



## MN/Dakotas Chapter

## 2016 Company of the Year

## MBW Company, New Ulm, MN

The mission and value of MBW is truly an inspiration. This was witnessed in person during a visit with Congressman Walz's office late last year. Beyond the company mission and story, their involvement in attending chapter events and willingness and eagerness to assist in the chapter's government relations mission makes this company the perfect candidate for us to submit to the national office of the ESOP Association for consideration to become the 2016 National Employee Owned Company of the Year.

## Application for 2016 ESOP Company of the Year

MBW Company is the only licensed Health and Community Based Service organization in Minnesota that is also an ESOP. Since 1978, MBW Company has provided residential support services to people with physical, developmental and mental health support needs. In 2002, the founders of the company decided to implement a plan to retire, but wanted to ensure the continuation of service quality that MBW Company had become known for.

The dilemma, of course, was how to ensure a fair purchase price, protect employee jobs, and continue the culture of person-centered services. Mark and Brenda Wiger began researching models that would achieve these goals and ensure the continuation of their company's core belief, mission, and values. They concluded that the ESOP model met the needs of both the owners and employees and was in perfect alignment with their operational philosophy. Who better to take over the reigns of the company than the individuals that had helped to build the company and develop the progressive and committed employee culture it possessed. They also knew that the success of the ESOP would depend on the "buy-in", understanding, confidence, and support of the employees. For this reason the employees were given the opportunity to purchase the company. It was ultimately the decision of the employees. As an organization comprised primarily of human service workers, it required a process consisting of education, discussion, and decision-making. The year was spent in providing information and education regarding employee ownership. It was a year of tremendous change and all employees were part of the many transformations that occurred. After months of internal preparation, dialogue, and coordination with legal and financial experts, the stage was set to begin the formal process of becoming an employee owned company. As a result of the care and attention provided in preparation, the employees were empowered, enthusiastic, and chose to purchase the company.

March of 2003 will long be remembered in the history of MBW Company. On March 17, 2003, the employees of MBW Company purchased 51% of the company stock and the transition commenced. To celebrate, on March 27<sup>th</sup>, 2003, a gathering was held at a local historic home to honor all the new owners. As a part of the celebration each new owner was presented with a coin case containing a silver coin and a notation stating, "MBW Company's First ESOP Dividend Award Commemorating The Establishment Of The Employee Stock Ownership Plan, March 17, 2003." It was a proud moment paired with many emotions. Over the course of the next few years the founders transitioned the operation to the administrative and program leadership team and to a motivated and involved group of employee owners. The road, however, was not without its bumps and turns. Such experiences ultimately served to strengthen the belief that becoming an ESOP was assuredly the right decision. The employees purchased the remaining 49% of the shares in 2006.

The important consideration in any service organization is the quality of the product it sells. In this instance, it is the skill, training, and commitment of the staff that provide the direct support services to the people. Our **Core Belief** is "Nothing About Me, Without Me". Our **Mission** is to provide each person we serve with support in the five valued experiences: achieving valued social roles, discovering and contributing gifts and talents, growing in relationships, having community presence, and making informed choices. Our **Values** include a high quality of life, understanding and caring relationships, a positive attitude, loyalty, innovation and learning, and teamwork.

We, the owners of MBW Company, also realize that **what we do** (our Mission) and **how we do it** (our Values) have an impact far beyond the immediate location of our services. We have the opportunity to affect not only the people we serve and the employees, but also to positively impact our service culture, our community, and our environment in ways that have no definitive boundaries.

The ownership connection, which an employee experiences with the ESOP, provides an extra incentive to make the company reputable and successful. Although this concept can be difficult to understand for new owners, MBW Company made this connection by investing time and energy in developing and sustaining an ownership culture. Since conception, MBW Company has fostered an environment of training and education led by our ESOP committee members. Our committee consists of a minimum of eight members, represented by a cross section of employee-owners with a maximum of two three year terms. The committee's mission is to improve the performance of MBW Company through the active participation of its owners. In its ultimate form, an ownership culture is one in which employee owners understand the link between job performance (client satisfaction), company performance (having a sound financial base), and stock value.

Our ESOP committee requires members with a varying range of skills. These skills include: leadership, facilitation, group process, coordinating projects, understanding the ESOP, understanding the business, ability to work effectively with senior management, ability to communicate effectively with peers, ability to design and conduct training programs, and ability to design newsletters and other printed and/or electronic publications. To ensure we have this well-balanced committee, ESOP Committee members are nominated by ESOP participants in November and confirmed at our December meeting with new terms beginning in January. Nominees are selected by the current ESOP Committee members or by means determined and agreed upon by the ESOP Committee. The new member is then mentored through our ESOP committee orientation. Our ESOP committee meets monthly and serves as the connection between employee owners and the Board of Directors. Because the Board of Directors is acting in the best interest of shareholders, it is our belief the Board members understand and appreciate the views and perspectives of the ESOP Participants.

