profit share arrangement. Twelve years later, in 1963 the remaining 10% of shares were given to the trust. However, in 2003 the Memorandum of the Charity was amended to satisfy the Charity Commission – the holding of the shares in the operating company are now regarded as a social investment with the aim that this structure remains in perpetuity.

New employees become Members of the Commonwealth upon satisfactory completion of their probationary period. Potential recruits receive information about the ethos of the company before they are employed, including the overarching requirement to help maintain the long-term wellbeing of the firm and to adhere to its founding principles, such as working co-operatively and respecting human dignity.

Membership of the Commonwealth provides opportunities for individuals to become involved in bodies that oversee the business. A 16-strong Members' Assembly represents members' interests and sits at the top of the governance structure. Its remit is to hold to account the Scott Bader Group board and the Commonwealth board on behalf of the membership. For example, if the Group board wants to borrow money it must bring its proposals to the Members' Assembly. Most representatives are elected – currently, there are six from the UK, two from both France and South Africa, one from both Croatia and Dubai, and one representing the remainder of the company's overseas business units.

The Commonwealth Board consists of nine members, including six elected directors, and is responsible for membership, charitable giving and exercising a philosophical oversight of Scott Bader.

The 10-strong Group Board includes four elected representatives, two of whom are also members of the Members' Assembly. The Group Board is responsible for strategic business direction, financial performance and policy setting in line with the company's guiding principles.

In addition to the UK community council, currently there are representative forums in Dubai, France and South Africa.

Each year, at least 60% of profits must be ploughed back into the business to ensure its sustainability, and no profit share is payable unless an equal amount is paid into a charitable fund.

The Board of the Charity involves members in the destination of the annual charitable donations in each location, while the entire Commonwealth membership votes every year on which two charities will receive £25,000 each.

There is one other special group – the Trustees – who are “guardians of the constitution”, and consist of two representatives each from the Group Board and the UK community council as well, in addition to three external nominated members. The trustees are not involved in the day-to-day running of Scott Bader but have specific responsibilities should the company find itself in a loss-making situation, or if a proposal arises to alter the constitution in an adverse manner.

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