

Transformation comms

Employee ownership works for business

Here's how to make it work for people



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Effective communication and inclusive leadership are the key ingredients to turning employee ownership from a legal structure into a thriving, people-powered culture.

Employee ownership (EO) is on the rise in the UK and for good reason.

Research shows that [employee-owned businesses tend to be more productive, resilient and profitable, with employees who are happier, more engaged and better paid.](#)

But simply handing people shares or establishing an Employee Ownership Trust (EOT) doesn't automatically create an engaged, empowered workforce. Employee commitment must be earned through the culture you curate. It's the way leaders communicate and lead after the ownership transfer that makes the difference, determining whether employees truly feel like co-owners or remain, in effect, passive observers.

As more companies join the EO movement ([the UK saw around 1,650 employee-owned businesses in the UK in October 2023, a 30% increase on the previous year](#)), ownership is raising the bar on employee expectations. People want greater transparency, a genuine voice in decisions, and a chance to shape the business they're part of. Meeting these expectations requires a deliberate shift in leadership approach and communication style.

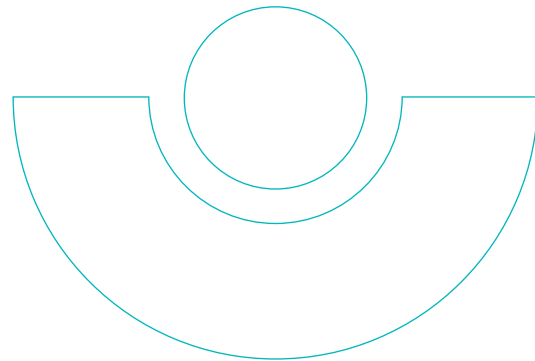


Magenta Associates experienced this firsthand when we transitioned to majority employee ownership in October 2024. To make the most of what our team calls the "EO effect", we invested in training with EO expert Campbell McDonald, whose guidance helped us clarify our company's own flavour of employee ownership and how to align our governance, culture and internal communications accordingly.

Our journey, combined with insights from the 2025 Employee Ownership Association (EOA) Annual Conference, informs the advice in this guide. At that conference, leaders from across the EO community shared candid lessons on how they live and breathe the model. Their experiences reiterate that effective communication and inclusive leadership are the key ingredients to turning employee ownership from a legal structure into a thriving, people-powered culture.



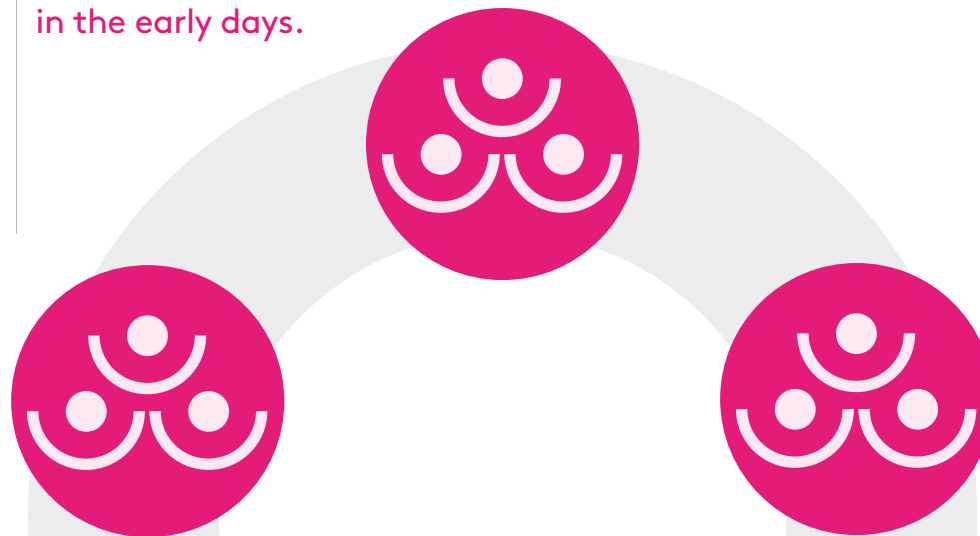
TEACHING EO LITERACY



The shift from being an employee to being an employee-owner changes (or should change) how people see their role in the company. There may well be a greater demand for visibility into how the business operates and to influence the strategic direction. Business leaders and their internal communication teams must recognise this mindset shift and nurture it with care. A critical first step is building ownership literacy. Every employee-owner should understand how the business makes money and how decisions are made. If people don't understand the business, they can't effectively contribute to or influence it.

