

Teaching Case Hoe werkt steward-ownership?

Hoe Patagonia - en andere bedrijven - hun missie beschermen

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Teaching Case

How does steward-ownership work?

Getting started with the teaching case in practice



Assignments

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1. Getting started with... choosing steward-ownership

You have read Patagonia's story, where Yvon Chouinard's decision to transition the company to steward-ownership is central. This choice has major implications, especially for his children.

Throughout Patagonia's history, Yvon Chouinard has remained the sole shareholder, retaining full control over Patagonia's voting and non-voting shares. This independence allowed him to steer the company's direction without external shareholder influence.

This role-playing exercise focuses on Yvon's first conversation with his children about his desire to make Patagonia steward-owned. The goal is to help you understand the various considerations and interests involved in transforming a traditional company into a steward-owned business.

Preparation

It is the summer of 2020. The first wave of the COVID-19 crisis has settled down, and Yvon Chouinard (81) invites his children for dinner at his home in the mountains near Moose, Wyoming.

Yvon has been thinking about Patagonia's future and wants to discuss it with his four children. The children know the conversation is about the company's future but are not aware of Yvon's intentions. Each child has their own preferred strategy for Patagonia's next steps.

You will choose or be assigned a role for this conversation. Prepare by gathering arguments to support your role. You may want to review Chapter 2 for additional insights.

- **Yvon (81)** plans to give Patagonia away in a way that ensures its mission remains protected forever rather than passing it down to his children. He has not yet decided exactly how to structure it.
- **Fletcher (45)** a surfer and surfboard designer who works at Patagonia, but not in a leadership role. He wants the company to stay in the family, and as the eldest son, he sees himself in a leadership role
- **Claire (42)** has a background in sustainable fashion and works as a designer. She is not interested in running the company but believes Patagonia should be transferred to the employees.
- **Christian (41)** an entrepreneur who owns a logistics company. He sees going public as the best path forward, believing an IPO would raise the capital needed for Patagonia to expand.

- **Angela (39)** previously attempted to start a fashion business, but it was unsuccessful. She favors selling Patagonia outright to secure a large payout, which she could use to launch a new business.
- **The supporters** help gather arguments during preparation. During the discussion, they listen carefully and provide additional points to Yvon and the children during the break.
- **De rapporteur** takes notes and summarizes the key arguments presented during the discussion.

Discussion execution

Yvon starts the conversation by presenting his idea. His children then respond, each defending their own perspective on the future of Patagonia. If no new arguments emerge, a break is called to allow supporters to provide additional arguments to Yvon and the children. After the break, the discussion continues with new insights brought into the conversation. The conversation is concluded once all perspectives have been fully explored.

2. Getting started with... protecting the mission

Steward-ownership protects an organization's mission. But how do you define your mission in a way that is complete and comprehensive, cannot be misinterpreted, yet still leaves enough flexibility for the organization to adapt over time?

When drafting the statutes and mission statement, it is important to balance commercial and social values while ensuring that both the mission and structure keep the organization flexible and future-oriented.

Camping Zeeburg

You will answer a series of questions about the mission of Camping Zeeburg, a steward-owned organization in Amsterdam. Camping Zeeburg consists of a foundation and several private limited companies (BVs). Because the BVs are entirely owned by the foundation, the mission is secured through the foundation's governance structure. The board of the Stichting Beheer Camping Zeeburg consists of stewards, who are responsible for safeguarding the organization's mission. Below, you will find the foundation's purpose as stated in its statutes (translated from the Dutch statutes), along with insights from Toon, the former owner of Camping Zeeburg, about the key conditions he considers important for the foundation and its mission.

Toon believes the mission must **maintain a clear commercial foundation**, while ensuring that sustainability and social relevance remain at the core. He emphasizes that a mission must be flexible enough to evolve over time while remaining strong and clear so that the foundation's board can effectively guide the company's management. He explains: *"The director has a lot of influence over the company's direction, as long as it stays within the framework of the foundation's statutes."*

One of the key aspects Toon highlights is the importance of clear and specific statutes to avoid confusion or misinterpretation. He warns that a mission that is too broad could lead to unintended decisions that do not align with the organization's core purpose. He illustrates this with an example: *"If the statutes are too vague, and only state something like 'ensuring the company's continuity,' then technically, you could start drilling for oil as well."*

Toon also stresses the importance of defining **how surplus profit is allocated**, to prevent conflicts and disputes. Decision-making power remains with the foundation's board: *"Surplus profit should simply go to good causes. That removes a lot of discussion."* He believes that if shareholders can still make excessive profits, then a steward-owned structure is not truly different from a traditional shareholder-owned company.

Finally, Toon emphasizes that the mission is not only about business objectives but also about preserving the right company culture and atmosphere. According to him, the mission

should include creating an environment where “*people can connect with each other.*” The foundation’s core values should be visible in everyday practice and deeply embedded in the company culture, so they are actively reflected in both staff behavior and company policies.¹



FOUNDATION ESTABLISHMENT: STICHTING BEHEER CAMPING ZEEBURG

STATUTES

Article 1 – Name and Location

The name of the foundation is Stichting Beheer Camping Zeeburg.
The foundation is established in the municipality of Amsterdam.

