

# Why Steward-Ownership?

## What motivates entrepreneurs to choose steward-ownership?

An entrepreneur's decision to choose steward-ownership is highly personal. The motivation is affected by the experiences, characteristics and needs of the entrepreneur and the company. For the sake of clarity, we have attempted to divide the motivations and situations that lead entrepreneurs to choose steward-ownership into three groups that we see most frequently in our work with companies and to illustrate them with examples. In addition to this overview, there are of course many other individual reasons for implementing steward-ownership that are not listed here.

### A new generation of start-ups

A new generation of start-up founders is not looking for a quick exit and the fast scale of a unicorn, but instead wants to tackle social challenges in the long term and build **independent companies**. They want to be able to make legally binding promises to their stakeholders that the company will remain **purpose-oriented** and "own itself" and that the well-being of the company and the **achievement of the company's purpose** will be the focus in the long term. This way, they can gain the trust of their employees, customers and business partners, as well as guarantee that the company will remain true to itself. This promise and trust are often **essential components of their business model**.

- The team from Neue Narrative would like to use its magazine to initiate and help shape a dialog about and toward a life-serving economy. The focus is on a new, purpose-oriented world of work, New Work, agile working methods and new forms of organization as well as corporate concepts. The team was well aware: if they want to take their goal of building a self-reliant, self-organized company that serves society seriously, then the issue of ownership is also central. For them, especially as a media company, it is important to be able to make a transparent and legally binding promise that Neue Narrative will remain true to its mission over the long term. Thus, the company was founded directly in steward-ownership.
- When Armin Steuernagel founded his first company, the Waldorfshop, it was clear to him: "The company exists for its customers and employees; we all work together for the purpose of the company." That's how he communicated it to his employees. But one day, a colleague asked him, "You always say we work for the purpose of the company, but is that actually true? Legally speaking, doesn't every email I write and every thought I put into the company actually increase your personal wealth? You can always sell it and use the assets privately." Armin realized that, legally speaking, she was completely right. The legal form of the company automatically meant that, legally speaking, the company and everyone involved in it served only Armin and his assets, not its purpose and stakeholders. In his search for a solution that would also legally safeguard his promise

# PURPOSE®

of purpose over profit, he created a steward-ownership solution for the Waldorfshop inspired by the structures of Bosch and Zeiss.

- Ecosia is an alternative search engine that uses its profits to plant trees. Christian Kroll founded Ecosia to counteract the environmental and social effects of deforestation. For him, Ecosia is not a company but a social movement. So, as Ecosia grew, he faced two questions: Can and should you actually own a movement? And how can the idea and independence of Ecosia be protected and safeguarded in the long term so that the company is never sold to competitors? This is a central question for Ecosia, especially as a digital infrastructure company with millions of customers who rely on its independence. Ecosia is now, through the PURPOSE Foundation, a company and a movement in steward-ownership
  - → [Ecosia short profile](#)
- At Sharetribe, Juho and Antti are actively driving the democratization of the sharing economy with a technology that makes it possible to create an online marketplace at low cost. They want to show that the sharing economy can be done differently than the examples of UBER and Etsy demonstrate. Benefits and value are made available to society, and profits are distributed fairly. Furthermore, the goal is to contribute to a future where thousands of thriving local sharing platforms are owned by both small and medium-sized businesses, social enterprises, cooperatives, non-profits and cities. For Sharetribe, profitability is not the ultimate goal of the company, but rather a means to an end. To protect the idea and their credible promise to all users that Sharetribe can never be forced into an exit or IPO, Juho and Antti have opted for steward-ownership.
  - → [Juho of Sharetribe: A founders perspective on steward ownership](#)
  - → [Medium-Article by Sharetribe: How to build companies that are a force for good in society](#)
  - → [Medium-Article by Sharetribe: Steward-ownership is capitalism 2.0](#)
  - → [Medium-Article by Sharetribe: On what matters](#)

## Succession solutions for medium-sized businesses

More and more medium-sized businesses do not have a genetic successor in the **family** who is willing or able to take over the business. Even a sale is often out of the question for them; they want to know that their life's work is in the hands of capable entrepreneurs and to protect it from the **cost pressure** that would accompany a sale. They are therefore looking for ways to pass on their company to capable and value-related people who are connected with the company, such as **selected employees**. Outside the family, this is currently only feasible with complicated and thus expensive legal processes. In particular, in the case of a quasi-gratuitous transfer, it is important that the retiring entrepreneur knows that the next generation will also hold the company as stewards and will not be able to liquidate it to increase personal wealth. Steward-ownership can be a solution here since control of the company is always held by a "family of values and skills" and is passed on to successors within this family.

- **Inheritance: A large, medium-sized company with a family tradition**

Nine years ago, Michael Hetzer, a third-generation family entrepreneur, began to question whether family succession was still the right path for Elobau (the global market leader in climate-neutral sensor products, control elements and systems). The question was prompted by a conversation Hetzer had with his then eight-year-old son, who asked him, "Dad, if my brother doesn't take over the company, then I have to, right?" Hetzer was surprised. He had never discussed the company or its future with his sons, but since he was in elementary school, his son had felt the weight of responsibility and obligation that comes with running a family business. Michael Hetzer wanted his sons to have the freedom to go their own way in life and not feel the pressure that their professional future *had* to be in the family business.