This means leaders need to move from a traditional top-down approach of "telling" to a more inclusive approach of "involving" employees. At IT systems and cloud services company Enhanced, for example, management learned that it's a mistake to assume people get EO just because you've announced it. Employees need things explained clearly and repeatedly, especially in the early days.

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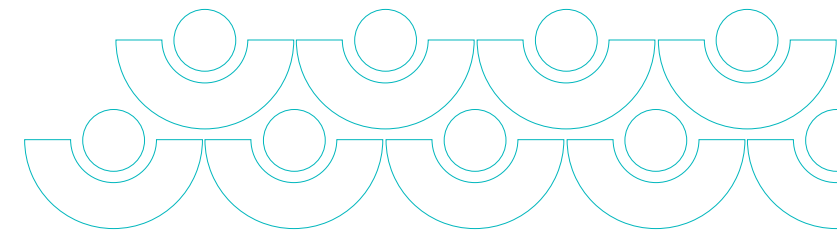
A common misstep

One common misstep is trying to simplify the message by saying, "It's a bit like John Lewis." John Lewis Partnership, the UK's most famous employee-owned business, is often cited as the classic EOT example. But without further context, telling staff their new model is "like John Lewis" can create more confusion than confidence. Instead, leaders should spell out what employee ownership will look like in their company's own context – how the EOT is structured, what changes employees can expect in governance, and what being an owner means for their day-to-day job.

Defining the new

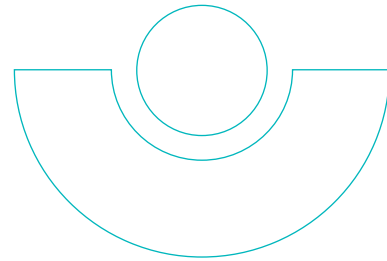
It's important to define any new roles or committees (for instance, will there be an employee council or forum?) and explain how decisions will be made going forward. When people know what to expect and how they can participate, they start to feel the ownership part of employee ownership, not just see it on paper.

Ultimately, communication at this stage should fuel understanding and buy-in. Employees won't develop an ownership mindset overnight – it takes ongoing education and open dialogue. But with patience and consistency, and a focus on improving employee-ownership literacy, leaders can cultivate a sense of shared responsibility where employees understand the business and feel invested in its success.





CREATING SPACE FOR INNOVATION



Once people have a solid grasp of the business fundamentals, the next challenge is to actively invite their ideas and innovations. Employee ownership works best when everyone, no matter their role or seniority, feels they can contribute to improving the company.

Building a platform to share

One practical way to achieve this is by establishing regular innovation forums. For example, some employee-owned firms hold monthly “innovation hubs” where a cross-section of employees from different departments and levels come together to brainstorm improvements or solve problems. Even a modest, hour-long session can deliver incremental innovations and, just as importantly, send the message that experimentation and collective problem-solving are encouraged.

At the EOA conference, leaders emphasised that if employees don’t know *how* to bring forward ideas, many won’t even try. It’s up to leadership to provide structure and pathways for innovation.

The digital marketing agency iCom offered a great example: the business ran internal finance workshops that gave employees hands-on experience with real business costs and budgets. Staff were tasked with managing actual expenses like software subscriptions and equipment leases. This exercise demystified the company’s finances and equipped employees with the confidence and context to spot inefficiencies. As a result, team members began identifying cost savings and even negotiating better deals with suppliers, saving the company money.

Looking beyond job titles

Leaders should also watch for untapped talent within the workforce. Sometimes, an employee who isn’t very engaged in their “day job” may have skills or passions that can benefit the business in other ways. A customer service rep with a knack for social media might thrive if invited to help with marketing outreach, or an engineer who loves events could shine by organising team hackathons. Involving people in projects that play to their strengths can spark new levels of engagement and create meaningful personal investment in the company’s success.

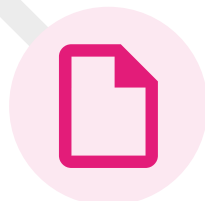
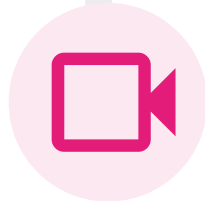


Image: [EO community](#) learning and sharing great EO insights – eoa Conference 2025. Photo by Chris Read-Jones Photography



THE RIGHT TO TRANSPARENCY

A hallmark of employee ownership is a higher expectation for transparency. Owners naturally want to know how the business is *really* doing. This goes beyond standard corporate reporting. It means cultivating a culture of open information sharing. Senior leadership teams should strive to be as honest and human as possible in their communications. Bad news and good news alike should be shared openly – it all helps to build credibility and trust.



