



PRODUCTS AND SERVICES

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WHAT IS JUSTICE-BASED MANAGEMENTSM?

Justice-Based ManagementSM (JBMSM) is a leadership philosophy and management system that applies universal principles of economic and social justice within business organizations. The ultimate purpose of JBMSM is to create and sustain ownership cultures that enhance the dignity and development of every member of the company, and to economically empower each person as an owner and worker.

JBMSM promotes a company's long-term profitability within the global marketplace by enabling all worker-owners to serve and provide higher value to the customer. JBMSM connects every worker's self-interest to the bottom-line and long-term success of the company.

The JBMSM process builds upon a written articulation of the philosophy and principles of the company's leader (typically the CEO or chairman of the board) and leadership core group, in terms of universal principles and core values of the company. JBMSM proceeds in stages to build a consensus upon these fundamental shared values and vision of the company within each work area of the company.

These articulated values provide the foundation for enhancing the productiveness of workers and company profitability, and include such structures as employee-monitored economic incentive programs, participation and governance structures, two-way communications and accountability systems, conflict management systems and future planning and renewal programs.

THE ESOP AND JUSTICE-BASED MANAGEMENTSM

One of the main components of JBMSM is the "**empowerment ESOP** ." While the employee stock ownership plan (ESOP) was originally invented as a means for providing working people with access to capital credit to become owners of corporate equity, most ESOPs are set up as just another employee benefit plan or tax gimmick, or as an employee share accumulation plan ("ESAP"). Most ESOPs today are not designed to treat worker-owners as first-class shareholders. The "empowerment ESOP," on the other hand, is designed to encourage workers to assume the responsibilities and risks, as well as the full rights, rewards and powers, of co-ownership.

Furthermore, all academic and government studies to date have concluded that ESOPs alone are not enough to affect individual and corporate performance. However, when combined with short-term economic feedback (e.g., gainsharing) and participatory management structures and processes, an ESOP (particularly an "empowerment ESOP" with full voting rights) can increase company profitability by 150%. Within a JBMSM system, in combination with a regular gainsharing program tied to bottom-line profits, and structured systems of participatory management, the empowerment ESOP stimulates everyone in the company to think and act like entrepreneurs and owners.

BALANCING MORAL VALUES AND MATERIAL VALUE

Justice-Based ManagementSM offers an ethical framework for succeeding in business. JBM balances *moral values* (treating people with fairness and dignity) with *material values* (increasing a company's productiveness and profits while enriching all members of a productive enterprise). JBM's three basic operating principles are:

1. Build the organization on shared ethical values—starting with respect for the dignity and worth of each person (employee, customer and supplier)—that promote the development and empowerment of every member of the group.
2. Succeed in the marketplace by delivering maximum value (higher quality at lower prices) to the customer.
3. Reward people commensurate with the value they contribute to the company—as individuals and as a team.

Justice-Based ManagementSM is guided by the concept of **social justice**, as articulated by the late social philosopher William Ferree, SM. Social justice involves the structuring of a social organizations or institutions (including business corporations) to promote and develop the full potential of every member.

JBM also embeds within an ownership culture the three principles of **economic justice** defined by the late lawyer-economist Louis Kelso and philosopher Mortimer Adler: (1) “participative justice,” or the right to the means and opportunity to participate in the economic process as an owner as well as a worker; (2) “distributive justice,” or the right to the full, market-determined stream of income from the value of each person’s labor contributions as well as one’s productive capital asset contributions; and (3) “social justice,” or the right and responsibility of each person to work in an organized way with others to correct the “social order” or institution when the principles of participative or distributive justice are being violated or blocked.

Within JBMSM the principles of social and economic justice provide a logical framework for defining “fairness” and structuring the diffusion of power within the corporation.

STRUCTURING OWNERSHIP PARTICIPATION

JBM is designed to systematize and institutionalize shared rights, responsibilities, risks and rewards within all company operational and governance structures involving:

- Corporate values and vision
- Leadership development and succession
- Corporate governance and future planning
- Operations (policies and procedures) and hardship sharing policies
- Communications and information sharing
- Training and education
- Pay and rewards
- Grievances and adjudication

A well-designed Justice-Based ManagementSM system sharpens and crystallizes the leader's philosophy as a “servant leader” around “universal” principles. This provides a solid foundation for a corporate culture that enables people to internalize these guiding principles for serving the company’s customers. JBMSM generates organizational synergy by connecting each worker-owner to the financial tools of ownership (i.e. ESOP and profit sharing), participative management systems, and a defined share of power in the governance of the organization. This in turn enables people to make better decisions, discipline their own behavior, and work together more effectively and cooperatively—because it is truly in their self-interest to do so.

Company Ownership Education Programs

- Presentations, seminars and workshops on Justice-Based ManagementSM and Empowerment ESOPs.
- Facilitate the development of a written set of company core values and code of ethics to define and reinforce the company culture.
- Work with management in organizing and implementing a continuing ESOP communications program for various company plant location/s.
- Make at least two site visits each year to each plant to present ESOP and JBMSM to employee groups.
- Help organize and evaluate employee shareholder meetings.
- Help organize and evaluate employee ownership education programs dealing with cost savings, safety, waste reduction, and other areas affecting corporate productivity and profitability.
- Advise and conduct training sessions for personnel involved in ESOP administration.
- Work with management in selecting and advising the person responsible for organizing and overseeing ownership education programs.
- Help organize and evaluate yearly goals and objectives meetings for reporting company financial health and to gain consensus on corporate goals, etc.
- Evaluate company and/or division employee product briefings.
- Issue annual ESOP statements and evaluate employee shareholder reports.
- Help in developing and evaluating ongoing employee-owner communications programs and events such as:
 - Joint worker/management ownership communications councils
 - New employee orientation programs
 - Employee-owner bulletin boards
 - Open houses for family orientation and involvement
 - Employee and family picnics
 - Ownership essay contests for encouraging employee input and creativity
- Help arrange for or review special audio-visuals, graphics, artwork, etc., such as:
 - ESOP and JBMSM orientation films and slideshows
 - Employee ownership posters, flyers and payroll stuffers
 - ESOP orientation and financial education and booklets
- Help develop or review company identity symbol or cartoon character depicting company ESOP.
- Work with management to develop methods and vehicles for publicizing company ESOP in community, such as:

- External advertising (for example, "Meet one of the owners . . . ")
 - Hiring and recruitment strategies highlighting ESOP and other ownership opportunities
 - Political /Community Awareness Committees
- Assist in developing a company "mentoring" program for orienting and educating new employee-owners.
 - Perform periodic quality audits of company ownership education programs.

Employee-Monitored Economic Incentive Systems

- Develop company and team success formulas based on maximizing value added for the customer.
- Design reward (value back) system based on relative value contributions (inputs) as employees and as owners of the company.
- Review overall compensation system to maximize ownership incentives.
- Advise, develop and review system for allocating productivity sharing pool into categories such as:
 - Weekly, monthly or quarterly cash bonus based on formula linked to company profits
 - Annual cash bonus
 - Division or Work Team of the Month cash bonus awarded to group responsible for greatest increase in profits or decrease in costs (based on set formula)
 - Special team member cash bonus (drawn from Division of the Month bonus pool, and determined by team members through mutual assessment process)
 - ESOP contributions
 - Dividends paid to all stockholders (for publicly-traded companies)
 - Retained profits for corporate expansion
- Meet with management and employee groups to negotiate and develop productivity-linked incentive systems to convert a percentage of rising fixed labor costs into variable costs.
- Provide industrial relations and employee compensation consultants to advise and organize Scanlon plans and other cash incentive systems.
- Advise and review non-cash award programs such as:
 - Special Achievement Awards (awarded by team members)
 - Most Improved Awards

Participatory Management Structures

Re-Engineering the Workplace

- Evaluate and refine employee ownership communications, education and participation programs.
- Work with labor and management to develop structures for effective employee participation in setting self-management, productivity and safety goals for company and/or work teams.
- Provide industrial relations consultants to work with labor and management to organize productivity-oriented structures, including:
 - Scanlon plans
 - "Quality circles" or work teams
 - Employee-elected incentive committees

Job Redefinition and Redesign

- Assess and help in "redefining" the roles of management and labor in the context of an employee-owned company, to promote greater job satisfaction and productivity.
- Evaluate and improve system of work designation to promote greater range of responsibilities for individuals.

Restructuring the Income Distribution System

- Develop a system of regular economic feedback channeled through a mutual assessment system, linking base pay, ESOP allocations and cash bonuses.
- Provide employee compensation consultants to advise employee representatives on determining formula for cash productivity incentive system which would be subject to management review.

Two-Way Communications and Accountability Systems

Determining Subjects of Disclosure and Confidentiality

- Advise and work with management to build trust among employees by providing them with greater access to sensitive financial, marketing, and planning information.
- Advise and work with management to develop system and safeguards for protecting trade secrets or other sensitive data whose disclosure to outsiders might be harmful to the company.
- Evaluate methods of providing employees with management-level and stockholder information such as:
 - Compensation of top executives
 - Company-wide compensation policies
 - Monthly or quarterly reports on company and department status, and board meeting reports
 - Stockholder reports sent to employees (which include profit and loss statements, company output, inventory, sales situation, etc.)
 - Shortened version of stockholder report

Opening Channels of Communication

- Provide industrial relations consultants for improving two-way communications and accountability systems involving both labor and management.
- Advise on setting up an employee-operated newsletter for addressing employee questions, complaints and suggestions to management and executives.
- Periodically audit two-way communications systems.

Ongoing Mutual Assessment Systems

- Provide industrial relations consultants to develop structured programs for company members to periodically assess their own and their co-workers' strengths and areas for improvement.
- Work with management to devise systems for linking mutual assessment process to compensation system.

Conflict Resolution Systems

- Design structures that offer management more freedom to manage in exchange for greater accountability to employee owners.
- Consult on voting rights of employees.
- Design and implement effective systems of employee participation in policy-making and work group operations.
- Develop a workable process for the selection of rank-and-file representatives and spokesmen where it is not practical for all employees to become involved directly in decisions of major importance.
- Provide employee-shareholders a voice in reviewing and improving the corporate charter and by-laws.
- Design improved systems for airing and settling individual grievances and complaints.
- Develop an internal appeals process and judicial system for resolving company disputes.
- Develop strategies for clarifying roles, developing synergy, and strengthening relations between labor unions (or ownership unions) and management.

Future Planning and Renewal

- Initiate an interactive process for engaging all employees to re-examine and upgrade the corporate vision, goals, culture and general strategies.
- Work with management in developing comprehensive strategies for improving the company's capacity to compete in the global market.
- Assist in assessing and communicating to employees the company's long-range business strategies and future ownership sharing goals.
- Advise on the use of ESOP in the company's expansion and diversification strategies.
- Evaluate and improve recruiting and hiring policies in order to attract talented individuals with a long-term ownership interest in the company.
- Assist management in developing employee skill-upgrading and self-management programs.
- Advise company in its leadership development and succession programs.
- Provide group or individual estate planning services for retiring employees.
- Provide robotics experts to advise on automation and modernization strategies.
- Work with management and employee representatives to determine formula for Automation and Job Redundancy Fund.