As stated earlier, MBW Company values ESOP training and education, which is led by our ESOP committee members. Quarterly, we have a "Roundtable" discussion meeting and distribute a newsletter. Both forums cover a variety of topics including basic ESOP education, company performance indicators, client satisfaction, and method and results of the annual share price valuation. At our Roundtable meeting in January 2016, each employee was asked to describe, in three words or less, what employee ownership means to them. We compiled a list, prioritized the top words and finally rated them in order. The words were used to create a wordle and a slogan, which has been submitted for the Employee Ownership 2016 Poster Contest. Each year, we have an Annual Shareholders' luncheon meeting to celebrate and honor new employee owners, past year's accomplishments, vision of the future, ESOP committee education, and presentations by our CEO and trustee. To keep abreast on current trends within our industry and employee ownership, employee owners are members of or serve on committees for the National Center for Employee Ownership (NCEO), Association of Residential Resources in Minnesota (ARRM), Chamber of Commerce, Autism Society, National Alliance on Mental Illness (NAMI), South Central College Advisory Board.

Over the years, not only have we offered extensive internal training, we have hosted town hall meetings with our local congress people to ensure quality services for the people we support. Frequently, we have invited Representative Rod Hamilton, Senator Gary Dahms and Representative Paul Torkelson to tour our sites. Employee owners attend and build signs for the "Day at the Capitol" to advocate for our current and future demand for skilled caregivers, need for congressional support to maintain quality standards and insure the well-being of our community members. As a result of our advocacy and learning of our Health and Community Based Services model as an ESOP, Congressmen Tim Walz's Representatives were extremely interested in learning more about our company. In the summer of 2015, they were invited to meet with our ESOP committee members and toured one of our homes. They indicated MBW Company is a future model for our industry.

When employees have a vested interest in the success of their company, they have a vested interest in their personal performance and dedication to service. MBW employee owners are living proof that a small company can make a significant impact. This has been demonstrated by numerous awards received statewide and locally.

Over the past thirteen years, eleven employee owners have received the ARRM Cares Award, which is a state award acknowledging dedication and service highlighting how day to day service can increase the quality of a person's life or enhance a person's life. Another state award received in 2015 was to another Direct Support Professional who won the ARRM 5% Campaign Grassroots Champion Award. He received this award specifically, because of his efforts related to the 5% Campaign, which resulted in legislation that provides an additional 5% in revenue for human service providers. A local award was received by our Operations Projects Supervisor who received the Human Rights Martin Luther King, Jr. Award in 2008 for her 17 years of volunteer service to Special Olympics.

We also have a long history of giving back to the community through enrichment activities. Some of the ways we have contributed to our community include monetary and in-kind contributions to the United Way Campaign - e.g. each fall, owners volunteer their time raking, mowing, and washing windows for elderly and disabled community members as a part of the United Way Day of Caring. To support families in need, each year we participate in our county's "Adopt a Family" program which provides necessities and toys to those families during the holidays. To increase community cohesiveness, MBW Company was the founder of National Night Out in our local community and has significantly contributed to the development of safer neighborhoods and sense of community. Owners have volunteered at our local festivals and the county fair in a variety of roles including ticket sales and recycling. In addition, five of our employees, collectively, have 66 years of volunteer service to our local Special Olympics chapter.

MBW Company has always been a "family-feel" based company and becoming employee owned has only enhanced this established culture. We believe strongly in coming together to work hard and also to have fun. Having the opportunity to participate in activities, to share ideas and information serve to make the company a better place to work and more profitable, which benefits everyone – the people we serve and employee owners alike. Each year, we celebrate our ESOP Anniversary (March 17<sup>th</sup>) with a variety of activities ranging from trivia to participating in our local St. Patrick's parade.

Employee Ownership month is our focus month and our committee plans several opportunities for owners to have some fall fun. This past year, we hosted a breakfast, provided a shuttle to our local winery, held a pumpkin carving contest, and gathered informally after work hours. In addition, our employee owners participate in local parades such as the Bavarian Blast, promoting and gathering recyclables, and our Thanksgiving Parade of Lights to spread holiday cheer. During the events, a drawing for gift cards or items such as coffee mugs, pens, hand sanitizers, company clothing that display our pride of being employee owned are handed out or won.

Our total revenue for 2002 was \$4 million and our projected revenue in 2016 is \$7 million. From the time of our first valuation in 2002, our share price has grown from \$8.30 per share to \$23.33 (at the end of 2014).

Companies that include participation have experienced an increase in morale, productivity, teamwork and profitability. Ownership plus employee participation creates a true ownership culture. As an ESOP, our dedicated employee owners continue to provide high quality services. As owners, we have a vested interest in the quality and reputation of the services we provide.