STAPELSTEIN

CASE STUDY

> *If I were to do it again, I would establish a steward-ownership structure from the very beginning. It cannot be emphasized enough how much energy, time, and effort the transformation ended up costing us because of the discrepancies regarding Stapelstein's future and the utilization of profits. I am very grateful we discovered this ownership model, and even more so, that we successfully put it into practice in the end.*

– Stephan Schenk

STAPELSTEIN CASE STUDY

STEWARD-OWNERSHIP & ALIGNED FINANCING AS A BUILDING BLOCK FOR A SELF-DETERMINED START-UP

Stapelstein®, registered as joboo GmbH, is a German company that designs and distributes a simple yet innovative, versatile and sustainable element for children (and adults): the Stapelstein®. Founded in 2016, Stapelstein® aims at revolutionizing the way children play and interact with their environment to foster their development and creativity. After having taken on investors as shareholders early in their journey, founder Stephan Schenk and his co-founder Hannah König managed to establish selfdetermination of the organization by buying out the old shareholders and setting up an aligned ownership and financing structure with steward-ownership.

KEY FACTS

Location: Korntal-Münchingen
Founded: 2016
Turnover: 15 Mio. € (2023)
 # Employees: 29 (2024)
In steward-ownership since: 2023

"*We have made it our mission to create simple solutions for living environments that promote playful movement. Movement should be possible at all times and for everyone in a playful way – starting with the youngest.*"

– Stapelstein®

EXECUTIVE SUMMARY

Founded in 2016 as the joboo GmbH, Stapelstein® was set up to provide children with a playful, creative and moving space for holistic development. From the conception of the Stapelstein® as a research project to a successful and profitable company with 29 employees, Stapelstein® has come a long way – also regarding their ownership and financing structure.

During the founding phase, founder Stephan Schenk took on business angels as shareholders of the organization. By doing so, he gave away a large part of the ownership of the company early on without quite realizing how much decision-making power he was ceding. This became problematic when several conflicts around prioritization and decision-making with the business angels highlighted the discrepancy between Stephan's vision for the company and the angels' interest in an exit and dividend payouts.
Stephan and his co-founder Hannah König turned around a situation that could have led to the end of Stapelstein®. They managed to establish selfdetermination and build a more aligned structure with steward-ownership.

As a pivotal – and necessary – milestone on their path towards steward-ownership, Stephan and Hannah successfully bought out the two previous investors using both free cashflow as well as new, more aligned, investments. In 2023, Stapelstein® completed the transition to steward-ownership, thus ensuring that only people have control over the organization who are actively engaged in and committed to Stapelstein®'s mission and values.

Stapelstein®'s case highlights the significance of early reflection and consideration of ownership and financing and their effects on power distribution early on, particularly in the context of early-stage financing. Nevertheless, the case also demonstrates that opportunities can exist to reclaim autonomy and regain control over a business, even after relinquishing ownership rights, albeit for high financial costs and entrepreneurial energy spent.

STAPELSTEIN FOR LIFE AND DEVELOPMENT

During his university studies, founder of Stapelstein® Stephan Schenk was looking for ways of bringing movement into children's everyday lives through playful means. He noticed that children have an incredible urge to move but are not given many options and incentives to do so in everyday life. During visits to numerous kindergartens and schools, Stephan observed that mobile, multifunctional objects with a call-to-action character were often missing. In his opinion, creativity can best develop where a lot of freedom is given. This gave rise to the idea of the Stapelstein® — a very simple, stackable, colorful, and robust stacking element that opens up an infinite number of interaction possibilities as play, movement or design element. Starting as a university project, Stephan set out to build the first prototypes using different materials.

Instead of selling the design concept to other businesses, Stephan decided to bring his idea to life as an entrepreneur. His aim was to ensure that the Stapelstein® would not mainly become a product for commercial purposes but rather the focal point of a sustainable and fair company, fostering creative freedom for children and adults. He wanted to maintain control over the concept to ensure this. Therefore, at the age of 21, Stephan founded the joboo GmbH[1] to realize his dream of bringing the Stapelstein® to market, thus creating a versatile and eco-friendly toy that stimulates children's creativity and physical development. He was supported in this endeavor by business angels.

Within two years, Stephan was able to turn the idea into a product and enable series production, together with his co-founder Hannah who devised fitting communication and marketing strategies. The company quickly gained recognition for its flagship product, the Stapelstein®, renowned for its versatile usability for children and adults. The concept of the Stapelstein® was awarded the quality seal "particularly conducive to development"[2].

