

HOW TO BUILD A SCALABLE BUSINESS

Part 2: Safeguard Your
Business Ownership!



Sections

- Legal Aspects Of Business Ownership & Issues You Need To Consider
- Risks of Shareholder Inaction
- Employee Ownership - Why It Matters & Challenges It Presents
- How To Get Started
- Next Steps
- Helpful Links



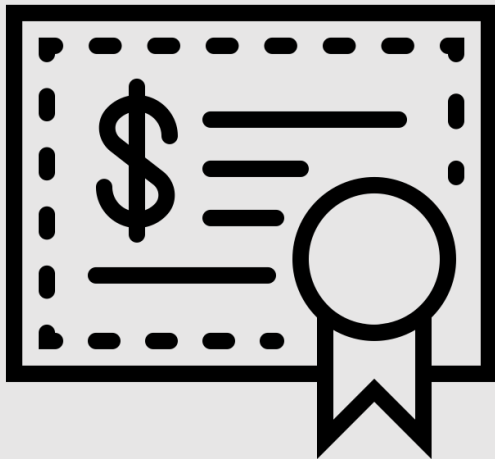
Legal Aspects Of Business Ownership

Issues You Need To Consider



Value Creation vs Destruction

Ownership is the first of three core issues at the centre of the Growth Mapping framework – for good reason!



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- Ownership arrangements should forge shared commitment
- Neglect creates potential for destruction of value & friendships

Articles of Association

- Model Articles: common first step, one-size-fits-all, public domain
- Other issues & scenarios to consider
- May only apply to founders
- Can be dealt with separately, and privately



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from Noun Project

Shareholders' Agreement

Shareholders' agreements are private contracts whose provisions are confidential to the signatories.



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- Death or disability
- Consequences of divorce
- Shareholder misconduct
- Pursuit of parallel activity...

Shareholders' Agreement

Shareholders' agreements are private contracts whose provisions are confidential to the signatories.



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- May prevent some issues arising
- Absence may inhibit funding

Expert Advice

Take advice to ensure two documents together will deliver the outcomes you want



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Risks Of Shareholder Inaction

For You & Your Business



Business Disruption

Once ownership issues show up, they can quickly generate a lot of energy and powerful emotions!



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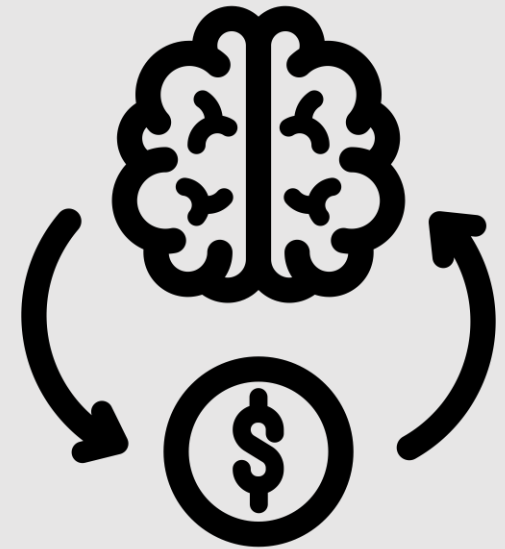
- Frustration
- Anxiety
- Fear
- Guilt
- Jealousy

Emotional Amplifiers



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Family
relationships
Equity
Intellectual
property



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Safeguard Your Ownership!

- Be proactive
- Create a Shareholders' Agreement early
- Review periodically to ensure ongoing consent

