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SDBJ Poll

How do you feel about the "buy American" provision of the stimulus package?

- It only makes sense. Importers shouldn't benefit from our stimulus.
- It's unwise. It invites a trade war and will hurt our exports.
- I'm not sure.

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MINTZ LEVIN COHN FERRIS GLOVSKY AND POPEO PC

Posted date: 2/16/2009

Employee Ownership Growing in Popularity

Stock Plans Aim to Retain Good Workers

By MIKE ALLEN

SAN DIEGO BUSINESS JOURNAL STAFF

When the owners of Pegasus Building Services decided to retire, instead of selling the business, they set up an employee stock ownership plan, or ESOP, which took effect last month.

General Manager Jeff Becker says Barry and Judy Becker, his parents, didn't want to sell their commercial building service to a company that could restructure and eliminate workers who made the business a success.

"They wanted to reward the people who built this place with a stake in the action," Becker said.

The concept of employee ownership isn't new, but is gaining more adherents as companies seek ways to motivate and retain workers.

In ESOPs, employees receive shares in the company based on their wages. When workers leave the company, they either roll the value of their shares into a tax deferred retirement plan or cash out at a share price established by a third party.

Companies that have adopted ESOPs include SAIC, ATA Engineering, both located in San Diego; and Hot Dog on a Stick, based in Carlsbad.

Highly Motivated



"The ESOP not only motivates you to do your best at your job, you feel that you're part of a grander picture," said Midori Cronky, human resources manager for HDOS Enterprises, the parent company to Hot Dog on a Stick, which operates 108 stores, including 10 in the county.

HDOS employees, most of whom are younger than 20 years old, begin earning shares once they reach 19 and have worked at least 1,000 hours in one year.

Cronky says because of the ESOP, workers tend to stay longer to take advantage of stock ownership, which provides for 100 percent vesting after six years.

Among HDOS' corporate and management staff, the average tenure is 14.5 years. For store managers, the average tenure is seven years, she says.

Anna Corona, regional manager for Pegasus, said the ESOP "is a fabulous opportunity for us, especially in this economy when there's not much job security."

Corona, who joined Pegasus in 1999 as a part-time janitor, was later promoted to quality control manager. She now oversees 12 managers and more than 200 workers deployed in 100 office buildings.

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Carlsbad's Hot Dog on a Stick fast-food chain uses a work stock ownership plan to motivate and retain good workers. | Photo by Michael S. Domine

WEEKLY EDITION

Feb. 16 - 22, 2009



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When the owners of Pegasus Building Services decided to retire, instead of selling the business, they set up an employee stock ownership plan, or ESOP, which took effect last month.

Nonunion Contractors Rally Against Looming Labor Deal

Adopting a project labor agreement would mean more than setting standards for contractors vying for work to be paid for under San Diego city schools' \$2.1 billion bond measure, approved Nov. 4.

Chambers Still a Draw

Despite the downturn, the county's largest chambers of commerce have experienced only minor declines in membership.

Food Fight Finished? Feeding America Could Align, Merge With Food Bank

As unlikely as it sounds, Feeding America San Diego, which was founded by some disgruntled ex-board members of the once scandal-tainted San Diego Food Bank, could realign with or possibly even merge with the other agency.

WEEKLY EDITION

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