“

I tried to see and think like a child and leave as much (play) space as possible for their own imagination through minimalist design. Children decide intuitively and from the situation what they want to play next with the Stapelstein.

”

– Stephan Schenk

In addition to the desire to encourage and enable more movement, it was important to Stephan and Hannah to consider the impact of their decisions and actions – and the ones of their company – from the beginning and to ensure an alignment with their own values. Acting and thinking carefully, with focus and foresight, as well as reliability and transparency hold great value to them.

This also means that Stapelstein® strives for sustainable, resource-saving, and environmentally friendly production. The stacking elements are manufactured locally in Germany near Chemnitz in a climate-neutralized and pollutant-free production. Made from resource-saving expanded polypropylene (EPP), they are manufactured using only pure air and water vapor, free from plasticizers, additives, or any other substances. The attention to sustainability can be seen in many details, ranging even to the utilization of shipping cartons made out of grass paper. At the same time, they aim for long-term usability of their products: the Stapelstein® is designed to have a timeless appearance, durability, and the ability to be fully reintegrated into the recycling process. It is gender-neutral and suitable for all age groups.

[1] German legal form: Gesellschaft mit beschränkter Haftung; limited liability company

[2] "besonders entwicklungsfördernd"; (German) Report of the BAG for the attainment of the seal of quality: https://www.haltungbewegung.de/besonders-entwicklungsfoerdernd/Stapelstein/

EMOTIONAL JOURNEY TO REGAINING CONTROL

Business Angels as Co-Owners

Stephan was supported with some initial equity by two business angels to establish the company and for the initial product development of the first officially produced Stapelstein®. Furthermore, the angel investors provided guidance and advice in building the operational structure. In return, they each received a third of the shares of the company: voting and dividend rights were evenly shared among Stephan and the investors. This gave them the majority of voting rights and the power to dismiss him from the company.

It is noteworthy here that Stephan had transferred his intellectual property (Stapelstein® concept and design) to the company, so owning shares in the company also meant controlling the concept itself.

During the exciting time at the beginning, everyone involved was looking forward to growing this new venture. The collaboration was a big help to find a first structure for the foundation of the company as Stephan did not learn those formalities at university. At the same time, the investors left Stephan with all other decisions as they trusted him to make the right decisions for the benefit of Stapelstein®.

> *At the beginning, I focused mainly on the product and less on the foundation of the company. In retrospect, there is much that could have been optimized at the shareholder level and in the ownership structure to facilitate long-term growth for the company in an uncomplicated way.*
>
> – Stephan Schenk

After an initial phase in which financial resources as well as sweat, blood and tears had been invested, Stapelstein® was able to record its first profits in 2019. Here it first showed clearly that Stephan, Hannah and the business angels had different views and visions for the future of Stapelstein®. While there was no question for Stephan and Hannah that profits would be reinvested to pursue Stapelstein®'s mission at this early stage, the business angels opted for dividend payments. With a combined two-thirds of the voting rights, they were able to outvote Stephan.

> *This moment was a very clear turning point. It became tangible that something was going very wrong!*
>
> – Hannah König

To Stephan and Hannah, this was the moment when they realized the problem that the initially somewhat naively created ownership structure posed for them and the future of the company. Due to their initial investments, the business angels had controlling power over Stapelstein® without being at all involved in the operations of the company – and were no longer aligned with the founders' values and vision. Stephan and Hannah wanted to reinvest profits and were committed to the company's purpose in the long run, but the individuals owning the majority voting rights and economic interests of Stapelstein® were not on the same page. It was a huge challenge and emotional time!"

Photo: Stapelstein®

Photo: Sarah Walz; Shown: Hannah König, Stephan Schenk

> *Steward-ownership means empowerment for those who are involved in the business and its everyday life.*
>
> – Hannah König

After this incident, Stephan and Hannah decided to try to regain control over Stapelstein®. Researching ways to regain autonomy of the organization, they stumbled upon steward-ownership in the media. The model was a legal framework for the type of company they intuitively wanted to build. They decided that if given the chance, they would strive for the legal implementation of steward-ownership to ensure the long-term independence and purpose-orientation of Stapelstein®.

As ownership model, steward-ownership upholds two core principles:

(1) Self-governance – the company's steering wheel, or the voting rights, rests with people who are directly connected to the company. This means that voting rights cannot be sold speculatively or inherited automatically; instead, they are passed on to trustees who are responsible for upholding the company purpose.