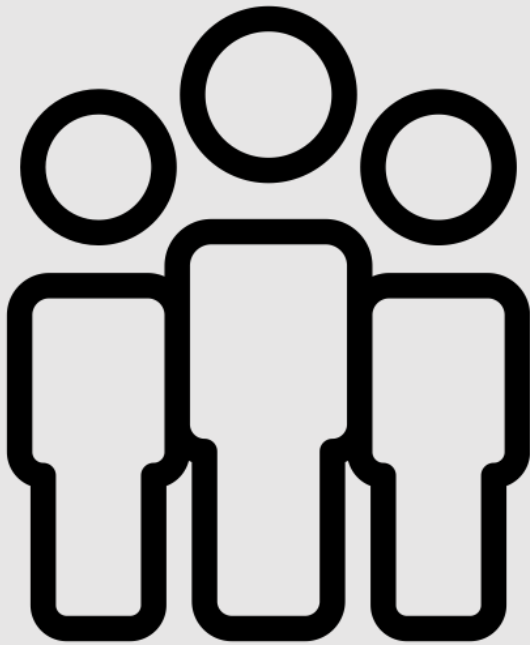


Employee Ownership

Why It Matters & Challenges It Presents



Why It Matters

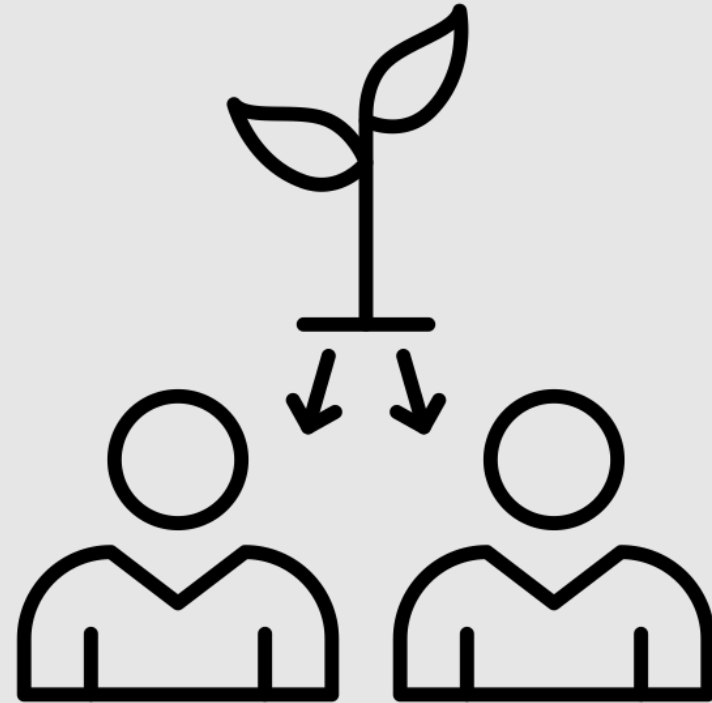


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- Founders' vision & values
- Employees sense of fairness, motivation, performance and well-being
- Investors may want key staff enfranchised

Employee Ownership Trusts

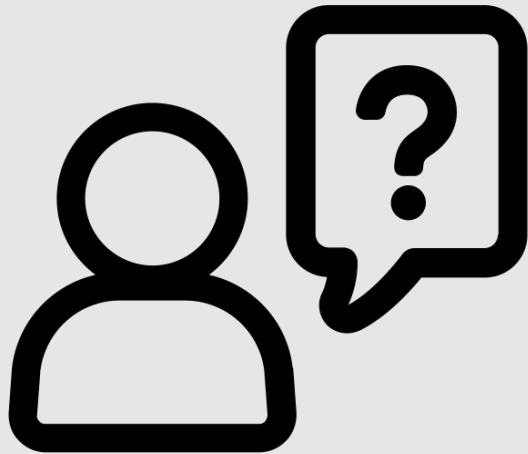
- One solution amongst many
- Offer Owners route to exit funding & legacy
- Meaningful stake for employees



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Challenges For Employers

For some, employee ownership will be an area they are neither familiar nor comfortable with

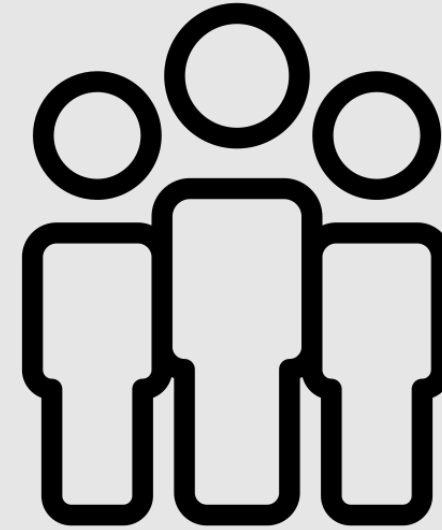


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- Changing legislation
- Cost and coordination of advisors
- Ongoing management & communication

Challenges For Employees

- Understanding
- Perceived complexity
- Computation of value
- Unrealistic expectations



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Digital Platforms

- Simplify end to end process
- Design, implementation & management
- Scalable solutions



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Summary

- Ownership issues generate powerful emotions
- A force for alignment, or a destructive brake
- Be proactive & protect relationships that matter
- Take expert advice!



How To Get Started

Our Recommendations



Get Started

- Review helpful links provided
- Invest time with qualified experts



Next Steps

For Both Of Us



Next Steps

For Us

- Publish next post: Your Business Model

For You

- Please post any questions or comments below this video & leave your rating
- [Book](#) an introductory call if you want to discuss working with us

We wish you the very best of luck with your business!



Helpful links



Helpful links

- [Employee Ownership Association](#)
 - [Institute for Family Business \(IFB\)](#)
 - [Vestd: The Share Scheme Platform](#)
 - [Free Template To Create Your Own Shareholders' Agreement](#)
 - [Shareholder Agreement Templates](#)
 - [Shareholders' Agreements FAQ](#)
 - [Who Needs A Shareholders' Agreement?](#)
 - [Wikipedia Page On Shareholders' Agreements](#)
 - [Investopedia Page On Shareholders' Agreements](#)
 - [KPMG Research March 2021: Family Businesses Well Positioned To Lead Economic Revival](#)
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