

SUBMISSION FROM CLANSMAN DYNAMICS

I founded the company with 2 others in 1994. We design and manufacture a range of manipulators, robots etc for forges and foundries and sell worldwide to 42 countries to companies like Daimler, ALCOA, VOLVO etc.. We have 42 employees.

Ex Owners View of Employee Ownership 5 Years After the Change

1. I had a number of objectives when we transferred Clansman Dynamics, East Kilbride into Employee Ownership in 2009:

- a/ to secure the future of Clansman in Scotland
- b/ to raise the level of involvement and commitment of all in Clansman
- c/ to allow all to share in the success of Clansman
- d/ to provide a pension for me

2. Has it worked?

In one word.....yes.

a/ If you measure success in conventional terms it has been a huge success - turnover up 90%, profits up 140%, employment up 30%. This year will be much more difficult because of the new circumstances in China, Brasil, Russia + the exchange rate.

b/ The rate of technical development has increased - quite simply more and more technically difficult machines each year.

c/ Labour turnover and absenteeism are invisible (maybe some labour turnover would even be healthy!)

d/ We have noticed that the 2 factory supervisors simply spend their time planning who does what and sorting technical problems - no longer any need for disciplinary activities.

e/ Sales /employee up > 20% = good for productivity.

f/ Two leavers have sold their shares back to the Trust with a significant increase in value.

3. What has been done to create these changes?

a/ The business has simply been changed to Employee Ownership. **The ownership structure has changed** - alas no particular training has been done. Employees have learned by becoming engaged.

b/ Employees (in N Lanarkshire engineering) are buying shares on a monthly basis under the government scheme.

c/ The declared intent that there should be no secrets apart from individual salaries (for the moment) has been slavishly followed. Any question/request for information has to be answered. All figures are declared at the monthly meeting. All shareholders (regardless of the level of shareholding) have an equal vote.

d/ Shareholders have told us in 2 surveys that what they most value is not the dizzy level of dividends but security.

4. Anecdotal Evidence

a/ I held company meetings before the change to EO. The same employees, same directors, same markets, similar but increasing products, same location but instead of a reluctant 5 minutes of questions there is now an hour or more of serious, funny, angry, puzzled discussion. **Only** the ownership has changed.

b/ 2013 was our best year in profit terms but because of the expected downturn we faced we proposed a similar 'equal for all' bonus + dividend but a smaller wage rise than for 2012. There was an hour of tense debate. Remember if the meeting voted for a 'stupid' 30 % pay rise, then that is what would have happened. But of course people, when they are informed and involved, are not stupid. After an hour an ex Ravenscraig fitter said ' this is a bloody good deal in relation to most other people and we should accept.' Stunned silence and then agreement. Some would see this as giving away the managers' right/duty to manage, even anarchy; others would see it as 'sensible democracy' in action.

5. Message to the Scottish Government

a/ Of course not every Scottish business owner will be prepared to follow this route, but if the Government is seeking steps that would increase democracy in the workplace, that would foster entrepreneurship, that would foster compassionate and inclusive behaviour (Wellbeing?) then every step should be taken to encourage the sale of businesses to employees.

b/ Security is a prime human [need](#). Employee Ownership fosters that feeling of security, because all is done, that is possible, to reduce shocks and surprises. It is bad management to surprise the bank manager - ditto employees. It gives employees a measure of control.

Dick Philbrick

Chairman