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A Leadership and Management Teaching Case

MyPath: Exploring the Intersection of DEI and Employee Ownership

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MyPath: Exploring the Intersection of DEI and Employee Ownership

A Leadership and Management Teaching Case

with Discussion Questions

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Abstract: MyPath grew steadily since its inception in 1984 in an industry rife with regulations and oversight. Navigating the healthcare landscape and advocating for its disabled patients became a hallmark of the organization. Through the years, a strong culture emerged thanks in part to employee ownership which contributed to a ‘can-do’ attitude found at all levels of the organization. No two patients’ disabilities were alike and this created a highly customer-centric culture that strengthened through the years. When organizations began to delve into the DEI (Diversity, Equity, and Inclusion) arena, MyPath took up the challenge and began to establish programs that would help foster DEI throughout the organization. Within a few years, MyPath was recognized for its diversity efforts and became nationally acclaimed for its ability to foster diversity at all levels of the company. In June of 2021, the CEO of MyPath created a director-level position charged with developing DEI practices throughout the organization. It soon became apparent that DEI had a much larger meaning to MyPath in the context of caring for its disabled customers. MyPath was poised to take on a new direction in the way it did business, putting DEI at the core of its customer service.

Topics: Strategic Management, Employee-Ownership, Healthcare, ESOP, Diversity, Equity Inclusion, DEI

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This is a working paper case study. Additional versions of this case study may appear in print.

Background of the Case

MyPath grew steadily since its inception in 1984 in an industry rife with regulations and oversight. Navigating the healthcare landscape and advocating for its disabled patients became a hallmark of the organization. Through the years, a strong culture emerged thanks in part to employee ownership which contributed to a ‘can-do’ attitude found at all levels of the organization. No two patients’ disabilities were alike and this created a highly customer-centric culture that strengthened through the years. When organizations began to delve into the DEI (Diversity, Equity, and Inclusion) arena, MyPath took up the challenge and began to establish programs that would help foster DEI throughout the organization. Within a few years, MyPath was recognized for its diversity efforts and became nationally acclaimed for its ability to foster diversity at all levels of the company. In June of 2021, the CEO of MyPath created a director-level position charged with developing DEI practices throughout the organization. It soon became apparent that DEI had a much larger meaning to MyPath in the context of caring for its disabled customers. MyPath was poised to take on a new direction in the way it did business, putting DEI at the core of its customer service.

Company Overview

MyPath, Inc. was an employee-owned family of companies operating to make a difference in the lives of people with disabilities. With a staff of 2,000 located throughout Wisconsin and Indiana, MyPath provided professional care to more than 1,700 children, adolescents, and adults with special needs. MyPath provided a comprehensive continuum of care that was highly customized for each patient. Child and adolescent programs included developmentally appropriate education and treatment in settings specifically attuned to their needs. Residential therapeutic education and vocational services were offered to students from all around the country. For those in or near Wisconsin and Indiana, MyPath offered community-based residential programs, in-home support, respite care, and alternative therapeutic day-school programs. Special programs were offered for students with specific academic and social issues relative to a wide range of complex disabilities, including autism spectrum disorders, Asperger’s syndrome, cognitive and developmental disabilities, anxiety disorders, depression, bipolar disorder, reactive attachment disorder, attention deficit disorder, severe emotional or behavioral issues, Prader-Willi Syndrome, and other disabilities.

MyPath’s adult services included community-based residential offerings for people with intellectual, developmental, and physical disabilities, brain injury, mental health, the mentally fragile, and a host of behavioral impairments. Adult patients were provided an array of treatment options, including independent living homes, supervised apartments, community-based support for adults in mental health crisis, day service programs, and respite services.

MyPath was 100% employee owned and counted among their strengths “Passion, Accountability, Teamwork, Openness, and Continuous Learning and Innovation.” Pride in the

work they do and the people they serve was seeped in the culture and operations of the organization.

History

Jim Balestrieri, a veteran in the human services field, purchased a bankrupt business in 1984 that would eventually grow into MyPath. The business started as ORP and specialized in education, therapy, and support for persons with disabilities. The Oconomowoc Development Training Center, located about 30 miles west of Milwaukee, was at the center of the start-up and would later become the Genesee Lake School and eight homes for independent living. In the next two decades, the company grew to include community-based services in Southeastern Wisconsin. In the late 1990s ORP branched out into training outside Indianapolis, Indiana. In the early 2000s, ORP expanded its support of children and adults with Prader-Willi Syndrome, a rare genetic disorder resulting in many physical, mental and behavioral problems.