Creating ultimate transparency

Many EO organisations find success by adopting a stance of “ultimate transparency”. Instead of considering what information they are allowed to share with employees, they flip the mindset to sharing *everything* unless there’s a compelling reason not to. Starting from full disclosure and then trimming back only what is legally or personally confidential can be transformative. Companies often discover they are comfortable sharing far more than they initially thought (sometimes even granular details like product line margins or expense breakdowns) once they see the benefits of an informed team. The consistency of communication is paramount here. If updates are frequent and routine, employees come to trust that they’re hearing the real story rather than the sanitised version.

In practice, making transparency a reality may require creative approaches to reach everyone. Not all employees have regular access to senior leaders or detailed reports, so multi-channel communication helps. Some employee-owned firms have launched internal podcasts or video updates where the CEO or other leaders discuss how the business is doing. Many host biannual or quarterly company-wide meetings to go over financial results openly. One idea is a short Monday morning video from leadership highlighting last week’s successes and this week’s challenges, followed by a Friday email recap. This kind of cadence keeps people in the loop consistently.

Over time, as people see that leadership isn’t hiding away in the shadows, the nature of employee questions will evolve from basic (“What were our sales last month?”) to strategic (“Why are we investing in this new market?”). That shift in strategic thinking is a sign that transparency is working, with employees thinking like business owners.





CREATING SAFE SPACES AND IDEA LOOPS



Encouraging employees to speak up is only half the battle. The other half is listening and closing the feedback loop. For two-way communication to flourish, people must feel safe to voice their opinions and know that those opinions will be acted on or at least seriously considered. Psychological safety is the foundation here. Employees need to trust that they won't face ridicule or retaliation for sharing an honest concern or unconventional idea.

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Facilitating conversation

One way to build this safety is through simple team rituals that normalise open conversation. A great example (courtesy of an intergenerational workplace expert at the EOA conference) is the "Monday High-Low-Ha" routine. Every Monday, in a team huddle, each person shares one "high" (the best thing that happened last week), one "low" (a challenge or frustration they're facing), and one "ha!" (an "aha" moment or insight they had, or something funny). This lightweight ritual creates a regular space for personal sharing, which fosters empathy and belonging. It also encourages the habit of communication. People get used to speaking up and listening to one another in a structured way. Over time, practices like this can break down hierarchical communication barriers and make it feel normal for anyone to raise concerns or ideas.



Consider governance channels that actively connect employees and leadership. At CleanTEC Services, for example, the elected employee council chair also sits on the company's EOT trustee board, acting as a direct conduit between the workforce and the trustees. This ensures that employee concerns and suggestions heard in council meetings go straight to the decision-makers, and it closes the loop by having the council chair report back on how leadership is responding. It's a simple mechanism that guarantees employee voices are represented at the highest level.

When establishing new forums or committees, it can help to ease people in gently. CleanTEC's independent trustee, Pat Brennan, found that starting meetings with a neutral, relatable topic can warm employees up before diving into heavier business matters. For example, a team or board meeting might begin with a quick update on a community project or environmental initiative the company is involved in. Discussing something positive and non-controversial builds confidence

in speaking, especially for those not used to voicing opinions in formal settings. Once people are talking, it's easier to move into core business issues on the agenda. This step-by-step approach can make participation feel less intimidating.

Empowering your workforce

Finally, truly empowering employee-owners means sometimes ceding real decision-making power. One powerful illustration shared at the conference was a company that let its employee council vote on how to allocate a pot of money for staff pay increases – a decision traditionally made solely by the CEO or finance director. By trusting employees to make such a crucial call, the leadership demonstrated ultimate confidence in their people. The result? Employees felt the weight of ownership in a very tangible way. When you've had a say in how profits are shared or how budgets are spent, you feel more like a stakeholder. Moves like this turn EO from an abstract concept into a lived experience.

