

National Center for the
Middle Market Case Study

Drake Cooper Secures Its Future Through 100% Employee Ownership

COMPANY: **DRAKE COOPER**
HEADQUARTERS: **BOISE, ID**

TOPIC: **SUCCESSION PLANNING**
INDUSTRY: **PROFESSIONAL SERVICES**

OVERVIEW

More than a quarter of middle market companies say it is at least somewhat likely that their organization will undergo an ownership transition in the next 24 months. Most transitions involve selling to a private equity firm, finding a strategic buyer or passing the business to family members. But for some middle market companies, none of these options provides exactly the right fit. In such cases, the less common Employee Stock Ownership Plan, or ESOP, can be an attractive option for ensuring the long-term success of a business—especially for companies interested in preserving their talent and recognizing the people whose hard work has helped the business grow.

According to our 2020 [Preparing for Middle Market Business Transition](#) report, only 6% of surveyed companies reported selling to employees in the previous five years. Since then, interest in ESOPs appears to have grown. In a [2025 study exploring how growth is funded in the middle market](#), 22% of middle market companies surveyed indicated they would be open to considering an ESOP. According to the [National Center for Employee Ownership](#) (NCEO), ESOPs are the most common form of employee ownership in the U.S. today, with more than 6,300 companies having an ESOP, representing almost 8% of the private-sector workforce. On average, 264 new ESOPs are created every year.

This case study shares a middle market advertising agency's journey from founder-led shop to 100% employee-owned company, and how that transition fueled unprecedented growth, talent retention and financial performance in an industry notorious for high turnover and consolidation.



Founded in 1978 and headquartered in Boise, Idaho, Drake Cooper is one of the oldest advertising agencies in its state and one of only a handful of employee-owned agencies in the United States. The company focuses on creating award-winning work for mid-sized business-to-consumer clients. Over the decades, Drake Cooper has built a distributed team across 14 states to aggressively pursue national brand work, leaning into their reputation for a collaborative work style.

In December 2020, Drake Cooper's CEO elected to transfer 100% of the agency's ownership to its employees. The transition rewarded the talent that has been key to success, while also helping the agency maintain its independent status and ensure continued, ambitious growth.

The opportunity:

DIFFERENTIATING AND POSITIONING FOR GROWTH

After nearly five decades spent building Drake Cooper into a respected regional creative advertising agency, the CEO and owner faced an increasingly common middle market challenge: How do you ensure the long-term success of a business when traditional succession options don't fit? In an industry experiencing rapid consolidation, with major holding companies and private equity firms aggressively acquiring independent agencies, Drake Cooper's leaders could have sought the maximum sales price for their business. Instead, they decided to chart a different course and pursue something they considered far more valuable by honoring the agency's talent, independence and unique identity, all of which fuel its clients' success.

"I kept coming back to the same question," recalls then-CEO Jamie Cooper. "How do we reward the people who made Drake Cooper successful and set the business up for sustainable growth at the same time?"

The answer emerged in an unconventional form: employee ownership through an ESOP. While ESOPs are relatively common in manufacturing and construction, they remain rare in advertising; data compiled by the NCEO suggest that less than 3% of advertising agencies nationally are employee-owned. Yet, for Drake Cooper's leadership, the model made sense on multiple levels, allowing the founders to receive compensation for their equity over time while simultaneously retaining and rewarding the agency's greatest asset—its people.

The approach/solution:

BUILDING AN OWNERSHIP CULTURE TO SCALE THE BUSINESS

Advertising is notorious for high turnover rates, with employees frequently jumping between agencies for better opportunities. By granting employees ownership status, Drake Cooper gave team members a compelling reason to stay while affording the agency real competitive differentiation. In pitches against other, often larger, networks, Drake Cooper can tell an authentic story of stability, commitment and long-term thinking, with talent that is fully invested in the business and each client's success.

Yet, the decision to pursue an ESOP wasn't made lightly. It required extensive legal and financial planning, employee education on what ownership means and a fundamental shift in how the agency operated. The real work was—and continues to be—building an ownership culture where employee-owners think and act like owners every day.



"Most of the people who built this agency with us would never have the opportunity to own equity in a business. We saw the ESOP as a way to create real wealth-building opportunities for our people; to help them build retirement security they couldn't achieve through salary alone."

JAMIE COOPER, DRAKE COOPER BOARD OF DIRECTORS, CHAIR AND FORMER CEO

STRENGTHENING FINANCIAL DISCIPLINE AND LONG-TERM PLANNING

Becoming an ESOP required formalizing financial oversight and long-term planning to strengthen the agency’s operational discipline. An outside accounting firm now reviews the firm’s financials annually, reinforcing the need for rigorous financial controls and budgeting and forecasting. In addition, leadership now regularly plans five years ahead, mapping out financial performance, growth opportunities and leadership succession.

As part of the valuation process, the CEO and VP of People and Finance meet with the evaluator and the Trustee of the ESOP each year to discuss achievements, client relationships, competitive positioning and leadership development and succession planning. Similar to a publicly traded company’s earnings calls, these conversations ensure Drake Cooper maintains accountability and a clear path to the future for all its employee-owners.

DEFINING THE IMMEDIATE AND LONG-TERM FINANCIAL REWARDS

An ESOP creates retirement security and genuine middle-class wealth that salaries alone can’t provide. For employee-owners, Drake Cooper’s ESOP model delivers wealth-building on two timelines.

- 1 First, all team members receive immediate rewards in the form of competitive salaries benchmarked against larger-market agencies, along with an annual cash bonus distribution.
- 2 Second, employees build long-term wealth through:
 - 401(k) matching contributions
 - Annual ESOP stock allocations at no cost to employees
 - Stock value appreciation as the business grows
 - Retirement distributions when employees separate (after vesting)

For many employees, ESOP accounts now represent significant—in some cases, six-figure—retirement assets built entirely through ESOP allocations at zero personal cost.