In 2002, the owners of ORP sold 30% of the company to an Employee Stock Ownership Trust (ESOP) and the culture of ‘company owners serving community’ helped anchor the organization as it continued to grow. The early 2000s saw growth in community-based services to counties in Northeastern Wisconsin. ORP opened Paragon Community Services, providing day programs for adults with disabilities. A new service platform offering an alternative education program for children with disabilities who live at home but who struggle to succeed in the public schools, was established in 2008. The Richardson School opened its second campus in Beloit, Wisconsin and the Harris Academy opened in Lafayette, Indiana providing therapeutic day school services. Transitions Academy opened and began serving at-risk youth in a 24-hour structured setting. Genesee Community Services was created to provide in-home services to families with children with disabilities in Southeastern Wisconsin.

The completion of the sale of the company to the Employee Stock Ownership Plan occurred in 2016, when ORP became 100% employee-owned. Oconomowoc Residential Programs, Inc. rebranded as MyPath in 2018. By this time, the culture of the organization was well-developed.

Community Services

MyPath served about 2,000 individuals from 14 states in their facilities in Wisconsin and Indiana. Facilities with which MyPath were affiliated are listed below:

- Homes for Independent Living of Wisconsin: (HIL) operated over 140 residential locations supporting around 450 people in community-based settings.
- Prader-Willi Homes (PWH) supported nearly 100 adults with Prader-Willi Syndrome in community settings in and near Oconomowoc, Wisconsin.
- Paragon Community Services (PCS) offered programs serving approximately 300 adults, young adults, and children with intellectual & developmental disabilities through Adult Day Services and Paragon Activity Club (PAC) youth respite services.

- Genesee Lake School (GLS) provided education, therapeutic and vocational services for approximately 100 students in its residential school and 40 students in its day school in Wisconsin.
- The Richardson School (TRS) operated five Day Schools serving more than 170 children in Southeastern Wisconsin.
- Genesee Community Services (GCS) provided in-home services for more than 200 children and their families in Wisconsin.
- T.C. Harris School and Academy (TCH) served children through a residential school for approximately 80 students, five community living settings, as well as day school for over 20 students in Lafayette, Indiana.
- Transitions Academy of Indiana (TAI) served approximately 70 youth with significant emotional, behavioral, and mental health challenges in a secure treatment setting in Indianapolis, Indiana.

Because MyPath served individuals, families, and community members who were working with individuals with a variety of disabilities, the commitment to community which included the population served, provided the foundation for commitment among the employee owners of the organization.

Background on Employee Stock Ownership Plans (ESOPs)

The original owners decided to sell the company to an ESOP trust to ensure its growth and to benefit its loyal employees. The ESOP was one of many forms of company employee ownership explored by the original owners. ESOPs were considered a ‘defined contribution plan’ by the IRS and carried certain tax benefits. One was the deferral of taxes on profits. Similar to placing pre-tax money in a 401k retirement account, a company could place profits in a trust account, called a 401a, that contributed to long-term wealth of the owners. The trust owned the company (or a percentage), and the employees owned shares of company stock through the trust. The employee owners would then be represented by a trustee who had fiduciary responsibility to the employee owners. Employees would become vested over a period of several years and would receive an accounting of the value of their company stocks each year when the company was appraised.

ESOPs had various pay out clauses, but generally, a person worked for the company until retirement then the shares were sold back to the company at market value on a schedule stated in the organizing documents of the ESOP. When an employee separated from the company, they had the option of moving the proceeds into another tax-deferred account or paying taxes on the withdrawal. Because the ESOP could place tax-free profits back into the trust, the MyPath employees’ accounts could grow significantly over time. ESOPs were also known for being very profitable due to the ‘ownership mentality’ of the worker owners. One of the reasons the original owners chose an ESOP was to provide for the long-term growth and prosperity of the

organization while providing an avenue for retirement. The owners' equity in the company could be sold to a trust in the same manner it would be sold to an outside buyer.

MyPath ESOP

MyPath was 100% owned by its employees, which was a tremendous source of pride among all workers. MyPath shares were held in trust for the employees through an Employee Stock Ownership Plan, or ESOP, and this ownership directly affected the workplace, culture, services, and relationships with families and funders. The employee mentality was apparent throughout the organization since every employee-owner was invested in the company's success and was driven to perform. Each person at the company had a direct stake in the outcomes that were produced for the 2,000 people served each year. This commitment to ownership helped facilitate the organization's growth, which became the third largest healthcare and human services ESOP in the nation.

The Company established the Plan, effective January 1, 2002, by purchasing 30% of the outstanding shares of Oconomowoc Residential Programs, Inc. common stock. The Plan was designed to comply with Internal Revenue Code of 1986 and the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan was administered by a third-party administrative company, and an independent third party was the Trustee of the Plan. In 2019 the Plan was amended, changing the name of the Plan to MyPath Employee Stock Ownership Plan.

Mission and Purpose

Mission

MyPath's mission was simple, yet powerful: MyPath transforms lives. Not just the lives of those they support, but also the lives of the employee-owners who choose to devote their passion and efforts to the meaningful work they do.

Passion

MyPath employees were confident that their work made lives better for the people they served. They made decisions in the best interests of their clients, employee-owners, and the company. Employees believed in a bright and promising future.