(2) Purpose orientation – the value of the company and its profits cannot be personalized by the shareholders, but rather serve the long-term development of the company. Profits are therefore not an end in themselves, but a means to an ende and are invested in the company and its purpose or used for charitable purposes.

Predictably, the co-owning business angels were not fond of transitioning their shares into a steward-ownership structure. As they were not actively involved in the company, they would have needed to transition their shares into financing instruments that ensured the repayment of their investment with a capped upside and without voting rights. Stephan and Hannah were not able to proceed with the business angels owning the majority of voting rights. Seemingly a dead end – and an incredibly tough and emotional situation for them.

Overcoming the Hurdle – Buying Out the Investors

It was necessary for all participants to find a joint solution: If Stephan and Hannah would find a way to provide the capital, the business angels were potentially willing to sell their shares back to the company. To Stephan and Hannah this meant: finding a way to buy out the investors and then transitioning the company into steward-ownership.

Up to this point, apart from some initial support of friends and family and the two business angels, Stapelstein® managed to grow without further external financing. Its growth and success was based on self-generated profits and non-financial support from people and organizations believing in Stapelstein®. So Stapelstein® was highly profitable and in 2019, Stephan and Hannah were able to buy out one of the business angels using financial resources from the company. The shares including dividend rights and voting rights were divided equally between Stephan and the remaining business angel. However, the second investor still proved reluctant to sell and the financial resources were not sufficient yet.

This is where the conflict really heated up. With a division of the voting right of 1:1 and the investor's son established as CEO next to Stephan, Stephan and the investor had arrived in a stalemate. A lot of decisions were put on hold. With completely different visions of what the company should develop into and how to use the profits, they were neither able to move forward nor back. A painful and somewhat traumatizing situation, particularly considering the high growth phase that Stapelstein® was in, with the share value – and thus the price for buying back the company – increasing every quarter. So while Hannah and Stephan were continuously working for the purpose of Stapelstein, they consistently knew that everything great they were working for would be reflected in the shareholder value for the business angel.

To resolve this stalemate and move forward with the company, it was indispensable to buy out the remaining business angel. Even though the necessity to separate was clear to all participants, the company was quite valuable already and the investor insisted on a purchase price based on the conventional valuation of the company, resulting in a very significant multiple for the investors. As profits generated within Stapelstein® could only make up a part of the total sum that would be needed to buy the investor out, it was inevitable for Stephan and Hannah to look for other financing options.

While many investors offered their help, it became clear early in the exchanges that most would only provide financing in return for voting rights. But Stephan and Hannah were looking to regain control over the company due to their prior experiences and wanted to set up steward-ownership and an aligned financing structure. Taking on new conventional investors was therefore not an option for them. They were looking for financing options in which investors would receive a financial return but no controlling power over the company.

Stephan and Hannah were excited to find that there were investors willing to provide steward-ownership aligned financing: Investments in which investors are enablers of the company who provide financial means for an adequate return that suits both their needs and the company's, while control over the company remains with those actively involved and connected to it - its stewards."

After considering their options, Stephan and Hannah decided to collaborate with the capital providers Purpose Ventures and Purpose Evergreen Capital, both focused on investments in companies in steward-ownership. One condition attached to the investments was that Stapelstein® had to complete their transformation to a steward-owned company in the forthcoming months. After settling the terms and conditions of the investments, the financing deal was completed in 2022 using redeemable shares.

With capital from the new investments (58%) as well as with available profits (42%), the second business angel was finally bought out in 2022 – a giant success after long and delicate negotiations.

The final amount of the repurchase price was more than double the initial offering in the negotiation period, but Stephan and Hannah agreed to it as it was foreseeable that the price would only grow further. Looking back, a buyout would have been possible at one tenth of the price only 1.5 years earlier but it was impossible to reach an agreement in several previous negotiation rounds. Stephan and Hannah's learning: Even though the repurchase price is painfully high, know that it might always grow further if the company is successful.

Back in the Driver's Seat

The long-lasting conflict that Stephan and Hannah had to endure was worth it as they were able to reclaim the organization. They are back in full power and resolved to make the best out of it!

But while they were able to regain control in the end, the path was long, bumpy and emotional, often pushing them to the edge of giving up their entrepreneurial journey with Stapelstein®. Until the last angel investor was bought out, it was not clear whether they would ever be able to steer Stapelstein® into the future they envisioned for the company. It was a difficult situation which they were lucky and skillful enough to maneuver through. But it showcases the relevance of considering ownership and financing from the very beginning – and of choosing the most aligned partners.

