

## Retiring classic car boss invites workers to take business for a spin

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One of the UK's leading car restorers is to be gifted to its employees after the 67-year-old founder and owner said that he would hand the company over to its workers. He felt he had a "duty" to pass on the business as he approached retirement.

Classic Motor Car's 60-plus staff, who work on restoring everything from Aston Martins to Jaguars and Lancias, will each take a share in the company from Peter Neumark. He said the business would be converted into an employee ownership trust.

"This sort of structure, best exemplified by the John Lewis Partnership, was deemed to be the best home for the company to ensure its future, safeguarding the jobs of its highly skilled workforce and providing stability for future growth and prosperity," said Mr Neumark, who has owned and chaired CMC since it opened in 1993.

He transferred his majority shareholding in the company last Friday to a new entity, The Classic Motor Cars Ltd Employee Shareholder Trust, which will own the business with the explicit remit of managing the company for the benefit of its staff.

Deb Oxley, chief executive of the UK's Employee Ownership Association (EOA), welcomed Mr Neumark's decision to hand his business over to his workers and said it was the "perfect example" to other company owners thinking about their own retirement.

"Employee ownership recognises that the foundations of success are rooted in people and businesses in this sector demonstrate their commitment to rewarding the contribution staff make to a company's success by offering all employees a real stake in the company's future," she said.

Britain's 50 largest employee-owned businesses employ about 175,000 staff, of which John Lewis is by far the largest with more than 90,000. Figures suggest that staff-owned companies grow faster and make more money than their shareholder-owned peers.

Cass Business School calculated two years ago that employee-owned companies grew their sales by 11.1 per cent in a recession, while non-employee-owned firms would only grow by 0.6 per cent. Last year, sales of the largest employee-owned businesses rose by 6.3 per cent, while operating profits increased by 10.9 per cent.

The EOA has about 300 members, but while the membership is relatively small, the association says its members contribute £30 billion to the British economy.

At a time when the idea of increased worker representation on boards is again rising up the political agenda, Mr Neumark's move will be closely followed.

His company's new trust will include on its board a staff member voted for by fellow employees to ensure that their voices are properly heard.

"At a time when many people are looking for a better way to do business, employee ownership meets the demand for a fairer and more balanced economy," Ms Oxley said.

### **Success of John Lewis proves model can work**

There may be more than 300 employee-owned businesses in the UK but none is more famous than John Lewis.

As the last BHS stores closed their doors at the weekend, John Lewis remained in rude health under the ownership of its 91,500 staff.

Founded in 1864 as a small drapery shop on London's Oxford Street by John Lewis, the business grew into one of the capital's largest department stores. However, it was not until 1928 and the death of John Lewis that his son, John Spedan Lewis, converted the business into a public company before a year later handing its ownership to the staff.

John Spedan Lewis turned his father's retail company into an employee-owned business in 1929

The younger John Lewis had set the company on its extraordinary course a decade earlier when he set up a staff council to manage the business's two department stores, John Lewis and Peter Jones.

With the formal creation of the company's partnership, all staff were handed a share of the profits. Under its new model the company expanded, buying the Waitrose grocery chain in 1937. Three years later the business doubled in size with the takeover of the Selfridge Provincial Stores group, which expanded the retailer well beyond London.

In 1950, John Spedan gave up all his family's control of John Lewis, making the trustees the ultimate managers and guardians of the business. He retired as chairman five years later. Though he was not succeeded by a family member, his immediate successor was followed in 1972 by Peter Lewis, his nephew.