

Western Specialty Contractors sells to employees through ESOP after 100-plus years

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Story Highlights

What's This?

- Western Specialty Contractors sold itself to employees through an ESOP on January 2.
- The Bishop family chose the ESOP structure to preserve the company's 100-plus-year culture.
- About 750 of the company's 1,500 employees will receive shares vesting over six years.

St. Louis-based [Western Specialty Contractors](#) has sold itself to its employees through an employee stock ownership plan (ESOP), with boutique investment banking firm [ButcherJoseph & Co.](#) as financial adviser.

Terms of the transaction, which closed Jan. 2, were not disclosed. The seller was Western Holding Group, owned by St. Louis' Bishop family. Western Specialty focuses on building restoration including façade repair, concrete restoration, waterproofing, sheet metal work and roofing. The deal covered the construction business, with the real estate and investment arms remaining under Western Holding Group. An ESOP allows employees to acquire ownership interest in a company, typically as a retirement benefit.

Bishop family members chose the ESOP option because they wanted to ensure the “continuity of the company and maintain the culture that took 100-plus years to establish,” Paul Gillstrom, vice president, chief ESOP and strategy officer for Western Specialty, said in an interview Friday.



*Paul Gillstrom, vice president, chief ESOP and strategy officer at Western Specialty Contractors
Western Specialty Contractors*

“Certainly, if you sell to private equity, that culture often changes quite a bit and if you find a strategic buyer, that culture can change a little bit. Becoming an ESOP...was an opportunity to reward everybody in the future for their continued successful financial performance,” he said.

Western Specialty has 30 locations around the country about 1,500 employees including more than 200 employees in the St. Louis metro area. The company does not currently release its annual revenue. Western Specialty told the Business Journal in 2024 that its revenue for 2023 was \$321.3 million.

The ESOP transaction does not change the management structure. The family's third generation is Ben Bishop Jr., chairman, CEO and a director. His brother, Michael, is a director. Their father, Ben Bishop Sr. is chairman emeritus. The first generation dates to when George Bishop Sr. was recruited to help run the company, which dates to the Ironite Co. of Chicago in 1915.

Construction companies are particularly well-suited to ESOPs, said [Rick Hennessey](#), a director at ButcherJoseph. He cited [McCarthy Holdings Inc.](#) and [Brinkmann Constructors](#) as among construction companies with headquarters in the St. Louis area that are employee-owned.



Image: Lance Tilford Photography

*Rick Hennessey, a director at the St. Louis-based boutique investment bank, ButcherJoseph
Lance Tilford Photography*

“The construction company landscape is highly fragmented. There are a lot of small companies out there that are owned by individuals. For those individuals, it resonates to keep their employees involved in the ownership structure and keep the independence of the company,” Hennessey said.

Of the 1,500 employees, about half will get shares in Western Specialty that invest over six years. The other workers who are represented by a union do not participate in the ESOP because they have their own benefits program from collective bargaining agreements, Gillstrom said.

As an S corporation that is 100% employee-owned, Western Specialty is income tax-free in perpetuity. In many cases in which companies transition to an ESOP, the strategy frees up capital for acquisitions. Western Specialty’s last acquisition was in 2019 when it expanded its roofing business in Kansas City by acquiring [Great Plains Roofing and Sheet Metal](#).

Gillstrom said acquisitions are always of interest to Western Specialty to expand its footprint or move into other types of work, but the immediate future is to “get our legs underneath us and learn how to operate as an ESOP.”

“Once we get comfortable with that, I think we’ll turn an eye back to acquisitions and how that might help us grow longer term,” he said.

As the adviser to Western Specialty and the Bishop family, ButcherJoseph helped them think through their succession options, with the Bishops choosing the ESOP option early in the process, Hennessey said. The firm then helped structure the transaction and raised some capital to support the deal, he added.

Gillstrom credited ButcherJoseph for handling the complex transaction.

“We relied heavily on the subject matter experts and it’s a testament that when you bring the right group together and you do your due diligence and find the best resources available, good things happen,” he said.

Hennessey said the Bishop family and Western Specialty’s management team are “long-term thinkers” and loyal to St. Louis.

“Our mantra for the deal was let’s set this up for the next 100 years. They put so much thought into the durability and to the benefit model because they really believe in the business model and the future,” he said.

Of the companies that ButcherJoseph has worked with on ESOP transactions, Western Specialty has one of the deepest executive teams, Hennessey said. Part of it is a function of size, he said.

“A lot of the companies that transition to ESOP, the owner is the president, the CEO, the (chief financial officer) and the chief operating officer. In this case they have a full executive team. They’ve got a regional leadership structure and a local leadership structure and they do a lot of planning to think through who is next in line up and down the org chart,” he said.