Article 2 – Purpose

1. The foundation has the following purposes:

- To ensure the continuity of activities of the private limited companies Camping Zeeburg Vastgoed B.V. and Camping Zeeburg B.V., both established in Amsterdam (hereinafter referred to as “the companies”), and to promote the interests of the companies, as well as those of any related enterprises and organizations.
- To promote (international) interaction, connection, and exchange to foster greater understanding, tolerance, and mutual respect in and for society.
- To promote biodiversity and a responsible natural environment at the camping grounds and surrounding areas, while positively impacting the climate and creating a healthy living environment.
- To promote equal opportunities in the broadest sense of the term, contributing to better individual development prospects, greater resilience, and improved social mobility opportunities.
- To promote sustainability and social entrepreneurship, along with any related activities that advance the mission of the foundation.

This purpose explicitly excludes making distributions to the founders or members of the foundation’s governing bodies.

2. The foundation does not aim to make a profit.

3. The foundation aims to achieve its purpose by:

- Operating and managing Camping Zeeburg, and participating in Camping Zeeburg B.V., Camping Zeeburg Vastgoed B.V., or other companies.
- Organizing and supporting activities that align with the foundation’s objectives.
- Financially and practically supporting organizations and companies whose objectives align with the foundation’s mission over the long term.

Statutes Stichting Beheer Camping Zeeburg

Now, answer the following questions

1. How specific do you find Camping Zeeburg’s purpose statement? What are the advantages and disadvantages of this level of specificity when defining a mission?
2. The activities of Camping Zeeburg’s BVs must align with the foundation’s goals. These goals cannot be changed.
 - a. Describe a situation where the unchangeable goals have a positive impact on the future of Camping Zeeburg.
 - b. Describe a situation where the unchangeable goals have a negative impact on the future of Camping Zeeburg.
 - c. How do you evaluate the decision to make the mission unchangeable? Do you think this is a good or bad idea, and why?

¹ Quotes and insights are provided by Toon Weijenberg in an interview by Esther Welles, October 8, 2024

3. Getting started with... choosing stewards

Who should be the stewards of a steward-owned company? What qualities are necessary, and what kind of selection process fits best? You will work through these questions step by step.

Step 1: Mission

Your group is assigned to a company with a clear mission that aligns with long-term values like sustainability, innovation, or social impact.

- a. Describe your company's mission and core values in no more than 100 words.
- b. Identify the key stakeholders for your company, such as customers, employees, the Earth, or future generations.

Step 2: Qualities

Next, determine the qualities and backgrounds that are important for your company's stewards. Consider the following questions:

- What skills are essential to uphold the company's mission, such as leadership, strategic thinking, or expertise in a specific field?
- Should stewards have worked for the company, or should they be independent?
- What qualities are crucial for making long-term decisions?

Create a list of 5 to 8 qualities that stewards should have. For each quality, explain why you chose it, focusing on how it supports the mission of your company.

Step 3: Stakeholder representation

Decide which groups or interests the stewards should represent within your company. This may include employees, customers, the environment, or investors. Build on the stakeholder list you created in **Step 1**. Which stakeholders need to be represented by the stewards? Should the stewards be independent, or should they be connected to specific stakeholders? Can the stewards have financial interests in the company?

Create a list specifying the number of stewards you need (keeping in mind the balance between too much and too little influence per person) and outline their profiles. Justify your choices based on the company's mission and structure.

Step 4: Selection process

Once you have outlined the profiles of your stewards, design a selection process. Consider the following options:

- Are stewards chosen by employees, customers, or suppliers?
- Is an external committee involved in the selection?
- Can stewards choose their own successors?

Develop a clear process and provide an explanation for each decision you make.

Step 5: Presentation

Present the steward profiles, selection process, and your key considerations. Your classmates will act as the supervisory board (RvC) and evaluate your plan based on the following criteria:

- Is the mission well represented in the choice of stewards?
- Are the stewards' qualities aligned with the needs of the company?
- Is the selection process fair and transparent?

If you are not presenting, you will give feedback on the plans of other groups based on these criteria.







4. Getting started with... starting a steward-owned business

You are in the process of setting up your own business. What would it mean to structure it as a steward-owned company? What are the implications for different aspects of your operations?

This task will guide you through analyzing the potential setup using the steward-ownership framework. Afterward, you will list the advantages and disadvantages, allowing you to make a reasoned preliminary decision: to start as a steward-owned business, transition to it later, or not pursue steward-ownership at all.

Step 1: Fill out the steward-ownership framework

Here, you will outline what it would mean to set up your business as steward-owned.