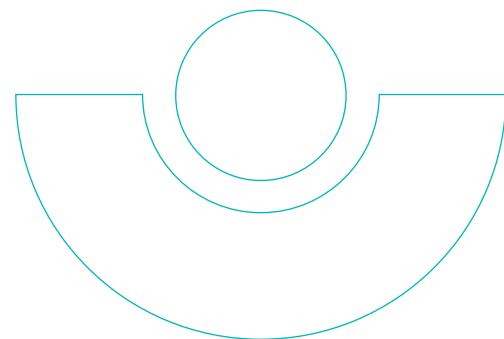


PROGRESSIVE LEADERSHIP AND GOVERNANCE



To lead an employee-owned business is to lead differently. The old command-and-control hierarchy doesn't foster an ownership culture. Several EOA conference speakers noted that certain leadership competencies become especially important in an EO environment.

In essence, strategy and values in an EO business must be *lived*.



Leaders must:

- 1 Possess and cultivate strong business literacy.** They must understand the business inside out and ensure their teams do too (recall the importance of ownership literacy).
- 2 Create structures for authentic employee voice** and influence so that people have avenues to shape decisions in a meaningful way (not just through token surveys).
- 3 Protect the future of the company by thinking long-term.** As stewards, they should safeguard the mission and values, even when making tough financial decisions.
- 4 Encourage collaboration across the business.** Silos must be broken down so that cross-functional teams can tackle problems and innovate together.
- 5 Commit to a mindset of continuous learning and renewal.** Employee-owned firms should be constantly evolving, with leaders encouraging ongoing development and adaptation, rather than clinging to "but this is how we've always done it".

In essence, strategy and values in an EO business must be *lived*. This helps prevent what some call "pseudo-ownership", where employees have trustee representation on paper but no real empowerment in practice. By training managers in these EO-centric leadership skills, companies can avoid that trap. When done right, employees at all levels feel trusted to use their judgment and take initiative instead of waiting for orders. Now, the role of leadership is to create the conditions for people to own problems and solutions together, rather than the leader being the sole problem-solver.

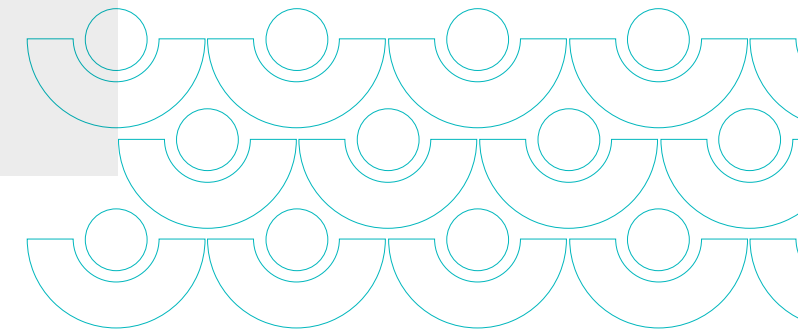
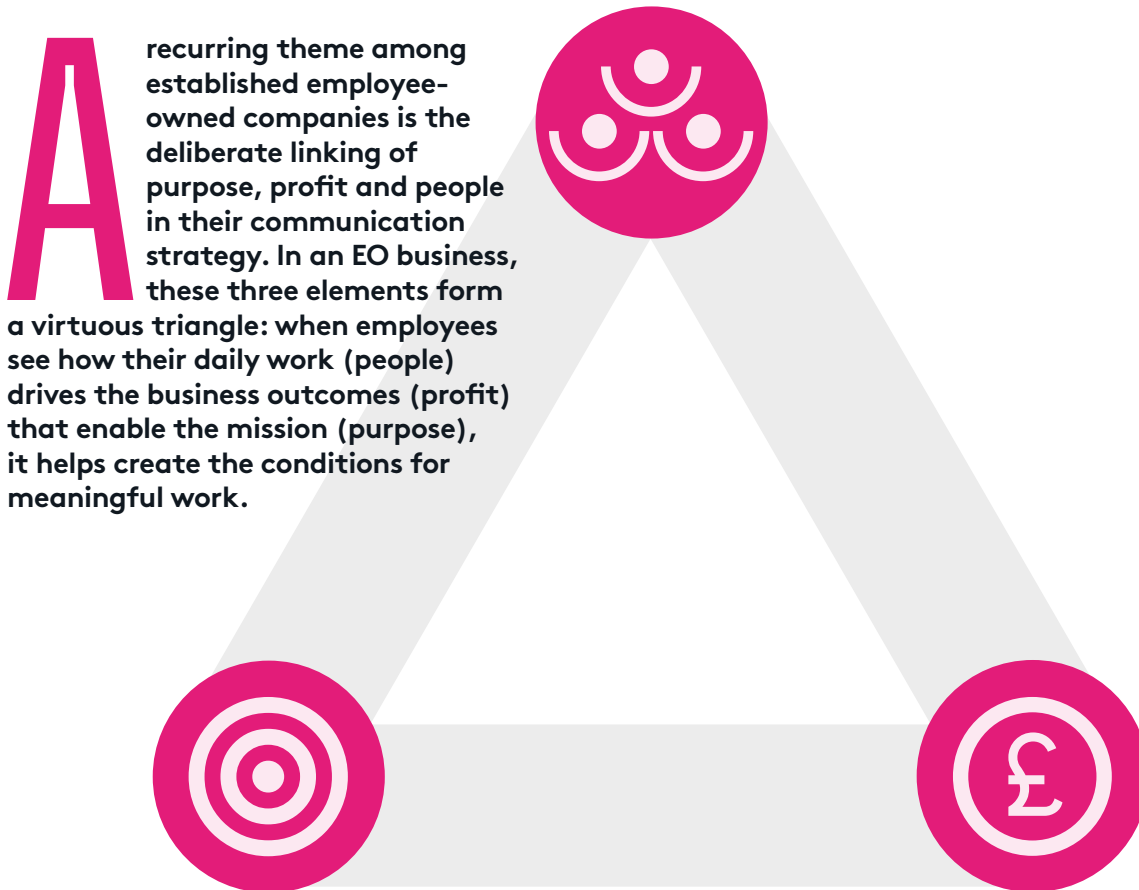


