Steward-Ownership

Because Ownership Matters

PURPOSE®

Our journey with steward-ownership began in 2015 when we coined the term and founded the Purpose Foundation, which is part of the bigger Purpose Group, united by one mission: to make steward-ownership known and accessible to everyone.

While the non-profit Purpose Foundation drives the foundational work of advocacy, research, and education – like the book you are holding in your hand – our investing (Purpose Ventures and Purpose Evergreen Capital) and consulting (Purpose Consulting) entities work directly with founders, companies, and investors. By freely sharing their knowledge and experience, they enable us to create research and educational materials as open content, freely available to a global audience. This book is a direct result of that collective effort. We are incredibly grateful to everyone who has contributed to this work and made this book possible.

A special thank you to the pioneering companies and investors whose courage and vision have led the way, as well as to the countless experts and changemakers who dedicate their expertise to this movement. Our work is also strengthened by the commitment of our international partners under the Purpose brand and our regional allies who collaborate with us to advance steward-ownership worldwide. We are grateful to be a part of this growing community.

It is our hope that this book serves as a valuable resource for your own journey.

About this book

It's a simple idea, really: what if companies were built and run on two core principles? The first is that the company's purpose is protected. The second is that its control always rests with its stewards.

This is at the very heart of steward-ownership. For many of us, this idea started with a moment of clarity. That moment where you realize that corporate ownership and how it is structured truly matters – for people, companies, investment, community, economies, society, our planet. That it is key to building the kind of business you believe in.

But after that, the next question quickly follows: "What next? How to dig deeper?"

That's exactly why we wrote the first edition of this book back in 2018 for the first stewardownership conference. The book was born from our own journey to learn from those who were already forerunning the model and embodying its principles.

A decade later, the ecosystem has turned truly global, and with the steward-ownership conference SO:25 approaching, we felt it was time to revisit this foundational work. Much has changed in the world and within the movement, yet some things have stayed the same.

We are still a beautifully diverse group of people from many walks of life. You'll find founders of startups next to leaders of family businesses or CEOs of multinational corporations. You'll meet social democrats, conservatives, greens or democrats and republicans, simply many people from across the political spectrum. We are fortunate to be part of a larger movement driven by the forerunners – the steward-owned companies, the investors pioneering aligned financing, the policymakers working on new legislation, and the many researchers, employees, lawyers, and consultants who have

picked up this idea and helped it flourish. All united by a single belief: that an alternative way of doing business is possible. This is a diverse collective that agrees, disagrees, and stays in conversation, working collaboratively on and with steward-ownership and its principles.

Whatever your background or motivation, this book is written to help you take that next step from a moment of inspiration about steward-ownership to a deeper exploration, and ultimately, to action. We know that steward-ownership can feel complex, but we've organized this book as a first step to guide you through it and assist you on your own journey.

In the first part, we'll dive into the basics of steward-ownership and the theory behind it. We'll then introduce you to steward-ownership in practice, to the companies and entrepreneurs and their stories, offering a peek into their unique structures and journeys. For the first time in this edition, we have a new, comprehensive chapter dedicated to steward-ownership aligned financing (SOAF), with detailed case studies and stories of both companies and investors.

The forerunners in this book have bravely charted new territories and overcome systemic challenges. This book is also a thank you to them and a testament to all who have contributed. We can't tell every story, but know that this movement and our appreciation are bigger than the pages you hold. We owe a huge thank you to everyone who has supported steward-ownership and this movement along the way.

We wish you joy and success on your own steward-ownership journey. May this book be an asset on your path. Happy reading!



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A field in movement

Preface

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Ownership is a system of power. By shaping the rules of property, society determines who can participate in markets, who can accumulate wealth, and who is excluded.

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 Katharina Pistor, The Code of Capital

Ownership is one of the most powerful codes of our society. It shapes the way we live, work, and interact with the world. Companies – and through them the products we use, the services we rely on, the workplaces that sustain us – are all governed by the rules of ownership. How a company is owned determines who makes decisions, how value is created, and who benefits from that value – in short, it directly steers corporate behavior. As Kate Raworth, author of Doughnut Economics, puts it: "More than the design of specific products or services, what matters most is the deep design of the organisation itself."

