



Steve Silver Company

Steve Silver Company (SSC), a wholesale furniture distributor specializing in casual dining, occasional, and home office furniture, became majority employee-owned in 2011 through an ESOP.

Despite the turmoil in the housing and furniture markets in recent years, SSC and its 227 employees have experienced tremendous growth since becoming employee-owned with the help of education programs and engagement processes that have empowered employees to implement their innovative ideas. The company's efforts to create synergy between an effective employee ownership culture and process for innovation helped them win the 2014 Innovations in Employee Ownership Award.

David Corbin, COO at Steve Silver Company, says that before becoming employee-owned in 2011, the company's mission was to turn a successful business into an even better and more consistently high-performing organization with a focus on innovation. SSC accomplished this by concentrating on two complementary process cycles. The first gave employees a stake in the business and its financial performance through employee ownership while training employees to think like business owners.

The second taught employees to act like business owners through a process for implementing their ideas to improve company performance. In order to take full advantage of the ESOP and employee ownership, SSC encouraged "bottom up" ideas from its employee-owners while helping them understand how these individual actions improve business performance.

Training and Education Programs

SSC's ESOP committee, which is made up of senior managers, midlevel managers, and warehouse workers, has several duties, one of which was designing and implementing the company's training program. The company's senior leadership team carried out the training program in two stages: initial onboarding training and ongoing training.

The onboarding training starts with an owner's manual for all employee-owners, which is designed like a car owner's manual. The manual describes the mission and vision of the company, how the ESOP works, the key players, and includes SSC's summary plan description. Employees then go through basic training sessions spread over the course of several months. The training sessions answer questions about the ESOP, what it means for employees and the company, how it's administered, and how the company makes money and the roles that employees play in this process.

The training sessions also include technical topics such as valuation and what employees can do to help improve the value of their stock. Ongoing training sessions carried out by the ESOP committee are designed to both educate employees

and have fun, such as events like Guess the Share Price where employees win cash rewards for coming closest to the actual share price value. Ongoing training also includes business update presentations, the SSC's ESOP communication Web site, and annual ESOP stock presentations with David Corbin and the company's independent trustee.

During the training sessions that follow, employees are divided into innovation teams led by ESOP committee members. The teams carry out brainstorming sessions in which employees develop ideas and decide which new products, process improvements, or cost-saving ideas are most promising. The innovation teams then present these ideas to the ESOP committee, which passes them along to the senior leadership team for evaluation.

Plan, Do, Check and Learn, Act

At the start of the year, the senior leadership team considers all of the new innovative ideas that have been developed in both the onboarding and ongoing training programs and selects five or six major strategic innovation projects, or SIPs. Once the company's board approves these SIPs, they are implemented concurrently. Implementation of any given project may take anywhere from a few months to a year.

The SIPs are implemented by cross-functional teams, which are composed of employee-owners who have a familiarity with the aspects of the business most affected by each new project. Employees are empowered through a process known as the PDCA cycle, which stands for Plan, Do, Check and Learn, Act. In this process cycle, the strategic innovation teams clearly state the problem (Plan), implement the improvement ideas (Do), assess what works and what does not work (Check and Learn), and either make the new method a measurable standard or repeat the process cycle (Act).

In some cases, when implementing a new idea using the PDCA cycle, a new problem is revealed. When SSC started implementing a software system for real-time quality control reporting, the company found problems with some of their quality control processes during the Check and Learn step. Once the project had successfully been implemented, they were able to address additional problems that had been revealed during the process cycle.

In the first two to three years after becoming employee-owned and implementing the PDCA cycles, SSC's value more than doubled. David Corbin emphasized that synergy between the company's employee ownership culture and these processes for engagement and innovation have been critical to the company's successes in this time. He noted that getting employees to think and act like owners would be difficult without clear and effective processes for engagement and implementation of ideas, while the processes themselves would lack any real substance without the ESOP. The plan had always been to focus on both of these cycles simultaneously, and the results seem to speak for themselves. ■