Image: [EO community](#) learning and sharing great EO insights – eoa Conference 2025. Photo by Chris Read-Jones Photography



CONNECTING PURPOSE, PROFIT AND PEOPLE



A recurring theme among established employee-owned companies is the deliberate linking of purpose, profit and people in their communication strategy. In an EO business, these three elements form a virtuous triangle: when employees see how their daily work (people) drives the business outcomes (profit) that enable the mission (purpose), it helps create the conditions for meaningful work.



Walking the walk

The founders at CleanTEC recently chose not to introduce a cost-cutting measure because it would have negatively affected staff wellbeing. While it would have boosted short-term margins, they felt it conflicted with the company's values. Decisions like this help employees see whether a company's stated purpose actually holds up in practice.

EO companies should work on transforming their values and purpose into tangible practices and recognition. For instance, IT provider Enhanced built its values into a behavioural framework used for performance reviews and everyday management, ensuring that living the values is an expected part of everyone's job. The business also recognises standout employees as "brand ambassadors" when they exemplify those values in action.

CleanTEC has a similar approach – the company created a "Champions" award certificate to celebrate colleagues who go above and beyond in demonstrating the company's values. By weaving values into how people are evaluated and praised, these companies make culture concrete.

Posters on the wall saying "we have integrity" don't cut it. It's about storytelling and reward systems that continually tie back to why the company exists and whom it serves.

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Inclusive communication

Consistently connecting purpose, profit and people in communications also makes business metrics more relatable. Instead of a dry announcement that "Q4 profits increased 10%", an EO-minded leader might frame as: "Thanks to our collective effort, we achieved a 10% profit uplift, which means we can invest more in product innovation and our community initiatives." It's a slight tweak in messaging, but over time it keeps employees engaged and reminds everyone that there's more to the numbers – they are the fuel for fulfilling a shared purpose and rewarding people.

MAINTAINING MOMENTUM

The final cultural challenge on the EO journey is avoiding ownership fatigue. It's natural that after the initial excitement of becoming employee-owned, enthusiasm can dip. Day-to-day work pressures return, and if an eventual financial reward (like a profit share or share payout) is years away, some might lose focus on the EO aspect.



Consistent visibility

To sustain momentum, employee ownership must remain visible, tangible and celebrated throughout the year. Many companies keep the spirit alive through regular communications and activities that highlight the ownership element. For example, some create an "EO dashboard" – a simple visual tracker of key business metrics and goals – posted in common areas or the intranet, so everyone can see how the company is doing. Regular town hall meetings or Q&A sessions are another great tool because they give people a forum to ask leadership questions and hear updates.

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Other ideas include dedicated EO chat groups or newsletters to share stories of employee-owners making a difference, ongoing training workshops to help employees build skills (and remind them the company is investing in its owners), or even signage around the workplace that reiterates the company's mission, values, and the fact that it's employee-owned.

Celebrating EO Day (the Employee Ownership Association's annual celebration) or the anniversary of your EO transition can also be a fun way to keep the concept front and centre. The goal is to continually remind and involve people in what it *means* to be employee-owned, so it doesn't fade into the background.