> *If I were to do it again, I would establish a steward-ownership structure from the very beginning. It cannot be emphasized enough how much energy, time, and effort the transformation ended up costing us because of the discrepancies regarding Stapelstein's future and the utilization of profits. I am very grateful we discovered this ownership model, and even more so, that we successfully put it into practice in the end.*
>
> – Stephan Schenk

Photo: Stapelstein®

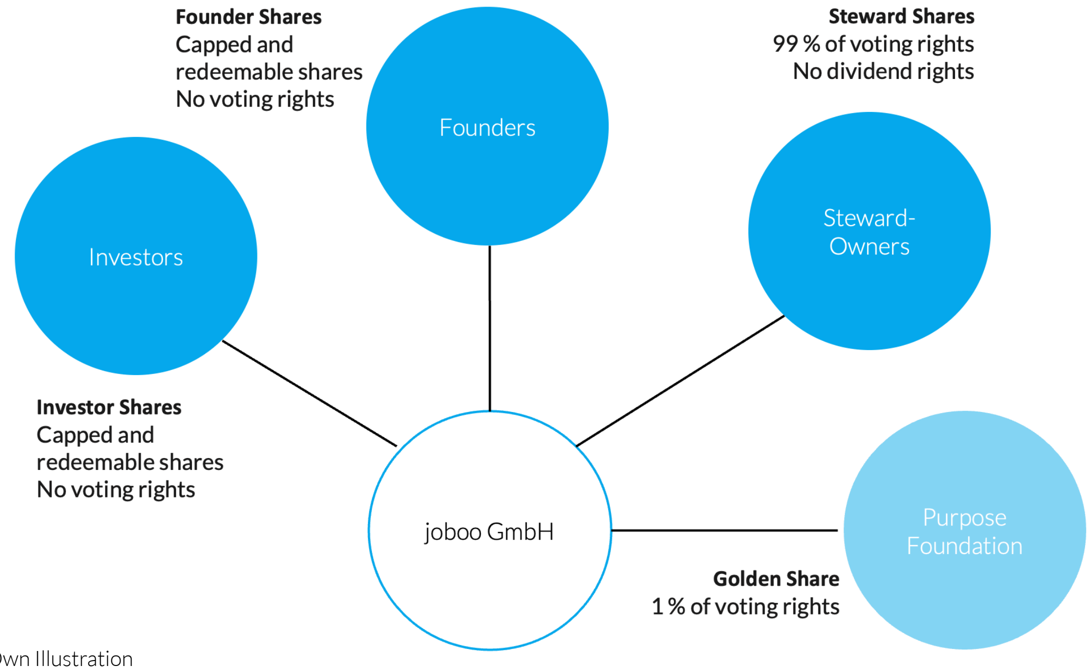
BUILDING A COHERENT OWNERSHIP MODEL

Preliminary Agreements to Secure the Transition to Steward-Ownership and Aligned Financing

As the investment process had to move quickly to buy out the remaining business angel as soon as possible, the future deal structure and terms for Purpose Ventures and Purpose Evergreen Capital were decided during the investing process. However, the legal structure that would enshrine the principles of steward-ownership within Stapelstein® in the future would be established later. The transition to steward-ownership within the coming months was included in the investment contracts.

This way, there was enough time and space for Stephan and Hannah to make conscious and reflected decisions. Most of their steps in the painful process had been driven by the motivation to get rid of the investors and regain their own footing; only with a bit of distance were they able to consciously and positively decide on a future ownership design.

However, the most critical process steps and decisions, such as actively determining that steward-ownership is the right fit for the future of the entrepreneurs and the business, as well as designing a financing structure aligned with steward-ownership, had already been completed



Source: Own Illustration

Golden Share Model for Steward-Ownership

Stapelstein® was finally able to fully embrace their journey and legal adjustments towards steward-ownership in 2023. They decided to use the Golden Share model to implement steward-ownership and set it as a basis for their future financing structure as well.

Using a 'legal hack', the Golden Share model builds on the structure of foundation-ownership by setting up different classes of shares to separate economic rights and voting rights in the articles of association of a normal GmbH – limited liability company. The principles of steward-ownership (purpose-orientation and self-determination) are written into the statutes of the company and can only be changed with 100% of the voting rights. A guardian entity holding a minor percentage of the voting rights as a golden share safeguards the principles of steward-ownership in the long run.

