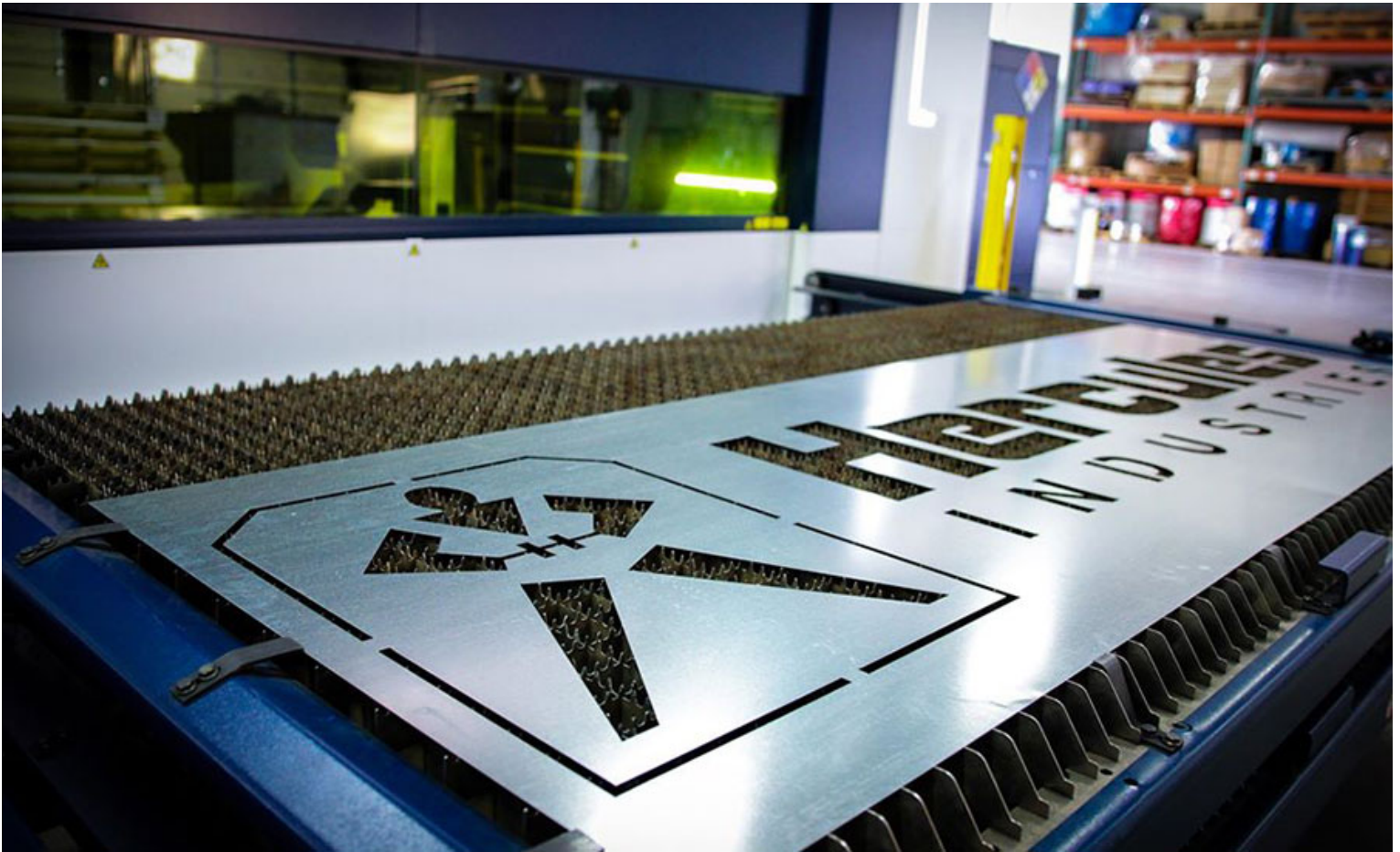


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New employee stock ownership plan at Hercules Industries



February 12, 2020

*Bill Newland and Roy
Plumisto*

The life of an American business owner has a continuum of responsibilities. We track our progress from days to months to quarters to years and beyond. Successful entrepreneurs carefully calculate how to improve the balance sheet, profitability, employee benefits, management succession, capacity to grow and on, and on.

However, one question on the mind of many owners is where is the finish line? Further, to whom will we hand off the baton to when we get to that line?



To the ownership group that is focused on company legacy and employee well-being, the answer to that question of succession is obvious: your employees. After all, they are the people who made your success possible.

While I am eternally grateful to the customers who supported us, the vendors who stood by us, the financial institutions that provided our rocket fuel, I am most grateful to those 550 Herculeans who chose our company as the place to plant their career banner.

For 57 years, we celebrated success, and we agonized over downturns. In between the ups and downs of business, we laughed about comedies in our marketplace and shared anxieties of business uncertainties. We developed relationships not unlike the loved one's you go home to after a hard day's work.

The beauty of a transfer of ownership to an employee stock ownership plan (ESOP) is that none of this great life of an American capitalist needs to change. What changes is that we just created another 550 capitalists. These are well-deserving, hard-working Herculeans that will now see the fruits of their labor accumulating in ESOP retirement accounts. These accounts will fund their future lives and those of their families. Their ownership is financed through future profits built on the continued legacy and culture that built this great company.



The Newland family will still be side-by-side with their new business partners. So, what opportunities lie ahead for these new capitalists and how will this new Hercules be perceived by the HVAC marketplace? The business model is the same; we will continue to build on the strengths of products we know best. A manufacturing legacy that was built on spiral pipe and the many related HVAC products that sprung out of this passion for quality products, and a distribution legacy to provide the products the industry needs from the people they can trust.

There is a saying in the ESOP world that in a comparison of the before and after, “Everything is the same, yet everything is different. How an employee sees his place as an owner is a cornerstone to a new employee-owned company. This perspective is the same, yet very different.



Hercules Industries: ***An Employee Owned Company***

For me, that perspective really rung true on the day the Newland family announced their decision to transfer ownership of Hercules Industries to the employees through the ESOP. The initial shock of, “The Newlands are selling Hercules,” quickly became the realization that “I am now an owner of Hercules.” Becoming an owner of this extremely respected and established business was overwhelming. Not in a sense of “How do I own a business?” But, rather, how do I deserve this business?

The Newlands have shown great confidence, trust, and gratitude to the employees who have worked side-by-side with them to build Hercules Industries into the successful business it is today, a wonderful place where hard work and dedication are rewarded. Now, the new owners can carry that success into their future.



Bill Newland of Hercules Industries.

Everything is the same. Management structure, processes and procedures are all the same. Only the Hercules mission statement changed slightly to include, “employee-owned.” Yet, “everything is different.” We are all invested in the continued success of our company. We are now more accountable to each other for personal, personnel and financial decisions. We, the owners, decide where Hercules Industries is going in 10, 15, or 20 years. When it is my turn to pass my share of the Hercules baton, I hope to look back at a greater success story than Hercules Industries is today,

My American Dream of being financially secure in retirement became much, much brighter that day. Through no direct action on my part, other than being a valued employee, I was given an additional conduit to improve my financial outlook for the future. To transfer ownership to the current and future employees of Hercules Industries changed everything for this very grateful employee. The Newland family had many options on how to, and to whom they would pass the Hercules baton.

Thank you, Newland Family for this wonderful gift, and exciting opportunity.

This article originally appeared in the [January 2020](#) issue of SNIPS magazine.