- → [Case Study Elobau](#)
- Thomas Bruch, steward of Globus (a self-service department store and DIY chain), inherited the 200-year-old company in its fifth generation and has three capable sons who would make good successors. Up until then, the general principle had been that one son inherited everything in order to protect the company's ongoing existence. However, he personally felt it was unfair to transfer the company to only one of the sons, but he also did not want to divide the ownership among his three sons and thus create a company for all future generations with dozens of owners who can no longer act entrepreneurially and flexibly and might potentially run into conflict. He wanted to prevent this fragmentation of the ownership structure in order to preserve entrepreneurship and prevent family conflicts. Therefore, he has decided to transfer Globus to steward-ownership and give each son the opportunity to advance within the company and become a steward-owner.
- Prof. Dr. Götz Rehn, founder and owner of Alnatura, has received many offers for takeovers of the company throughout the years, especially in the wake of his upcoming succession. This was out of the question for him, simply for reasons of preserving Alnatura's independence. Even more important for him was the danger that Alnatura would have to recoup the purchase price for the new owners after the takeover at the hands of a private equity fund or a competitor, and that the resulting focus on profit maximization and the withdrawal of profits by the new owners would jeopardize their focus on sustainability and product quality. Last but not least, he also wanted to protect his employees from increased cost pressure from the new owners.
- When Ernst Schütz, former owner of Waschbär, started thinking about succession, two options came to mind. One option was family succession, the standard solution for German family businesses. But he wasn't sure if his children would be the best successors for Waschbär, as they had already gone their own ways. The second option was to sell the company to competitors or private investors; this option was out of the question for him. His wish was that Waschbär would never be sold to a successor or a conglomerate, or that it would be randomly passed on. Under these conditions, he wanted to hand over the company to successors at below market value. He found the stewards who now run the company in steward-ownership with his former executives, Katharina Hupfer and Matthias Wehrle. In this way, he was able to ensure that the company remains independent and true to its values in the long run.

- → [Case Study Waschbär](#)
- → Purpose Book, [Interview with Ernst Schütz](#)
- Yvon Chouinard, founder of the outdoor apparel maker Patagonia, and his family have transferred their ownership of the company, which is valued at around \$3 billion according to the [New York Times](#), to a specially designed trust and a non-profit organization. For Patagonia, the move was mostly taken as a succession model – they were looking for alternatives other than passing the shares directly to his children or selling the company. The Patagonia Perpetual Purpose Trust and the non-profit Holdfast Collective were created to preserve the company's independence and ensure that all distributed profits are used for climate protection and the preservation of undeveloped land around the globe. Read more about the Patagonia structure in the context of steward-ownership [here](#).

## Value-oriented companies

Many value-oriented companies with **sustainable, steward-ownership-based business models** want to ensure that their **values and mission remain at the forefront in the long term** and that the company's assets only serve the company's purpose. They seek forms of ownership that enable companies to continue to operate independently and purposefully in the long term. In doing so, it often does not feel right to them that the company belongs solely to individuals, since they did not create the value on their own. Steward-ownership can enable long-term action and the value orientation of the company in a lasting way.

- Stefan Schmidt of ARCHE Naturküche decided to set up the company directly as a steward-owned company within the framework of a management buyout in order to continue and secure the company's focus on healthy, meaningful and social products. He wanted the quality and sustainability of the products to always remain the focus. For him, steward-ownership was a model that allowed him to display the business model based on stewardship in ownership as well.
- Matt Kreutz founded Firebrand 12 years ago in a West Oakland warehouse with the vision to produce high- quality baked goods. Since then, the firewood bakery turned into a successful business with an inspiring mission. To guard the company's values and its mission in the future and to secure aligned investors, Matt transitioned Firebrand to steward- ownership in 2020. Implementing the new ownership structure went hand-in-hand with securing mission- aligned growth capital that will enable the business to grow sustainably, drive social impact, and maintain its independence. Hungry for more? Continue to read [here](#).
- The team at Wildplastic collects plastic from the environment and recycles it into trash bags or into packaging material for shipping. But their goal is not to make trash bags or plastic packaging: Wildplastic wants to rid the environment of plastic. The team wanted to make sure that the mission was protected from the start and that all stakeholders knew transparently that this company is focused on Purpose. That's why they founded

the company directly in steward-ownership. (You can read more about Wildplastic in our [case study](#))

- BuurtzorgT is a fast-growing provider of mental healthcare services in The Netherlands. The organization works fully decentralized with services being delivered by local teams of health care professionals that are embedded in their neighborhood. As BuurtzorgT has been a self-steering, self-organizing institution from the start, its founders were looking for a form of ownership that would represent this. Being steward-owned feels to them like the perfect match of self-steering and being self-owned. You can read more about BuurtzorgT [here](#).
- Organically Grown Company, based in Portland, Oregon, has been a leader in sustainable and organic agriculture for over 40 years. Its transition to steward-ownership reflects the company's deep commitment to supporting organic agriculture and helping it thrive by doing business in a way that is good, clean, and fair. Read more about the Perpetual Purpose Trust and their journey towards steward-ownership [here](#).
- Achim Hensen is co-founder and steward of Purpose. If you had told Achim five years ago that he would be championing the topic of corporate ownership and alternative approaches to its design today, he certainly wouldn't have believed it to be possible. As a senior employee at a large Hamburg-based digital company, he was developing and testing completely new collaborative work structures for the company based on New Work concepts. The new structures and the resulting change in work culture created a pleasant and productive atmosphere for collaboration and, not least, had a positive impact on the company's growth. But then he experienced what many other employees could also recount: The company was sold to a large corporation (spoiler: it was not the final sale). What remained was not only a queasy feeling of having been sold as an employee, but also the end of the collaborative culture that had been cultivated. With the question in his mind of how to prevent companies, and thus people, from becoming speculative commodities, Achim eventually co-founded Purpose. Today, he helps many companies shape the buyout of value and the coherence between collaboration, financing and ownership.