> *Steward-ownership allows us to be an independent company that stays true to its values.*
>
> – Stephan Schenk

To reflect the different types and roles of share-holders in the organization, Stapelstein® opted for establishing five different share classes:

- **Steward Shares:** In total, the steward shares make up 99% of the voting rights. They do not include dividend rights or rights to participate in the value of the company. These shares are held by the steward-owners of Stapelstein®. They can only be held by people who are actively involved in the organization.
- **Golden Share:** The golden share with 1% of the voting rights can only be held by organizations qualified to be controlling shareholders for securing the principles of steward-ownership. In the case of Stapelstein®, the golden share is held by the Purpose Foundation[3].
- **Investor Shares:** Investor shares are structured without voting rights but with capped economic rights and options for financial return. They are redeemable.
- **Founder Shares:** Founder shares are structured without voting rights but with capped economic rights and options for financial return. They are redeemable.
- **X-Shares**: X-Shares are held by the company itself and can be transitioned into the other share classes, when necessary.

[3] Purpose Stiftung gGmbH, registered in Germany

Redistribution of Voting Rights to Reflect Reality

It also presented an opportunity for them to reallocate voting rights. Hannah, who had long been actively involved in the company's development and day-to-day operations alongside Stephan never had a legal role in the ownership structure of the company even though she played a vital role in the company development right from the start. Initially, she worked closely with Stephan as a trusted ally, and later took on the responsibility of marketing and communication. Hannah effectively gave the product and company the right voice and character, leading to a better recognition and understanding of the usefulness and benefits of the Stapelstein®. She acted like a steward of Stapelstein® without having the legal decision-making power. This was particularly painful during the conflict with the previous investors; while she was actively and operatively responsible, the business angels that were not actively involved were making the decisions. However, the situation could not be amended whilst the business angels still held shares.

“

Of course, Stephan and I discussed our opinions before. Nevertheless, I relied on him taking my opinion into account when making a decision. From my personal perspective, it hurt when it came down to making final decisions regarding a business I feel so attached with. The door closed and I was left out standing on the other side with no voice while two strangers who are not actively involved with the business were heard.

”

– Hannah König

During the transformation process, Stephan and Hannah redistributed power over Stapelstein® in the form of voting rights to reflect both of their contributions and involvement in the business, adding Hannah as steward-owner of Stapelstein®. This redistribution of voting rights aimed to ensure that those who wholeheartedly believe in Stapelstein®'s purpose and share a profound commitment and active engagement to its mission and vision were entrusted with the power to shape the organization's future.

Today, the steward-shares are divided between Stephan, who holds the majority of voting rights, Hannah, and a golden share for securing the principles of steward-ownership with the Purpose Foundation. A strict catalog was established in which it is defined which decisions require the approval of both Stephan and Hannah. These include financial but also some strategic and value-based decisions like the dissolution of the organization, election and removal of CEOs.

Photo: Stapelstein®

Founder Compensation Agreement

Like most founders, Stephan took a risk in starting Stapelstein® and worked many unpaid hours before and after setting up the company. In contrast to the two business angels, Stephan did not undergo a buyout during the conversion process. He will also not be able to be compensated for this risk by exiting the company or receiving high dividend payments in the future.

To ensure his compensation as a founder, a founder compensation agreement – an agreement that allowed Stephan to receive a limited compensation for his early investments of time, money and energy in the company – was established, adhering to the principles of steward-ownership.

Finding an adequate compensation sum was a lengthy process, with potential sums ranging from "nothing at all" to "the same amount as the investor". The process involved various criteria such as unpaid working hours, risk factors etc. as well as sparring with people from different industries and perspectives. Stephan and Hannah decided on a maximum sum similar to that of investors, but it remains to be seen whether this will ever be made use of. As Hannah was also part of the early founding process, Stephan and Hannah designed a compensation plan where ⅓ of Stephan's compensation will go to Hannah.

INVESTMENT DEEP DIVE

Investment: Redeemable Non-Voting Shares

The financing instrument of redeemable shares without voting rights was chosen for the financing structure of Stapelstein®. This means that shares are handed out to investors and Stapelstein® can buy back these shares at a future point in time if they are financially able to stem it. In contrast to conventional private equity, the repurchase price is not dependent on external valuation, potentially rising into unlimitedness, but there is a clear cap set through a return formula and a clear redemption process. This makes a huge difference as the valuation cannot rise unlimitedly but there is a transparent and mutually agreed upon answer to the question of "what is enough".

