

What's New

Growing from the Ground Up Employees Have More Say Under New Program

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A few years ago John Hamilton noticed that even as the economy soured certain New Hampshire companies were continuing to grow. Those companies, he found, had something in common - they listened to their employees and engaged them in solving business problems.

Employers are rewarded for thinking of workers when thinking of the bottom line.

"You could see it in the eyes of the employees," said Hamilton, whose state job with the Workforce Opportunity Council sent him surveying businesses throughout the state. "They were totally motivated, they were totally enjoying themselves. They were totally informed as to whether the business was doing well and what they needed to do to make it better."

The observations inspired Hamilton to launch a new program at the New Hampshire Community Loan Fund, where he is now director of enterprise development. That program, Vested for Growth, is designed to encourage more New Hampshire companies to leave behind traditional, top-down management.

Once a month, Vested for Growth brings together New Hampshire employers who are pursuing alternatives so they can talk about their efforts. (Currently, 11 companies participate.) And it seeks to promote the growth of such companies in the state by extending loans of up to \$500,000 to entrepreneurs who either have, or are willing to enact, policies that give their employees some say in the company's operations.

So far, the Community Loan Fund has committed \$3 million to the program, which Vested for Growth plans to loan to six companies. In the year since its formation, the program has made just one loan, helping entrepreneur Leo White buy Bortech, a small manufacturing company in Keene. More than 25 companies have expressed interest, and Hamilton is reviewing applications.

Many entrepreneurs cannot get loans to buy companies or expand the ones they own because they don't have enough collateral to offset the risk. Vested for Growth accepts much more risk than most institutions, and it reduces loan payments if companies meet certain goals each year to improve employee participation.

"It's kind of like a good-driver discount," Hamilton said.

Because of the high risk of its investments, Vested for Growth requires a return rate significantly higher than most banks. Companies agree to pay 9 percent interest on the 10-year loans, as well as a percentage of their gross sales to make up the difference.

A growing number of companies nationwide are involving employees in business decisions, Hamilton said, not just because it's better for employees, but also because it makes business sense.



Service technician Vernon White tests a 306-P borewelder inside the assembly area of Bortech in Keene on Tuesday. Bortech was the first company to receive a loan from the New Hampshire Community Loan Fund, which helped it from being sold and relocated to Oregon. Photo by Elaine Skylar.



Judy Duquette assembles off-set heads and face torches at Bortech in Keene on Tuesday. Bortech was the first company to receive a loan from the New Hampshire Community Loan Fund, which helped it from being relocated to Oregon.

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One of the best-known companies to eschew traditional top-down management is Southwest Airlines, which challenged its workers to reduce the time planes spent on the ground. Employees re-examined their own jobs and created the 10-minute turnaround, an extraordinary feat that has helped launch Southwest to more than 20 years of profitability.

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Leo White, owner of Bortech Corporation in Keene, bought the company last November with the help of a loan from New Hampshire Community Loan Fund. Photo by Elaine Skylar.