

Generation rent



‘Of course, nobody expects to own anything any more’ – just a casual comment over a recent breakfast with a friend of mine in the industry, but it got me thinking. Houses, music, cars...shares? Is the cult of ownership over? And in the context of employee share ownership, should this give us pause for thought?

Having recently conducted a piece of research on attitudes to employee share ownership, I think it’s less about ‘what’ you own, a bit more about ‘how’ you come to own it, and a lot about ‘why’ you own it.

Our research, ‘Attitudes to Employee Share Ownership’, has made it abundantly clear that we as an industry need to find more convenient, flexible, and creative ‘hows’ i.e. plans and vehicles through which employees can acquire shares. Rather than start from scratch, SAYE and SIP both urgently need some judicious ‘tweaks’ to make them attractive and practical for employees in the workplace of today and indeed of the future.

We need to make the ‘why’ really clear, inspiring and aligned with purpose. For our industry this means creating a convincing share plans ‘narrative’ that really resonates with the audience rather than seeming to exist solely to satisfy compliance requirements (important though these are!). The themes and content of this narrative should be similar, yet different, across companies and their industries. The universal, central message has to be that share ownership is both meaningful and valuable – it is an enabler of personal financial ambitions, a tool for improving the financial lot of our families, dependents and ourselves. It is also a pass allowing employees to become members, shareholders, in the companies that they work for. The best share plan communications put

employees, and with them, purpose, at their heart. Sharing the first-hand testimonies of share plan participants might seem obvious, but it is powerful, inspiring and effective.

In many ways, technology seems to be nudging us all towards low-commitment, transient and less permanent means of interaction and communication. Facebook is currently in hot water politically for its insistence that it is a 'platform' not a media company, yet its power as a channel capable of disseminating messages (setting aside matters of authorship and veracity) that can reach hundreds of millions within hours is undeniable. We can – and should - make technology our servant, not the other way round.

From looking at the concept of 'ownership' we should turn our attention towards the concept of 'membership'. Until relatively recently it was fashionable to decry membership and subscription models as long-dead relics of a the past where Baby Boomers would happily pay a regular fee to belong to a club or organisation, enjoying resultant status and belonging, as well as the more tangible benefits. To paraphrase Groucho Marx - 'I don't want to belong to any club that will accept me as a member'.

But there are many highly successful businesses which now operate on a subscription or membership model, and they are attracting significant amounts of funding and vast numbers of regular users or members. Just look at Netflix, Spotify, and Amazon Prime. Customers are prepared to pay for their services and products because they deliver exactly what they want, when and where they want, without hassle or inconvenience. Blockbuster video stores went the way of the dodo because technology disrupted them – no need to leave your sofa to go and peruse libraries of videos and DVDs (and end up buying overpriced popcorn).

SIP Partnership share schemes are effectively a subscription model, except that as a 'customer' in a SIP you own the shares rather than merely rent them. That's a powerful difference, and one which could be leveraged more in a world which seems ever more predicated on time-limited access, 'rent', rather than ownership and control. We need to look at the delivery channel though, and listen to what our 'customers' are telling us. Are we Netflix or Blockbusters?

Whether we are debating ownership or membership, in order for these concepts to be sustainable and meaningful, the focus must remain the same – the customer, which for us is the employee. Our research study 'Attitudes to Employee Share Ownership' puts employees at its heart and I cannot wait to share the findings with you.

A handwritten signature in black ink, appearing to read 'Gabbi Stopp', with a long horizontal flourish underneath.

Gabbi Stopp
Head of ProShare