



## EMPLOYEE OWNERSHIP 101

Employee ownership is a business model in which employees collectively own a percentage of the business for which they work.

Two of the main forms are Employee Stock Ownership Plans (ESOPs) and worker cooperatives. In both, employees are given a financial stake in the business. As the business prospers, employees prosper.

By helping main street businesses stay in their home communities, employee ownership can lead to stronger and more equitable local economies.

## Advancing **employee ownership** in Illinois

The Illinois Center for Employee Ownership (ILCEO) serves as the central hub for information and resources regarding transitioning businesses to an employee ownership model.

Through speaking engagements, seminars, and marketing campaigns, ILCEO provides outreach and education on the concept and benefits of employee ownership as a succession planning or business growth tool.

We partner with businesses owners and their advisors, nonprofits, chambers of commerce, local governments and foundations to engage local businesses on employee ownership as a tool for supporting the long-term success of main street businesses.

### ILLINOIS BY THE NUMBERS\*

ILLINOIS  
**283**  
ESOPS

MORE THAN  
**70K**  
PARTICIPANTS

TOTAL  
**\$10B**  
PLAN ASSETS

*\*NCEO's Employee Ownership by the Numbers, 2021*



## Investing in employee ownership

Small businesses are the lifeblood of our economy, making up over 99% of all firms and providing around half of private sector jobs. Locally owned businesses circulate three times more money back into the local economy than absentee-owned firms or corporate chains. And local businesses are based on local relationships, fostering trust and civic engagement.

Employee ownership offers business owners a way to increase employee engagement, a path to a sale and to preserve their legacy, while at the same time deepening the impact of small businesses in our community.

### Employee ownership creates high quality jobs



Median wage income is  
**33% higher**



Median job tenure is  
**53% longer**



Household net worth is  
**92% higher**

*Based on a 2017 study by the National Center for Employee Ownership*

## The Silver Tsunami crisis in Illinois\*

Our state is facing a small business crisis. The huge demographic shift known as the Silver Tsunami can create a catastrophic number of business closures and job losses.

Employee ownership transitions introduce a solution that can retain a meaningful number of these businesses.

ILLINOIS SMALL BUSINESSES

# 121.1K

OWNER OVER THE AGE OF 55

WITH

# \$282B

REVENUE

# 1M

EMPLOYEES

# \$59B

PAYROLL

*\* Project Equity, 2023 Multiplier*

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**ILCEO**  
ILLINOIS CENTER FOR EMPLOYEE OWNERSHIP

## ILLINOIS EMPLOYEE OWNED COMPANIES

IL has 235+ employee owned companies. Below is a sample of companies located throughout the state.

- Iton Steel, Alton, IL
- Amsted Industries, Chicago, IL
- Arista Care, Hoffman Estates, IL
- Beck's, Princeton, IL
- Blue Dog Design, Chicago, IL
- Clune Construction, Chicago, IL
- Gripple, Aurora, IL
- Holden Industries, Deerfield, IL
- IMEG, Rock Island, IL
- Kehe Distributors, Romeoville, IL
- Martin & Bayley, Carmi, IL
- New Era Industries, Chicago, IL
- Prairie Capital Advisors, Oakbrook Terrace, IL
- Ringland-Johnson Construction, Cherry Valley, IL
- SC<sub>2</sub>, Peoria, IL
- Stevens Industries, Teutopolis, IL
- Tampico Beverages, Chicago, IL
- W.E. O'Neil Construction, Chicago, IL

## PUBLIC POLICY & EMPLOYEE OWNERSHIP

Employee ownership is one of the best economic development ideas that most people have never heard of. It creates intergenerational wealth for working individuals, makes companies more competitive, and keeps businesses rooted in their communities.

Below are practical things that can be done legislatively to expand employee ownership and build wealth for Illinois workers. Some states have shown that very modest investments in expanding employee ownership can generate huge economic returns.

- A loan fund to be used to create new or help grow existing employee-owned companies.
- Funding for grants to companies to receive technical assistance in investigating and/or creating an ESOP, worker cooperative, or employee ownership trust.
- Funding for outreach/education on employee ownership by non-profit organizations.
- Funding for an employee ownership office and/or commission in state government.
- Tax credits for setup costs for companies who transfer ownership to their employees.
- Tax incentives for business owners to sell their company to their employees, typically a reduction of capital gains tax.
- Tax deduction for interest received by banks who lend to businesses who transfer ownership to their employees.
- Allowing Minority, Women, or Veteran Business Enterprises to keep their M/W/VBE status after transferring ownership to their employees if certain conditions are met