Steward-ownership Canvas		
 Mission	 Stakeholders	 Legal form
	 Stewards	
 Goal structure	 Profit	

Explanation for filling out the fields:

1. **Mission:** Clearly define your company's mission, focusing on long-term values like sustainability, innovation, or societal impact. Make sure the mission reflects your company's core purpose and aligns with steward-ownership principles.
2. **Goal structure:** Describe what you hope to achieve by adopting a steward-owned structure. This could include ensuring that the company serves its mission indefinitely, creating a self-governed structure, or making sure profits support the mission rather than external shareholders.
3. **Stakeholders:** Identify the stakeholders that are most important to your business. Be specific about who they are, such as specific customer groups, employees, the environment, or future generations. Think about their needs and how your business will represent their interests.
4. **Stewards:** Determine who the stewards of the company are and what role they play in safeguarding the mission and independence of the organization (look at in-depth Chapter 3.1.2 for examples of criteria).
4. **Profit:** Define how you would allocate profits within the steward-owned structure. Consider how profits will support the mission, what rights founders or investors might have, and how profits will be reinvested into the company or used for broader societal goals.
5. **Legal form:** Explain how you would implement steward-ownership in your company. Choose from the three main models, golden share, neutralized capital, or managing foundation, and describe why this structure fits your business. Identify who the stewards would be and which stakeholders they would represent.

Step 2: Review the framework from another group (1)

Examine the frameworks filled out by other groups and provide constructive feedback. Are there unclear points? Have they missed any aspects in their analysis?

Step 3: List advantages and disadvantages, and draw conclusions

Revisit your own framework and consider the feedback you received. Now, create a comprehensive list of the advantages and disadvantages of starting as a steward-owned business. Be thorough in your analysis.

Based on this, reach a preliminary conclusion: will you consider starting as a steward-owned business? Will you plan to transition to steward-ownership later? Or will you decide not to pursue steward-ownership? Explain your decision by highlighting the most important argument behind your choice.

Step 4: Review the pros and cons from another group (2)

Review the lists of advantages and disadvantages from other groups and provide constructive feedback. Did they overlook any arguments? Is their choice logical and well-supported?

Step 5: Finalize your conclusion

Reflect on the feedback you received and revise your conclusion if necessary. Present your final decision briefly to the group, explaining your reasoning.

5. Getting started with... a capital injection for a steward-owned company

True Jeans sells jeans at a fair price. The company produces its jeans as ethically and sustainably as possible, ensuring good working conditions throughout the production chain and minimizing environmental impact. They also place a strong emphasis on recycling materials.

True Jeans is successful among a small group of conscious consumers but wants to scale up production. To achieve this, the company is seeking new capital. It has identified three options for a capital injection, each with specific advantages and disadvantages:

1. A loan from an impact investment fund.
2. Issuing shares with priority rights to a social investor.
3. A bond loan through crowdfunding.

De assignment

You will work in four groups. Three groups will analyze one of the capital injection options, while the fourth group will represent the board of True Jeans. The three groups will pitch their option to the board, which will ask critical questions. Together, you will then reflect on the advantages and disadvantages of the three options.

Step 1: Preparation

The three groups analyzing the capital injection options will evaluate their choice based on three criteria:

- Preserving control and the mission
- Financial impact (cost of capital)
- Long-term effects on the governance structure.

Each group will prepare a realistic pitch of no more than two minutes to present their option to the board.

The board will create a list of critical questions about each option. The goal is to ensure that the chosen form of capital injection aligns with the principles of steward-ownership. As a tip, consult examples of companies that apply steward-ownership to guide your analysis..

Step 2: Pitching and questions

Each of the three groups presents its option to the board. The board asks critical questions, focusing on the main question: which option best aligns with the principles of steward-

ownership and why? The board will also consider what safeguards should be added to the governance model to protect the mission.

Step 3: The board's decision

The board will deliberate and then present its choice in a structured manner. For example, the board might give each option a score based on the three criteria. The groups can ask for clarification about the board's decision.

Step 4: Joint reflection

Step out of your assigned roles and reflect together on the arguments presented. Which choice ultimately fits best with steward-ownership, based on the information available? What additional information would you like to have or need to know to make an even better decision?

6. Getting started with... a new legal form

De Tweede Kamer (House of Representatives) passed a motion on April 16, 2024, requesting the government to develop a proposal for a "steward-owned company" legal form, known as the "rentmeestervenootschap."

The Ministry of Economic Affairs has taken on this task and is seeking input from the sector before drafting the detailed proposal. The main question in this phase is: **which elements must be included in the proposal?**

The assignment

Write a short letter to the ministry, identifying at least three concrete elements that should be incorporated into the proposed law. Write the letter from the perspective you have chosen or been assigned.

When drafting your letter, consider the following questions:

- **Legal perspective:** think about how well steward-ownership fits within current laws. What legal obstacles do organizations face that a legal form could address? What other legal elements need to be considered?
- **Economic perspective:** consider how a new legal form could improve the economy and what constitutes a better economy in this context?
- **Societal perspective:** think about the potential societal benefits of a new legal form and what those benefits could be?

For each element, explain why it is important. The recommended length for the letter is **300–500 words**.

