



**Peter H. Hunt & Associates**  
Accountants, Tax Advisors and Auditors

## Success Story: Employee Share Plan

Turnover **up 80%** and  
profitability **up 388%** in *5 years!*

### Company Profile

A successful family owned company which has operated since 1972 and is a long standing and valued client of Peter H. Hunt & Associates. The founder and his wife owned all of the shares in the Australian operating entity and a portion of the shares in related offshore businesses.

The company has 15 staff in Australia and operates primarily from Melbourne.

### Business Situation

Like many successful companies, the founder and other shareholders eventually addressed the questions of succession and retention of key personnel. In 2004 the founder asked us to devise a plan to reward his right hand man. We then began working with the founder towards a solution.

### Solution

After discussing their objectives, a plan was formulated to meet their succession and retention goals and was tax efficient.

The solution envisaged the establishment of an employee share plan which acquired shares in the Australian company over a period of time, contained vesting conditions, dividend rights and rules regarding the ability to dispose of the shares.

Additionally, the key manager found the structure motivational and gave him a real ownership share of the business. Since establishing the plan, turnover has increased by 80% and profitability has increased by 388%!

### Future

Given the success of the plan, the company is currently looking to use the same mechanism to increase the share ownership of the plan thereby providing further rewards to key management and a personnel retention strategy for the company.

This model can be applied to all businesses regardless of size, if you or a company you know may benefit from this plan please contact us for advice.

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