

## Part 3:

# CREATING A LEGACY

*In part three of our Shawcast series Alex Gale chats to Rob Davenport CEO of Shawston about creating an everlasting Shawston.*

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**S**hawston is well known within the industry as being employee owned and it has clearly had a huge influence on your performance as an evolving business.

When did you decide to become employee owned and how has that influenced the Shawston culture and day-to-day running of the business?

### EMPLOYEE OWNERSHIP

**Rob:** We decided in 2014 that we wanted to develop a plan for the

‘second generation’ at Shawston.

Back in 2014 we’d had the business for 13 years, which is quite a long time and it had been successful.

We got to a point where we decided we wanted to build an ever-lasting Shawston, which sounds quite romantic doesn’t it?

But, we felt that it was never about one shareholder or a small set of shareholders.

It’s never been about a cheque

for any one individual, it’s been about trying to create something that’s got some worth and sustainability behind it.



**Alex:** So, sustainability is a big thing?



**ACTING LIKE OWNERS: SHAWSTON ARE WHOLLY OWNED BY ITS EMPLOYEE SHAREHOLDERS**



**Rob:** Yes. We decided that the only way to get the business fully sustainable is for everyone to have a stake in the outcome.

In other words, own some shares and help to generate some shareholder value, which since launching in 2015 they have.

**Alex:** Can any employee own shares in Shawston?

**Rob:** Yes, and almost every employee does.

Every year we create a dealing day, and it's the job of myself and a couple of colleagues to match the buyers with sellers.

In round figures 10% of the equity now sits with lorry drivers, warehouse operatives, fabricators, customer service teams, accounts, finance, marketing, you name it, all the way through to some of the senior managers.

And that's probably the hardest thing we've done because it's a cultural change. You're tipping the cultural norms (of being an employee) on the head.

## **A SUSTAINABLE SHAWSTON**

**Alex:** How do you think the business benefits from a decision like that?

**Rob:** Sustainability – it creates a safe Shawston.

“ **WE ARE LOOKING TO EMPOWER PEOPLE SO THEY THINK AND ACT LIKE AN OWNER WOULD.** ”

I know I'm going to keep saying that but it's key. We are looking to empower people so they think and act like an owner would. But it takes time.

We are coming up to the end of 4

years of being employee owned and we're now seeing the green shoots of how we get 120 co-owners to turn up to work every day.

**Alex:** How does that work because not everybody necessarily is going to be that way inclined.

**Rob:** Not to begin with no, but some find it natural.

Bear in mind 120 people have paid their own money to acquire their own discounted shares in Shawston, so they've actually got a fair amount of skin in the game.

That shifts the dial instantly and it's a brave thing for them to do. It opens up the conversation for them to begin to think like owners - our job is to offer a business education.

What does a profit and loss account mean? What does a balance sheet mean? And what



are the top 3 things we want to measure in our business?

For us they will probably be retained profit, cash generation, and how we might control working capital. Those are the 3 things that would allow us to invest for the future but to also keep everybody safe.

We're 4 years into it now and we have genuinely got 120 amazing people, all of whom own a chunk of equity and who have all had a dividend during the first 3 years.



BETTER BUSINESS TOGETHER

**Alex:** The positives are quite clear, are there any negatives?

**Rob:** Yes. You have to sacrifice short term goals for the greater good of your future, which can feel quite counter intuitive sometimes.

There's some heartbreak with it too – not everybody when you change a culture wants to work

with that culture and it probably requires more mental toughness from a leadership team than you may ever be asked for if you were working somewhere else or you didn't have the culture.

It's a serious test. I wouldn't say it's for the faint hearted, but then when you break through to the other side it's pretty amazing.

You know when you see some co-owners who really care because their discretionary effort goes up, their passion goes up, it transmits to a customer, it would transmit to a supplier, and it's just something that you can continually build on.

And it means that the decisions aren't always travelling through me or the Senior Leadership Team, they are travelling through 120 people.

That's our holy grail - we devolve all of the power down and then the senior team can continue to develop the people, business development plans and investment plans for the future.

**Alex:** So that's how you're continuing to invest in people, by

educating and getting everyone to invest in similar values and goals?

**Rob:** That's it. It's a values-based business and that means you have to live them day in day out.

Again, it takes a while to achieve that – and we're close. But that's the philosophy, it's really straight forward actually.

We'd love everybody to be able to retire from the business at some point – me included. That would be nice.

## PEOPLE DEVELOPMENT

**Alex:** How do you think employee ownership has helped your recruitment process?

**Rob:** It's helped massively, but only in the last 2 years because it took us a while to learn how to showcase it. Our interview process was not as good as it could have been, so we've dealt with that.

We need something that's a differentiator. We need something that appeals to all



generations, millennials as well as... well what would I be called now, generation middle aged?!

If we're paying the benchmark salary why would somebody choose Shawston instead of a competitor?

I think now there is a compelling case which is "safe Shawston". Get the balance sheet out and talk – tell people why it is a safe company to work for.

If we learn how to showcase ourselves when we raise a job ad or through the interview process, we're finding more people saying yes and that's pretty exciting.

One of our Directors started out on a graduate programme.

He graduated from Manchester Met with a 2:1 in Finance and has come through the ranks to become a Director.

Three months ago, we took on another graduate from, guess where, MMU! And why wouldn't we, that's our head office, that's the heartbeat of Shawston dating



back to 1960 when the business was first founded.

He's super talented, a lovely guy, and he's up for it, and he's already making it happen in the customer services office.

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**WE'D LOVE EVERYBODY TO BE ABLE TO RETIRE FROM THE BUSINESS AT SOME POINT – ME INCLUDED.**

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Everyone compliments each other at Shawston. The new generation are progressing through the business with continuous support by our founder employees who are full of knowledge, experience and personality, that's the magic dust we're trying to sprinkle over the

business.

If it wasn't for our employee ownership, if it wasn't for our people and culture plan, of which owning shares is a bi-product of that, we wouldn't be sat here, and we wouldn't have several key members of the team.

We really are a Shawston family, we have a sense of togetherness that is rarely found within our market sectors. ♦



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**This is part three of a five-part series of podcast interviews with CEO Rob Davenport. Find out next time in part 4 how Rob and his team took Shawston from a £750k business to a £22m turnover business operating in 4 different market sectors.**

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