The redeemable shares held by Purpose Ventures were already bought back by Stapelstein® in July 2023; the shares held by Purpose Evergreen Capital are described in more detail below.

Reedemable Shares

Like traditional equity, redeemable equity represents financial ownership of the company. Redeemable shares can – and sometimes must – be repurchased by the company at a predetermined valuation, either gradually or at a fixed maturity date. The redemption value and date or the conditions as to how the redemption value will be determined are often clearly defined in the shareholder agreement.

A structure with redeemable shares ensures that the entrepreneurs can freely decide to buy out investors once they have sufficient cash and are motivated to do so. This way they are not "stuck" with the investors but have the option to become independent. If there is a basic dividend rate fixed, investors at the same time are secured to receive liquidity from the investment.

Redeemable shares also have the advantage of capping redemption valuation at a certain point (fixed in height, time, by formula or otherwise), preventing shares from becoming too expensive to buy back once a company has achieved profitability.

For those interested in all the details, let's get crunching: In the case of Stapelstein®, the redeemable shares are structured as redeemable non-voting shares with preferential dividend rights. Let's explain:

- Redeemable: To be repurchased by the company
- Non-Voting: No voting rights
- Shares: Structured as shares, so a form of ownership and automatically counting as equity for the company.
- Dividend rights: If dividends are paid out, the shareholder receives payments.
- Preferential: The capital provider receives dividends before dividends to other potential shareholders are paid out.

One distinctive feature of steward-ownership aligned financing is that investors do not obtain controlling voting rights allowing entrepreneurs to steer the company self-determinedly. However, this does not imply that investors cannot or should not have any rights in the company and are completely blocked off. The investment between Stapelstein® and Purpose Evergreen Capital is structured in a way that grants the investing entity information rights to ensure transparency, accountability and continued exchange.

The manner in which Stapelstein® will pay back the investment and the return on the investment is detailed in the share structures and contracts as follows:

- After a **minimum holding period,** the shares can be repurchased for the redemption value.
- The **redemption value** (repurchase price) is not determined by an external valuation of the organization, as is common in most private equity deals. Instead, it is based on the **initial financing amount**, the **length of the holding period** – the time until which the shares are fully bought back – and a predetermined **dividend rate,** calculated as a percentage of the initial investment. The dividend rate is regularly reviewed and can be adjusted to account for inflation with mutual agreement from both parties.

Until the shares are fully repurchased, a basic dividend rate is paid annually to the capital providers. However, this payment is contingent upon Stapelstein®'s economic capability to distribute dividends; otherwise they are liable to be paid in the future, at the latest upon redemption..

After a minimum holding period, Stapelstein® can – but does not have to – decide to repurchase the shares by paying the remaining sum in parts or fully. If, for any reason, Purpose Evergreen Capital needs to exit the investment before Stapelstein® repurchases the shares, they have a put option. This means that if the company is financially able to repurchase the shares, Purpose Evergreen Capital can trigger the repurchase event. However, this scenario is quite unlikely. The total redemption value is structured such that if the basic dividend is paid out yearly, the final repurchase price equals the initial investment. The redemption value for purchasing back the shares is calculated using the formula:

$(I_0+B)-C$, of which

- I_0 = Nominal value of the investment = the price that was paid by the capital providers
- B = Sum of dividends due based on basic dividends and holding period
- C = Sum of dividends already paid out

Photo: Pauline Bonnke

Trust-Based and Collaborative Investment Relation

One remarkable aspect of Stephan's and Hannah's experience with steward-ownership aligned investors is the positive and constructive collaboration they have fostered. Stephan and Hannah cherish the regular exchange with Purpose Evergreen Capital's investor team. Previously, they experienced unease when sharing information with their legacy investors, concerned that good results might prompt profit withdrawals. However, the shift to steward-ownership aligned financing has transformed their perspective. They now embrace the opportunity to engage in a fruitful dialogue that adds value to their business.

The regular communication and collaboration with the investor team have proven to be mutually beneficial. Hannah and Stephan draw valuable insights from the perspectives and expertise brought by the investors. The exchange of ideas and sharing of knowledge contribute to enriched decision-making processes within Stapelstein®. They appreciate the investors' input, recognizing that it bolsters their business strategies and enhances the company's overall performance.

“

The financing partnership with the Purpose funds is exactly what we were looking for. Not only is the collaboration fun but more importantly, we want to share all our information and exchange ideas with them because we benefit from it. They reassured us from the beginning, that they want us to make the decisions and this is also reflected in our financing contracts.

