SELLING YOUR BUSINESS

If you own a privately held business and are preparing to sell, an employee stock ownership plan (ESOP) may be the best option. There are significant financial benefits to selling to an ESOP for both the seller and the company, as well as flexibility in the timing of the sale and the percentage of shares to be sold. Additionally, you can preserve jobs and the integrity of the business that you have built over the years.

Ready to move on? Sell to your employees...

Financial Benefits
An ESOP is funded by deductible corporate contributions to a special employee trust. It is the only way a company can use pre-tax future corporate earnings to buy shares from an owner. In addition, owners can defer taxation on the gain.

Flexibility
An ESOP enables you to sell your business at once or gradually in installments. Additionally, you have the option to define your role in the company moving forward. You can continue in an executive role or relinquish managerial duties.

Rewarding Employees
They helped you build your company; now you can give back. Selling to your employees protects their jobs and provides them with a significant retirement benefit. You also protect the integrity of the business you worked so hard to build, and can rest assured that it will not be dismantled.

NC E O The National Center for Employee Ownership

For more information, contact:
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From an owner’s perspective

why selling to employees was a good choice for these owners.

Keep the business in the family. Many owners hope to keep their business in the family, and there are many cases of successful companies remaining family-owned for generations. However, only 30% of businesses will make it to the second generation, and only 15% will make it to the third. You should consider whether keeping the business in the family is a realistic option.

Sell to managers. Selling to current leadership is a good option if the buyers have the capital available. Often individuals are not able to acquire sufficient funds. Furthermore, there are no rollover options available for the seller with this type of transaction.

Sell to an outside buyer. Although they often present attractive offers, competitors may dismantle your company and lay off a large portion if not all of the workforce. Furthermore, outside buyers often require a number of legal caveats that may prevent you from liquidating immediately or may drastically reduce the effective purchase price.

Interested in learning more about succession planning with employee ownership? Contact us!

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