For decades, the dominating societal and legal understanding of corporate ownership was to define companies as commodity: something to inherit, sell, or trade; a commodity; a tool for generating financial wealth for its owners. This framing is at the heart of a shareholder-value capitalism, where business ownership is treated as an investment to be maximized rather than a responsibility to be exercised – with the result that the company's purpose, its stakeholders and effects on society often become an afterthought to shareholder value and short-term profit

maximization. But what if we saw ownership differently – not as entitlement, but as responsibility? Not as a tool for wealth extraction, but as stewardship?

Historically, many cultures have recognized ownership as something far beyond personal financial gain. All over the world, family businesses are firm in the belief that the company doesn't serve the family but the family serves the company. In Japan, many of the world's oldest companies have survived for centuries by entrusting leadership to those most capable, not to heirs or those who can pay the most. And in many indigenous cultures, ownership is viewed not as personal possession, but as a responsibility to the land, the community, and future generations. Many of these models were not about wealth extraction, but about stewardship.

Steward-ownership is building on these traditions and values and translates them into a concrete, legal company model. As Prof. Nien-Hê Hsieh from Harvard Business School observes: "Steward-ownership is taking us back to the future. When corporations first formed, governments only granted the right to incorporate for a clear purpose. Over time, we've strayed from that original sense of corporation. So while steward-ownership points to the future, it also brings us back to the origins of what corporations were meant to be."

Steward-ownership challenges the notion that money equals power, asking the radical questions: "Who should have power and why?"; and "What is enough?". By decoupling money and power in the long run, steward-ownership ensures that companies remain self-determined and purpose-oriented in the long run. "It rewrites the psychology of companies, changing

the deep structures that shape their behavior", as <u>The New Yorker</u> describes it. Steward-owned companies don't exist for the wealth of their shareholders and they are stewarded into the future by capable, value-aligned people closely connected to the company.

Independently from each other, companies across generations and regions have adopted the same principles, same notion of corporate ownership and brought it to life – a convergent evolution, which we call steward-ownership today. As Germany's President Frank-Walter Steinmeier puts it, the entrepreneurs trailblazing this form of business form an "economic avantgarde" that strengthens the idea of a free and social market economy. While each entrepreneur's focus is first and foremost to create coherence between their company and its ownership structure, together they show how entrepreneurship can be a force for good.

Steward-ownership cannot be understood through abstract principles alone. It's the companies – family businesses, startups, and global corporations reimagining ownership – that really bring it to life. Whether for a SME looking to secure succession, a tech startup striving to remain independent, critical infrastructure or social businesses striving to prevent mission dilution – steward-ownership answers a diverse set of real-life entrepreneurial challenges. That's the beauty of this movement: the variety, the diversity of solutions.

For this movement to become even more diverse and flourishing, steward-ownership needs to become more accessible. We need more narratives about this company type, bettersuited legal and political frameworks and a shift in the quality of capital available so that entrepreneurs can not only make a free decision whether the model is right for them but also implement it.

"The stories we tell literally make the world", as writer Chris Cleaves reminds us. For a while now, we have mainly been told stories of entrepreneurial success such as high financing rounds, exits, multi-million-dollar multinational corporations and monopolies.

But this needs to change. As steward-ownership entrepreneur Juho Makkonen puts it, "economists are great at making capitalism sound like the laws of physics: that these are the objective truths about how things work and can't be changed. This isn't true. Our economic systems are created by humans, and they can be changed by humans." This book highlights stories, reflections, and insights from those already working on this change with innovative forms of ownership. We hope it will inspire you to find your connection to ownership as stewardship, not as wealth-ownership - and allow you to tell your own story. And maybe together we can prove Patagonia CEO Ryan Gellert right and show that this is "the future of business."

Did we spark your interest and you want to read the full book?

Stay tuned, we will soon share details on how to get this book!

In the meantime please check out the resource hub on <u>steward-ownership.com</u> for open content materials and a lot of information to get you started.

This book is your starting point for steward-ownership. It leads you from inspiration to deeper exploration, and ultimately, to action.

The Theory:

A clear introduction to the core principles of steward-ownership.

The Practice:

Meet the forerunners – from historical examples to startups, and succession cases.

The Financing:

An in-depth look at aligned financing, featuring companies and investors applying it in practice.

Learn more about a concept that "rewrites the psychology of companies, changing the deep structures that shape their behavior" (The New Yorker) and offers "not woke capitalism but the future of business" (Ryan Gellert, CEO Patagonia).

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