”

– Hannah König

STACKING UP THE FOUNDATION FOR A SELF-DETERMINED FUTURE

Beyond the financial considerations, the buyout of the prior investors and the transformation to steward-ownership held deep emotional significance for Stephan and Hannah, regaining control over their company.

The transformation proved to be a challenging process, both emotionally and financially. However, the unwavering dedication of Stephan, Hannah, and their team to Stapelstein®'s purpose enabled them to overcome the obstacles they encountered along the way.

Today, they are relieved and content with the improved legal framework of the company both in terms of ownership and financing structure. Their experiences, exemplify the importance of aligning power, control rights, and commitment to a shared purpose, paving the way for a future where the organization's vision remains at the forefront of its endeavors.

Looking ahead, Hannah and Stephan have an array of plans aimed at enriching more children's daily lives and fostering their potential. One such plan involves establishing their own kindergarten to create a living environment that promotes movement. At the same time, they aspire to expand their network, inspiring more individuals to embrace movement in their everyday lives. They also seek to address the significant international demand by undertaking additional internationalization projects.

As they embark on these exciting endeavors, Hannah and Stephan will carefully evaluate their options for funding. They will assess the feasibility of financing these projects internally, utilizing their own resources, to remain completely independent and in control over the direction and decision-making processes. Alternatively, they will explore the possibility of securing steward-ownership aligned financing, ensuring that any external support aligns with their values and allows them to retain a firm grip on the steering wheel of their enterprise. By prioritizing financial choices that align with their vision, they will strive to foster continued growth while maintaining autonomy and upholding their core principles.

I find steward-ownership and the separation into the two areas of voting and dividend rights to be liberating. Of course, a stable financial situation plays an important role for the longevity of the company and the fulfilling of its mission. Nevertheless, with steward-ownership, decisions can be made based on the purpose. It is up to you to decide how much, in which way and with what time horizon financial considerations influence your decision as you are not pressured by other people's profit expectations. Instead, you can concentrate on your mission and what is best for the company.

– Hannah König

Photo: Pauline Bonnke

ACKNOWLEDGEMENTS (1 /2)

The content in this case study is based on extensive resources by the team of **Stapelstein®** as well as experiences from the consulting and financing work of **Purpose Consulting** and **Purpose Evergreen Capital**.

This case study is a result of a collaboration with students of the **University of Bielefeld**. It was compiled with immense support from **Dana Vowinckel** and **Malin Pohl**.

THANK YOU!

Photo: Stapelstein®

ACKNOWLEDGEMENTS (2 /2)

The case study was made possible with the support of the **Heart Leadership University,** the **Jean-Noël Thorel Foundation** and the **BMW Foundation Herbert Quandt**.

THANK YOU!

Heart Leadership University

Founded by 15 business leaders, Heart Leadership University is an educational and scientific non-profit organization. Their mission is to revolutionize the education of business leaders, renew the imaginaries of leadership, and bring to the fore a movement of leaders who will lead, innovate, and make decisions from the heart (with intuition, courage, and empathy) to preserve our humanity and overcome the challenges of the 21st century (misuse of AI systems, ecological collapses, rampant inequalities). Their activities: a transformation pathway for company managers, spaces for information and debates, and research activities. Guided by its Scientific Advisory Board, HLU conducts independent, interdisciplinary research work in a singular field: that of relations (inter-human relations, relations with other living creatures, with machines). Largely unexplored, this field is nonetheless fundamental, insofar as relations are at the heart of what makes us human beings. Our current programs are focused on leaders and the exercise of leadership. How, as sensitive human beings, do leaders relate with their living environment, with their field of operation? Can leaders really transform their companies by making strategic decisions driven from the heart? What are the imaginaries of leadership of yesterday and of today, and what kind of leaders do we want for the 21st century? What are the consequences of deploying artificial intelligence systems on the quality of human relations, and on the capacity of leaders to make decisions in total freedom? These are some of the questions that our work aims to document, disseminate and debate.

