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By Peter Asmus

From new forms of environmental auditing, to ownership structures designed to support social mission, socially responsible business has evolved into an impressive diversity of ways to address social needs. That's the lesson of this year's Business Ethics awards, which feature a blend of small and large, public and private firms.

In recent years the issue of social legacy has rankled the socially responsible business community, as one after another entrepreneurial firm has been sold to a major public corporation – losing social mission along the way. The Antioch Company offers an alternative ownership model – the employee-owned firm – which enhances rather than diminishes social mission over time. We are proud to announce it is the winner of our first Social Legacy Award.

Antioch Company
Social Legacy Award
For sustaining a commitment to employee ownership and profit-sharing over 75 years, through two generations of management.

How do you sustain social mission in a firm past the founding generation? That's the question of the hour for socially responsible business, as countless companies have been sold to major public corporations, only to see social focus slowly diminished. A large part of the answer necessarily lies in ownership, because ownership structure is the ultimate holder of a company's mission. Ergo: One of the best ways to institutionalize social mission is to help employees become owners. This is the path of the Antioch Company of Yellow Springs, Oh.,. a $400 million firm whose roots date back before the Great Depression, and whose current hot product is, of all things, scrapbooks.

Ernest Morgan, who ran for Ohio Governor and state senator as a socialist, started the Antioch Company in 1926 while attending Antioch College. Distressed by the volume of waste generated by the printing process, Morgan and a fellow student began investigating ways to turn these wastes into a business opportunity. The first products were decorative bookplates from printing scraps.

As early as 1929, the Antioch Company practiced profit sharing. When the company incorporated in 1946, employees were able to nominate two of nine board members, a practice which continues to this day. In addition, three employees serve as non-voting board members. The company's Employee Stock Ownership Plan was created in 1979. The following year, Antioch purchased Webway of Saint Cloud, Minn., a manufacturer of photo albums whose products led to Antioch's Creative Memories line of scrapbooks, which today represent 90 percent of revenue.

Antioch creatively combines a focus on its product line and employee empowerment in its mission statement: "To serve human needs by making a difference in the way people remember, celebrate, and connect, and to maintain a community of work that offers opportunities to prosper and inspires hope for the future." That mission is very much the legacy of founder

Ernest Morgan, who saw the workplace as a community of equals, sharing in meaningful work and its rewards.

Today his grandson Lee Morgan is CEO. With roughly 900 participants, the ESOP now owns 45 percent of the company. CEO Morgan says he's made enough money and is now working on selling the reminder of the Morgan family's stock to employees.

Since 1979, the value of company stock has risen from. $4 to $496. This phenomenal growth means any employee-owner who has worked at the company 18 years or more is a millionaire, regardless of age, race, gender, or income level. That translates into 38 millionaires at Antioch who will soon retire.

One problem with such success is that early employee owners tend to be far richer than newcomers – since they receive larger allocations of stock. To solve this, the Antioch Company has devised an innovative way to reallocate ESOP proportions. The company "reshuffles" the stock-to-cash ratio in each person's account each year, to mirror the stock-to-cash ratio within the ESOP as a whole. "This ensures fair treatment of all plan participants," commented Karen Thomas, with the Ohio Employee Ownership Center. While older employees grumble about having to give up valuable stock, younger employees are motivated to continue the legacy of the firm because they share in the wealth.

According to Thomas, Antioch's is a trend-setting national model. "Antioch figured out a way to address the real injustice of most ESOPs. They came up with a solution, tried it, and it works," she said. She went on to note that Morgan is an inspiration to many businesses throughout Ohio, a state that has endorsed employee ownership as a key economic development tool. Indeed, two of the largest employers in Yellow Springs all feature ESOPs inspired by Antioch.

Legacy preservation in many ways is natural to employee ownership. "Five years after they leave, business owners that have created ESOPs have left a legacy for their communities," Thomas said. "In a way, an ESOP becomes a quasi-public trust. People know that the business will be part of the community for the next generation."

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