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The Daks Takeaway: Enticing Employees by Increasing Benefits

By Martin C. Daks

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Condor Capital president **Ken Schapiro** doesn't look like Santa Claus. But his employees may have thought differently in December, when Schapiro gave them an ownership stake in the Martinsville-based wealth management firm he launched in 1988.

Now I'm no Grinch, but my first question for Schapiro was what kind of financial or other benefits he received by implementing an employee stock ownership plan, or ESOP.

To some degree, "it's like funding your own buyout," Schapiro told me. "But it's also a way to motivate employees and give them more reasons to stay with the firm."

Right now, Schapiro, who was 23 when he launched Condor, owns most of the company. But under the ESOP, Condor will use its stock as a match for its employees' 401(k) retirement plan contributions. To begin with, the company will use the stock in the company's treasury for the match. But Schapiro, who's in his 40s, said once that's tapped out, one option might be to sell his own stock to the ESOP as a 401(k) match. I told him it sounds like a nice way to be sure there's a market for your company when you retire.

In fact, Schapiro thinks the ESOP would enhance the company's value if he ever sold it to another party before the employees bought it out.

"Think of it," he told me. "You've got a stable, motivated work force. That's important to a buyer."

Still, Schapiro said ESOPs aren't for everyone. In fact, he's got other business interests — including a limousine company and a tennis club — and he's not planning ESOPs for them.

"The view is different," he said. "Condor is a financial company, so it stands to reason that its employees would be attracted to an ESOP. That might not be the case at other kinds of companies."

Timing also matters. I asked Schapiro why he waited until now to do the ESOP, instead of say, 10 years ago. "Part of it was waiting for the firm to grow," he said. "In the early years we only had four or five employees, and now we've got about 15."

Part of it also was his outlook: "When you're 24, you're not really thinking about retirement or succession issues."

I wondered what was behind Schapiro's drive. He was fresh out of graduate school when he started Condor.

"My dad was a physician with a family practice who worked out of our house in Flemington," he said. "So I guess I grew up in a small-business environment. My dad was also a director at a bank, so I guess I learned something about finance at an early age, too."

So maybe it figures that Schapiro went on to cover all the bases by getting a bachelor's degree in finance and an MBA in marketing. He's not a geek, though: For relaxation, Schapiro likes to do extreme skiing — the kind where you take a helicopter to the summit of a mountain in British Columbia, then you make your way to the bottom.

Personally, riding the down escalator without hanging onto the armrest is enough for me.

The takeaway: Doing good for others may help you do good for yourself, too.

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