

A smiling woman with curly hair, wearing a green apron, holds a potted plant with dark leaves. She is in a greenhouse or nursery setting with many other plants in the background. The image is framed by a blue, stylized border.

ENSURING YOUR LEGACY

A GUIDE TO SELLING YOUR
BUSINESS TO YOUR EMPLOYEES

WHAT WILL YOUR LEGACY BE?

Whether you're an owner thinking about retirement, or an entrepreneur looking for a new opportunity, you've poured your life into your small business.

Coming up with a succession plan for when you leave is critical.

Without one, you not only risk your equity, you risk closing the business entirely. Many owners also consider selling to children, managers, or competitors.

You've probably thought about selling to a competitor or third-party investor, key managers, or possibly a family member. You've likely wondered if a strategic buyer is interested in your business, or considered liquidating your assets.

**BUT THERE'S
ANOTHER
OPTION:**

**SELLING TO
YOUR
EMPLOYEES.***

***(The best idea you've never heard of)**

This path lets you:

- Keep jobs local
- Preserve your company for the next generation
- Convert equity into cash on your terms
- Leave a legacy with meaning for those who helped build it



WHAT WILL YOUR LEGACY BE?

WHETHER YOU'RE A BUSINESS OWNER THINKING ABOUT RETIREMENT, OR AN ENTREPRENEUR LOOKING FOR A NEW AND DIFFERENT OPPORTUNITY, YOU'VE POURED YOUR LIFE INTO YOUR SMALL BUSINESS.

While it's daunting to think about, coming up with a succession plan for when you leave is critical, and careful planning is essential. Otherwise, you may wind up like the 75% of business owners who regret selling their business a year after the transfer occurs, or worse, one of the millions of businesses that close up shop when the owner retires.

You've probably thought about selling to your children, key managers, or a competitor. You've likely wondered if a strategic buyer is out there, or about simply liquidating your assets. How about your employees?

You've created jobs and want to ensure they are around when you leave; you've built a business you want to see survive for the next generation; you want to convert some of the equity you've built into cash; but aren't quite ready to leave the company. You want the legacy you've built to mean something to the people who helped build it – If this is the case, a democratic corporation, or a worker co-op is the solution.

Many people are put off by the notion of a co-op – they think of consensus decision-making or flat management structures with no accountability. The reality is that a co-op is simply a business that applies the principle of democracy to the legal structure of the workplace – a co-op can be what you make it. Studies have shown that when ownership is paired with a meaningful degree of employee participation, performance, productivity and firm longevity is enhanced. A democratic workplace is more than just a way to make jobs better, it's a way to make companies better.

The Conversion Process



Step 1: Establish Goals

Clarify how much control to transfer, sale percentage, and timing.



Step 2: Test the Feasibility

Analyze financials, market value, and financing options.



Step 3: Plan the Transaction

Determine purchase price, financing, and adapt governance documents



Step 4: Complete the Transfer

Finalize agreements, elect officers, and legally transfer ownership.



Step 5: Operate as a Democratic Firm

Train staff, develop governance systems, and ensure long-term success.

Visit www.icagroup.org for information and resources on business valuation.



4 Reasons Selling to Your Employees Works

1. You can realize a higher gain

Capital gains from a sale to a co-op or ESOP can be deferred indefinitely. Loan repayments can be fully tax deductible, improving cash flow and financing options.

2. You control the pace of the sale

Sell gradually or retain interest until you're ready to exit. Flexible structure accommodates your personal timeline.

3. Employee-owned firms outperform

Research shows higher profits, productivity, job satisfaction, and growth — especially when ownership is paired with participation.

4. You reward employees and strengthen your community

Employees retain control, protecting jobs and ensuring continuity.



Is Employee Ownership Right for Your Company?

ASK YOURSELF:

Do I have strong relationships with my employees?

Is my management team prepared to lead?

Am I willing to invest the time to make the transition succeed?

Is my company profitable with consistent cash flow?

Am I motivated by more than just the highest sale price?

Successful conversions happen when both owners and employees are committed, and when the company is something worth owning.

Did you know?

The ICA Group provides financing to sell your business to your employees.

Frequently Asked Questions

WHAT IS A WORKER COOPERATIVE?

A business owned and governed by its workers on a one-member, one-vote basis.

WHAT IS AN ESOP?

A retirement plan that invests primarily in employer stock, governed by ERISA.

DO EMPLOYEES NEED TO RAISE THE MONEY?

Not necessarily. Transactions are often financed through company cash flows, seller financing, or external lenders.

WHAT IS A MEMBERSHIP SHARE?

What is a Membership Share? A buy-in amount set by the business (commonly \$1,000–\$20,000) to ensure commitment while remaining accessible.

WILL EMPLOYEE OWNERSHIP WORK IN MY INDUSTRY?

Yes. More than 7,000 employee-owned businesses in the U.S. operate across all sectors.



HOW ICA CAN HELP

The ICA Group has been a national expert in employee ownership for over 40 years. With a mission to save jobs, we help owners ensure their legacy and unlock value through selling their business to their employees.



Our exit planning staff can help you set exit goals and determine your financial needs for retirement.

After working with us, you will receive a summary report including:

- Exit Planning Check up
- Enterprise Valuation
- Analysis of Business Value Drivers and Tips to Maximize Value
- Summary of Paths to Exit the Business

Ready to explore your options?

CONTACT US FOR A FREE CONSULTATION.

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