

On-Line University: Employee Ownership 103

Business Planning, Financing, Law and Taxation in Equity Ownership

2 Units-MBA level

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COURSE DESCRIPTION

Employee Ownership 103 is designed as a skills-based 2 unit elective course. After completing the course, students will have the capacity to understand and evaluate the various tools and techniques available under current law and practice for applying corporate equity as a compensation and motivation vehicle for employees as well as a tax and cost effective vehicle for assisting in business succession and capital expansion. The course content will include a review of frameworks currently available under law for creating equity participation plans; hands-on exploration of equity sharing techniques as they are applied in the real world as well as insights into “best practices” to maximize results; and an understanding of future trends in this important area of business management.

Session and Due Dates	Materials Used In Class	Class Topic & Activities	Assignments
Session 1 <u>The SAIC Solution</u> - Chapter 5 (Reader) Part 1 Entrepreneur's Guide to Equity Compensation (EGEC)	Case Studies: SkyRocket, Inc. Continental Hardware	Introduction to Equity as a Motivation and Retention Tool – Introduction to Case Study Learning – Overview of Techniques: Qualified Plans	<ul style="list-style-type: none"> • <u>The Capitalist Manifesto</u> – Chapters 2 and 3 • <u>An Introduction to ESOPs</u> • <u>EGEC</u> – Chapters 5, 6 and 7 • Worksheet on Qualified Plans
Session 2 Preliminary Case Study Selections Worksheet on Qualified Plans	Case Studies: Infinite Multiple Corporation Benefit Gurus, Inc.	Overview of Techniques - Non-qualified Plans, Performance Based Incentives, Synthetic Equity	<ul style="list-style-type: none"> • <u>EGEC</u> – Chapters 2, 3 and 4 • <u>Beyond Stock Options</u> – Chapter 1 • Worksheet on Non-Qualified Plans, Performance Incentives, Synthetic Equity

Session 3	Case Study:	Legal Implications of Equity Sharing –	<ul style="list-style-type: none">• <u>Decision-Maker's Guide to Equity Compensation</u>
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Worksheet on Non-Qualified Plans, Performance Incentives, Synthetic Equity Based Incentives	Cove Standard Corporation	Securities and Accounting Concerns Culture and Future Trends in Equity Compensation	<ul style="list-style-type: none"> Chapters 6 and 8 <u>The Ownership Solution</u> – Chapters 3, 4 and 5 <u>In the Company of Owners</u> – Chapter 1 (pages 3-17) and Chapter 2 Worksheet on Legal Implications and Current and Future Trends Begin Draft of Term Project
Session 4 Worksheet on Legal Implications, Current and Future Trends in Equity Compensation	Case Study: ABC Corporation	Employee Ownership in Business Succession Planning and Corporate Finance; Explore Excel Template	<ul style="list-style-type: none"> <u>EGEC</u> – Chapters 11 and 12 <u>Equity</u> (Case Rosen and Staubus) – Part 1 <u>A Stake in the Outcome</u> – Chapter 1 Explore workbook template – with ESOP financing/equity compensation Worksheet on Employee Ownership and Succession Planning
Session 5 Worksheet on Employee Ownership in Business Succession; Submit Preliminary Term Project (Optional)	Group review of term Projects	Building on a Culture of Ownership Shareholder Concerns in Equity Compensation	<ul style="list-style-type: none"> <u>Decision-Maker's Guide to Equity Compensation</u> – Chapter 11 Worksheet – Shareholder Concerns in Equity Compensation
Self-Administered		Final Exam	

COURSE OBJECTIVES

The objective of the course is to equip students with a comprehensive, practical understanding of the rationale for and implementation of vehicles available under current law and practice for implementing employee ownership and equity incentive plans.

COURSE MATERIALS

Course materials will include two basic texts: Entrepreneur's Guide to Equity Compensation (Beyster Institute); An Introduction to ESOPs (National Center for Employee Ownership); an Excel based equity compensation forecasting and design model and a Reader comprising short readings from:

- Beyster, J. Robert; and Peter Economy. The SAIC Solution. Hoboken, NJ: John Wiley & Sons, Inc., 2007.
- Kelso, Louis O.; Adler, Mortimer J. The Capitalist Manifesto. New York, NY: Random House, 1958.
- Rosen, Corey; Chernoff, Pam; Janich, Daniel N.; Rodrick, Scott. The Decision-Maker's Guide to Equity Compensation. Oakland, CA: The National Center for Employee Ownership, 2007.
- Gates, Jeff. The Ownership Solution: Toward a Shared Capitalism for the 21st Century. New York, NY: Basic Books, 1999.
- Blasi, Joseph R.; Kruse, Douglas; Bernstein, Aaron. In the Company of Owners: The Truth about Stock Options and Why Every Employee Should Have Them. New York, NY: Basic Books, 2003.
- Stack, Jack; Burlingham, Bo. A Stake in the Outcome. New York, NY: Doubleday, 2003.

COURSE ASSIGNMENTS

Course assignments will include weekly readings and worksheet on each topic covered. Worksheets will not be graded per se. The course will also include a design project to be completed and submitted in the last week of the program (prior to the Final Exam). There will also be a Final Exam reviewing the course including multiple choice and short essay questions. Class participation will count toward final grade.

GRADING CRITERIA

The course is a skills based course that will focus on students developing an executive's understanding of the myriad vehicles available under current law and in current practice to employ equity and employee ownership to create a successful business. Therefore, the grading criteria will be as follows:

Class Participation	30%
Topic Worksheets	30%
Term Project	30%
Final Exam	10%

STUDENTS WITH DISABILITIES

A student who has a disability or special need and requires an accommodation in order to have equal access to the classroom must register with the Office for Students with Disabilities (OSD). The OSD will determine what accommodations may be made and provide the necessary documentation to present to the faculty member.

The student must present the OSD letter of certification and OSD accommodation recommendation to the appropriate faculty member in order to initiate the request for accommodation in classes, examinations, or other academic program activities. **No accommodations can be implemented retroactively.**

Please visit the [OSD website](http://osd.ucsd.edu) (osd.ucsd.edu) for further information or contact the Office for Students with Disabilities at (858) 534-4382 or fosorio@ucsd.edu.

