

As Boomers Retire, Millions of Small Businesses Will Change Hands. Can We Keep Them Local?

A “silver tsunami” of retiring business owners is coming, and with it, one of the biggest changeovers of privately held companies in U.S. history. Here’s how we can help owners pass on their legacies—to their workers.



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This article is part of [New Economy Week](#), a collaboration between YES! Magazine and the New Economy Coalition that brings you the ideas and people helping build an inclusive economy—in their own words.

Thirty-five years ago, Dan, a businessman I know, founded a company. He has since become a leader in driving change within the waste management industry. He’s now 75, and worried about finding a buyer who is capable of shepherding his company—his vision—into its next 35 years. So, he’s considering selling his company to his nearly 40 employees. He knows that they are dedicated to the vision.

This once-in-a-several-century opportunity to influence the face of local business ownership won’t come around again soon.

We have an impending crisis affecting locally owned businesses: Nearly 4 million businesses are owned by retiring baby boomers. With only a small percent of family-owned businesses being passed on to the next generation, most of these businesses will either quietly go out of business, or get sold to

out-of-area or out-of-state buyers. Trillions of dollars in business value are forecast to change hands over the next 10–20 years, representing one of the biggest potential changeovers of privately held businesses in U.S. history.

We in the “new economy” movement have long talked about the importance of employee ownership, due to its deep benefits to workers, businesses, and society; and we’ve talked about the potential opportunity we have to tap the “Silver Tsunami” of retiring baby boomer business owners to sell businesses to their workers.

As we talk with business owners about what they want most when they retire, over and over again we hear that they want their businesses to remain successful; for their customers, employees, and vendors to be taken care of; and for their mission to continue to thrive.

The choice we have in front of us is clear: Do nothing, and watch wealth inequality in the U.S. continue to increase as these vital, locally owned businesses go away. Or, we can seize this opportunity to deepen the impact of these businesses on local communities by not only keeping them locally owned, but transitioning them to becoming worker-owned.

What will it take to tap this wave? Here are four key ingredients:

1. Raise awareness.

When we talk to business owners, most tell us they’d never considered that having their employees buy their businesses could be a viable succession option. We need to raise awareness of worker ownership as a succession option by sharing success stories and broadcasting them through trusted channels—both mainstream media and industry-specific channels.

2. Demystify the process.

Because awareness is low, most businesses are confused about how a transition to worker ownership would work. Sure, there are different options and decisions to be made about how to approach. But there are straightforward ways, such as this roadmap process to figure out the best options for a given owner and employees, a handful of “best practices,” and a number of organizations available to support businesses. It needs to not feel confusing or overwhelming to business owners who do become aware of it as an option, and want to consider it.

3. Bring in the right supports.

When selling any business (to another buyer or to employees), there is a set of service providers that help support the deal (e.g. legal, CPA, accounting, financing). In the case of a sale to employees, you want to make sure those advisors understand employee ownership, and can not only help guide the sales transaction, but can also guide the cultural transition into employee ownership and governance.

4. Line up capital.

Today, there is “mission-aligned” capital to support the sales of businesses to employees that are currently in the works, or in the pipeline. But when we start (through awareness-raising) to channel some of the silver tsunami businesses into this option, we will need to open up more capital. With lenders and investors, we similarly need to *raise awareness, demystify the process*, and until they are up to speed on doing these types of deals, also *bring in the right supports*.

This once-in-a-several-century opportunity to influence the face of local business ownership won’t come around again soon. Let’s make sure we capture the tremendous potential to strengthen our local communities by transitioning a meaningful portion of these nearly 4 million businesses to employee ownership.

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Alison Lingane wrote this article for New Economy Week, a collaboration between The New Economy Coalition and YES! Magazine. Alison is co-founder of Project Equity, which



builds economic resiliency in low-income communities by demonstrating and replicating strategies that increase worker ownership. Alison recently co-authored the white paper [CASE STUDIES: Business Conversions to Worker Cooperatives](#), and in the Fall of 2015, Project Equity launched the [Cooperative Business Incubator](#) to support businesses converting to worker ownership.

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