Canada's Ownership Transition Challenge

Canada is entering the largest business ownership transition in its history.

$2 trillion in business assets are expected to change hands over the next decade, as more than **75% of small business owners plan to exit.** Yet, many companies are unprepared.

- Only 1 in 10 business owners have a formal succession plan
- When businesses go to market, up to 70% fail to sell
- Without a clear transition strategy, owners may be forced into discounted sales or closures.
- Employees lose jobs, communities lose economic anchors & Canadian companies may be purchased by outside buyers.

Employee ownership allows owners to transition ownership to the people who helped build their business while preserving local companies and supporting economic stability.

Find the Employee Ownership Model That Fits Your Business

Employee ownership is not one size fits all. The right structure depends on your company, your goals, and your succession timeline.

Access resources, explore the different models, and connect with experts who can help guide your transition.

Learn more at:

www.employee-ownership.ca

info@employee-ownership.ca

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Employee Ownership

A Practical Path for Business Succession

Employee ownership helps business owners transition their companies responsibly while preserving what they have built.

It offers a way to:

- Protect company legacy and culture
- Keep businesses Canadian owned
- Support employees and local communities
- Strengthen long term economic resilience

Explore employee ownership options for your business.

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How Businesses Become Employee Owned

Transitioning to employee ownership is a structured process.

1. Prepare for the transition
Align owners, leadership, and advisors and explore ownership models.

2. Prepare employees
Communicate the opportunity and educate employees about employee ownership.

3. Establish company value
Conduct a valuation and determine how the share purchase will be financed.

4. Create the ownership structure
Select the legal structure and governance model.

5. Manage the transition
Transfer ownership and support employees as new owners.

Benefits of Employee Ownership

For Business Owners

Preserve your legacy
Protect your company's culture, values, and future

Flexible succession
Transition ownership gradually or through a majority sale

Tax opportunity
Up to $10M capital gains exemption on qualifying EOT sales

For Employees

Share in success
Access a pathway to financial participation

Stronger engagement
Greater connection to company performance

Long term stability
More secure, locally rooted employment

For Communities

Preserves local jobs
Keeps businesses Canadian owned
Strengthens regional economies

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Employee Ownership Models

Employee ownership can take different forms depending on the goals of the business owner and the structure of the company.

Employee Ownership Trust (EOT)

A Canadian succession model introduced in 2024 that transfers a controlling interest of at least 51% to a trust for the benefit of employees. Employees do not purchase shares directly. The trust finances the purchase using company profits, vendor financing, or external financing.

Employee Stock Ownership Plans (ESOPs) & Employee Share Purchase Plans

Employees buy or earn shares over time, creating a direct ownership stake in the business. Shares may be granted, purchased through payroll deductions, or held within registered plans such as RRSPs or TFSAs.

Stock Options

Employees are given the option to purchase shares in the future at a set price. Options typically vest over time and are tied to company performance and growth.

Worker Co operatives
A worker co operative is owned and democratically governed by employees. Members participate in decision making and typically share in the surplus based on their contribution to the business.