



WRIGLEYS

— SOLICITORS —

Case Study - Savant Limited



Background

Savant Limited specialises in developing software for the clinical, medical and healthcare sector. The company has been established for over 25 years and has NHS Blood and Transplant (NHS BT) as one of its biggest clients.

In July 2001, Savant's employees took over ownership of the company from the two retiring co-founders, who had run the company since 1982 in an Employee Buy Out. The company is now wholly owned by the Savant Employee Benefit Trust (EBT) to which all eligible staff belong.

The management team believed that "the main assets of the company go home every night" and without their goodwill and co-operation, Savant did not believe that they could provide the levels of service and support that their customers had a right to expect. The intention behind the EBT therefore, was to motivate the employees, to reward them for their commitment shown and to foster collective ownership. In turn, it was hoped that employee ownership would encourage employee retention and maintain and improve profitability of the company.

The Process

An Employee Benefit Trust (EBT) with a corporate trustee, Savant Group (EBT) Limited, was established. The corporate trustee holds 100% of the share capital of Savant Group Limited in accordance with the objects of the EBT which are to benefit employees or former employees and their near relations.

Employees hold nominal shares in the trust but do not own shares in their own name. This was done in order to avoid the risk that these holdings could migrate to external investors if employees left the company and the trust was unable to buy them back.

As a result of the establishment of the EBT, Savant's employees are able to benefit in two ways, firstly through the payment of direct bonuses by the company and secondly through the payment of monies to the EBT which has powers to pay benefits to employees. The EBT now has Employee Ownership Trust tax status.

In terms of governance, employees are involved in all major decisions. One out of four directors is an employee director who is to have special regard for the employees of the company. Three other management directors, normally senior employees of the company, are charged with the management of the company.

After the conversion

The business has grown over the last 18 years and has been able to pay a bonus to its employees most years. With a low staff turnover and high levels of commitment, the company appears to have achieved its goal of ensuring the long term stability of the company through employee ownership.

Contact Us

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