Accountability

MyPath employees set high professional standards that reflected the needs of their clients and business. Each owned their problems and proactively found solutions. They followed through on commitments. They communicated in advance when responsibilities could not be met. They were humble and acknowledged and learned from mistakes. They embraced opportunities to educate one another.

Teamwork

Owners treated one another with the same respect they gave to those they served. They believed in diversity and believed that diverse backgrounds, skills, and experience created a stronger team and better results. Celebrating successes was a hallmark of their culture.

Openness

Employees at all levels practiced honesty and integrity. They operated with transparency in all interactions. The employee-owners were empowered to provide input about their environment, and to question what did not seem right.

Continuous Learning & Innovation

The organization and all employee owners were committed to ongoing growth and development. They applied this knowledge to create innovative and effective programs for the people they served.

MyPath External Stakeholder Code of Conduct

MyPath's mission was to transform lives. They relied on five core 'Beliefs and Behaviors' to support this effort. To carry out the mission, they employed and served people who represented a variety of characteristics and identities. Every one of those members of the MyPath community was valuable. They strove to create an environment where those who differ in age, ability, race, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, religion, sexual orientation, size, socio-economic status, veteran status, and other characteristics prospered together through shared values and goals.

The employee owners collaborated with stakeholders who helped them achieve this mission. The extended community held a shared responsibility to treat everyone with dignity and respect at all times which helped create an environment where everyone could thrive. Accordingly, any person, family, or entity that engaged with MyPath was expected to demonstrate inclusive and respectful behaviors in every interaction with MyPath. This included activity and comments posted on social media or shared with other external stakeholders. It also included direct personal interactions during MyPath provision of services.

The Code set forth the standards MyPath expected stakeholders to follow. And since it was impossible to predict and describe every situation, stakeholders were encouraged to follow the Code in both spirit and letter. MyPath took seriously any failure to meet the expectations set out in the Code. The organization reserved the right to no longer do business with any person, family, or entity that failed to follow it.

Diversity, Equity, Inclusion (DEI) at MyPath

Diversity, equity, inclusion and belonging (DEI) was not just a phrase at MyPath. Each of these words correlated to distinct values within the organization. Following the establishment of work within DEI, it became apparent that the future success of the organization rested on collaboration among people of different experiences, cultures and backgrounds. MyPath sought an operating environment that reflected the diverse communities in which it served, and fostered a culture of equity and belonging where everyone felt seen, heard, valued, and empowered to succeed. One of the methods DEI started to become engrained in the DNA of the organization was through an initiative named Pathfinders.

Led by employee-owners and supported by MyPath executives, Pathfinders group members represented a spectrum of characteristics, identities, life experiences, and allyship. The Pathfinders groups were tasked with blazing a trail toward greater awareness of diversity, equity, and inclusion. They amplified the voices and experiences of MyPath's employee-owners, created safe spaces for discussion, provided education on DEI topics and history, connected with outside experts who assisted MyPath in its DEI journey, communicated messages of support in response to traumatic national and community events, identified allyship opportunities, offered guidance on emerging social topics, and more. Pathfinders groups which emerged and held space at MyPath were Abilities and Neurodiversity, Environment, Generations, LGBTQ+, Mental Health, Race & Ethnicity, and Women.

In June of 2021 MyPath's new CEO, Terry Leahy, saw the passion in the Pathfinders groups and decided that a dedicated corporate position was necessary to champion DEI. A director-level position was established to formalize and advance DEI initiatives within the organization. The position responsibilities included oversight and continued cultivation of an inclusive environment that reflected diverse ideas, experiences and backgrounds. Responsibilities of the Director position included:

- Design and facilitation of DEI education programs and policies
- Expanding employee owner resource groups
- Overseeing supplier and workforce diversity
- Community engagement opportunities
- Serving as a mentor and advocate for employee owners and clients.

Moving forward in DEI was considered an important next step for the organization. The corporate message summed this up as follows:

"We acknowledge that we are at the beginning of our journey and there is so much more that needs to be done. We continue to look for ways to cultivate belonging via a diverse, equitable and inclusive MyPath for our employee-owners, the individuals we serve, the students we educate, the families we engage, the funders and suppliers we contract with, and the communities we touch. MyPath strives to provide a diverse, welcoming, and inclusive ecosystem

ensuring that every employee-owner, client, student, family, and community we touch will prosper.

Discussion Questions:

1. Using current literature concerning DEI initiatives and the progress already made by MyPath, what might be the next steps in furthering the goals set forth in the Director's mission?
2. Explain clearly and concisely how DEI at MyPath relates to the customers they serve.
3. What is the correlation to employee ownership and DEI at MyPath. Does employee ownership seem to aid in the expansion of DEI in the organization? If So how?

Sources: Aside from the case challenge, which is purely fictional, all portions of this case were written from accounts that are publicly available including the company's website <https://www.orp.com>, social media, news accounts and other readily available sources.