Building true ownership and empowerment takes time. That's why consistency is so important. Small actions, repeated regularly, have a big cumulative effect on culture.



FINDING YOUR FLAVOUR

Perhaps the most important lesson is that employee ownership is a journey. The signing of EOT papers or the first all-staff shareholder meeting is just the beginning. The success of an employee-owned organisation rests far more on the everyday culture it cultivates than on the legal structure of its ownership.

[As the Employee Ownership Association notes, these businesses work best when employees truly own the story and the success of the company.](#) In other words, it's the sense of shared purpose and pride that drives the performance of EO firms, alongside the financial stake.



A learning journey

It's also clear that there is no one-size-fits-all approach. Every company will find its own route through the EO journey. What works brilliantly for one organisation's culture or industry might need adaptation in another. Some may thrive with very formal governance and lots of data sharing. Others might succeed through more informal, people-centric approaches.

The principles discussed – transparency, involvement, education, purpose – provide a compass, but not a step-by-step map. And that's ok. In fact, many EO leaders will tell you that the missteps are as valuable as the triumphs. When something doesn't work – maybe an idea forum has lost momentum due to lack of interest – it offers insight into what your people need and opens a conversation on how to do it better.

Those small failures build resilience and often lead to tweaks that make the culture stronger. The key is to stay open-minded, curious, and willing to evolve. Keep asking: how can we make ownership feel more real for everyone? And how can we align our communications with our values?

When you communicate openly, invite participation, and show genuine care for your people, employees are more likely to feel trusted and able to contribute. Organisations that build this kind of culture tend to see higher engagement and stronger performance. Employee-owned firms, in particular, often report improved growth, better retention, and greater resilience during challenging periods. By embedding communication and trust into everyday leadership, EO organisations can strengthen long-term, inclusive, and sustainable success.



CHEAT SHEET

Based on both Magenta's experience and advice from EO peers, here are a few practical steps:

1 Establish ownership rituals

Create recurring activities that reinforce the ownership mindset – for example, regular all-hands “share the numbers” meetings, annual strategy workshops that include employees from all levels, or social events that celebrate the company's EO journey (such as an annual “Founders Day” to reflect on the company's legacy and future). Rituals give structure to culture and keep people engaged in the narrative of the business.

2 Train your managers

Ensure that anyone in a supervisory or management role is trained in transparent communication and inclusive leadership techniques. Managing in an EO business is a skill in itself. Managers need to know how to disseminate information openly, facilitate team input, and coach rather than dictate. Providing leadership development on these points will help managers become effective stewards of the ownership culture.

3 Promote financial literacy

Give employees the tools and training to understand the company's financials and business drivers. This might involve lunch-and-learn sessions on reading profit-and-loss statements, or departmental budget briefings that demystify where the money goes. When people grasp the numbers, they can act like true owners – making decisions with the business's financial health in mind.

4 Listen and adapt

Regularly gauge employee sentiment and understanding of EO through surveys, polls, or open feedback forums. Ask what's working and what isn't. Use that data to refine your communication and engagement strategies over time. For example, if a survey finds that few employees understand how the trustee board works, that's a cue to do more education around governance. If people say they don't feel their ideas are heard, perhaps revamp the suggestion process. Treat culture-building as an iterative process, always open to improvement.

5 Simplify governance access

Make sure the structures you set up (trustee boards, employee councils, committees) are accessible and inviting to regular employees. This could mean having informal drop-in sessions where people can chat with a trustee or council representative, or communicating clearly who the representatives are and how to contact them. The aim is to prevent governance bodies from feeling like ivory towers. They should be seen as extensions of the team, approachable to anyone with a question or idea.



Effective communications are critical – and where **magenta** is particularly well placed to help.

As an employee-owned and B Corp–certified communications consultancy, we’ve had to do this work ourselves, not just advise on it from the sidelines.

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We understand how easily employee ownership or B Corp status can be reduced to a badge if it isn’t communicated clearly and lived consistently. Our role is to help organisations translate complex ownership models, governance structures and ESG commitments into plain, credible language that employees, clients and stakeholders can genuinely understand. Done well, that communication reinforces culture, unlocks innovation and helps organisations realise the full value of being owned by their people and accountable for their impact.

If you’re an employee-owned business, social enterprise or a B Corp – or thinking about becoming one – and you want your ownership or impact story to land properly, we’d love to talk. Get in touch directly to continue the conversation.

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