NURTURING OWNERSHIP CULTURE THROUGH TRANSPARENT COMMUNICATION AND EDUCATION

The biggest challenge in any ESOP transition is helping employees understand what ownership means. Stock prices, valuations and vesting schedules can feel like abstract concepts, especially for creative professionals who didn’t sign up to be business owners.

“You can’t just tell people, ‘You’re an owner now,’ and expect them to understand what that means,” explains Katie Reid, VP, People and Finance. “Financial literacy is an ongoing investment, not a one-and-done conversation.”



“The employee-ownership model creates an innately symbiotic relationship. When we do well as an organization, every employee-owner benefits, not just leadership.”

MINDY STOMP,
DRAKE COOPER,
CEO





“We recognize that employee ownership only works if people feel genuinely included and valued. When people feel connected to their teammates, the work and a larger purpose, they stay engaged, bring their best thinking and push creative boundaries. And that makes all the difference.”

JOHN DRAKE,
DRAKE COOPER,
PRESIDENT



To proactively address this challenge, Drake Cooper invests heavily in ongoing financial literacy and ownership education for all team members. Back in the '90s, founder Bill Drake initiated twice-yearly all-agency financial updates—a company tradition that helped set the stage for a natural ESOP transition.

These deep-dive discussions continue today, centering on real numbers, not sanitized highlights, so employee-owners always have a true sense of actual business performance. Weekly all-hands meetings—led by the CEO or president and covering everything from new business updates to work shares to birthdays—reinforce ownership thinking in day-to-day operations. One-on-one sessions with managers and/or the VP of People and Finance are available by request to help employee-owners understand their personal ESOP accounts and long-term wealth-building potential.

Through these efforts, employee-owners receive a consistent message: “When the business succeeds, you succeed. Not just with job security, but with real wealth creation.”

ESTABLISHING GOVERNANCE AND ACCOUNTABILITY STRUCTURES

Employee ownership doesn't mean democracy by committee. Drake Cooper maintains clear leadership structures alongside accountability mechanisms for both company and individual performance.

All People Leaders participate in a six-month management training program through a local university to build leadership skills. Leaders also benefit from support from an outside advisory board. Established in 2020, the board helps hold leadership accountable and provides strategic guidance typically available only in larger agencies. Made up of industry veterans, the experts bring decades of hard-won wisdom to guide critical decisions, prevent missteps and accelerate smart growth.





“The professional services industry has a disappearing middle class. We wanted to do something about that. The ESOP allowed us to create genuine retirement security for our people, preserve what makes Drake Cooper special and ensure the agency would continue long after we stepped back. Watching our employee-owners build six-figure retirement accounts through stock appreciation—wealth they never could have accumulated through salary alone—has been more rewarding than any exit check could have been.”

JAMIE COOPER,
DRAKE COOPER
BOARD OF DIRECTORS,
CHAIR AND FORMER CEO

To encourage accountability, early in the ESOP journey, the company established transparent goal-setting processes that help employee-owners at all levels understand how their work connects to company performance. Each year, Drake Cooper sets specific revenue goals that directly affect key financial outcomes, including yearly bonus distributions and ESOP stock appreciation. When the agency hits its revenue targets, bonuses are paid out, and the stock’s value rises. When performance falls short, everyone understands why and what needs to improve.

This creates a direct line of sight between individual work and collective outcomes, reinforcing that employee-owners aren’t just working on client projects; they’re actively managing wealth-building for everyone on the team.

MAINTAINING A COMMITTED TEAM

The focus on nurturing a strong ownership culture enables the agency to maintain an engaged, connected team united by a common interest in the agency’s success. Drake Cooper intentionally creates opportunities to bring people together, including sending employee-owners to industry-leading conferences in its region and beyond.

Additionally, the company hosts an annual Summerfest as a highlight of the ownership experience. Summerfest brings together the entire distributed team at the company’s headquarters for a full week of strategy sessions, community service and team-building. Employee owners participate in ESOP education, trustee presentations, panels and facilitated discussions to build their knowledge of ownership responsibilities and expectations, as well as their face-to-face connections with each other.



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The results:

UNPRECEDENTED GROWTH, RETENTION AND FINANCIAL PERFORMANCE

Creating an ESOP positioned Drake Cooper to maintain independent status, reward the people who are key to client successes and the agency's own longevity, and solve the talent retention challenge that plagues many industry peers. While the advertising industry has faced headwinds in recent years, Drake Cooper achieved record financial performance and growth, winning the largest client in the agency's history in 2024 while expanding its relationship with existing clients. It experienced its largest profit-sharing year, along with recognition as a 2024 Ad Age Small Agency of the Year, putting wealth in employee-owners' pockets and a feather in their caps. "We proved that you don't have to sell out to scale up," reflects Mindy Stomp, CEO. "And we proved that taking care of your people isn't just the right thing to do—it's the smartest business decision you can make."

100%

CLIENT
RETENTION
(2024)

99%

TALENT
RETENTION

+1,014%

TOTAL STOCK PRICE
INCREASE (SINCE 2020
ESOP TRANSITION)

LEARNINGS FOR OTHER MIDDLE MARKET COMPANIES

ESOPs can provide a viable—and potentially superior—alternative to traditional middle market succession paths.

Aligning everyone's interests through an ESOP structure can lead to better decision-making, longer-term thinking and deeper commitment at all levels.

Particularly in people-centric professional services businesses where talent is the primary asset and retention drives value, employee ownership isn't just a feel-good alternative; it's a legitimate growth strategy.



To learn more about Drake Cooper, please visit drakecooper.com



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