For more information please visit: https://www.heartleadershipuniversity.org/en/

BMW Foundation
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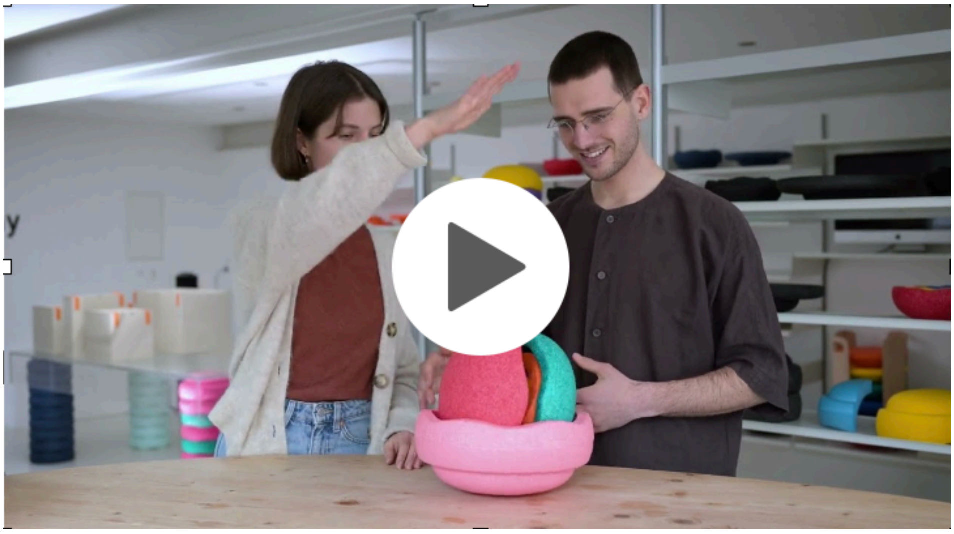
The BMW Foundation Herbert Quandt promotes Responsible Leadership and inspires leaders worldwide to work toward a peaceful, just, and regenerative future. Through our activities, we aim to advance the goals of the UN 2030 Agenda. With its cross-sectoral, cross-industries approach, the Foundation sees its potential in bridging the gap between different stakeholder groups to accelerate the operationalization of decarbonization and carbon removal technologies. Through the series of workshops that resulted in this report, the Foundation wants to develop a collective understanding of which intersectoral market-making mechanisms and funding models can help in the transition to net-zero emissions, including an overview of promising innovation partnerships and market-making mechanisms, and how we can implement these solutions at scale.

For more information please visit: https://bmw-foundation.org/en/

INTERVIEW

This case study is accompanied by an **interview with Stapelstein® founder Stephan Schenk and co-founder Hannah König** in which they talk about their motivation to go steward-ownership. Click below to watch!



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Learn more about Stapelstein® and their journey on their website, in articles, and podcasts:

Stapelstein®

- Stapelstein® – Together for a We Economy! (EN) https://Stapelstein.de/en/verantwortung/
- Stapelstein® – About Us (EN) https://stapelstein.com/pages/about-stapelstein
- Stapelstein (Hannah König) at the OMR Festival 2024 (GER): https://www.youtube.com/live/z8I3ZTPpzmA?feature=shared&t=3446

Articles

- Stephan Schwenk moves with his Stapelsteine (GER) https://www.zak.de/Nachrichten/Stephan-Schwenk-bewegt-mit-seinen-Stapelsteinen-154444.html
- Stapelstein: Lego als Vorbild und Warnung zugleich (GER) https://www.faz.net/aktuell/karriere-hochschule/unternehmergespraech/stapelstein-lego-als-vorbild-und-warnung-zugleich-19214192.html
- German Play Maker Stapelstein Makes Its Official US Debut (EN) https://design-milk.com/german-play-maker-stapelstein-makes-its-official-us-debut

Podcasts

- "Stapelstein: The social media phenomenon to play and movement" from digital kompakt with Joel Kaczmarek (16.01.2023 – GER) (https://open.spotify.com/episode/0q1ej2WEcex9V70QQIYasH?si=ba1c2e2e012a4af1&nd=1)
- "Their mission - to bring movement into the lives of children – becomes a global success! – Guest: Hannah and Stephan of Stapelstein®" from KB&B (GER) (https://www.kbundb.de/podcast-family-business/ihre-mission-bewegung-ins-leben-von-kindern-zu-bringen-wird-zum-welterfolg-zu-gast-hannah-und-stephan-von-Stapelstein)
- #81 "They are a couple and make millions" from So geht Startup – der Gründerszene-Podcast (15.06.21 – GER) (https://plus.rtl.de/podcast/so-geht-startup-der-gruenderszene-podcast-zgvbyrwdwbtu3/81-sie-sind-ein-paar-und-machen-millionen-e2pgwh302by03)
- #195 "They want to abolish themselves as bosses – why?" So geht Startup – der Gründerszene-Podcast (13.02.2024 – GER) (https://gruenderszene-podcast.podigee.io/195-stapelsteine)

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