

## **Turning the Silver Tsunami into a Wealth-Building Wave: Project Equity’s Vision for Employee Ownership and Economic Resilience**

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**Keywords:** Silver Tsunami, employee ownership, economic resilience, business succession planning, local economies, wealth building, retiring Baby Boomers, Project Equity, employee-owned businesses, economic inequality, worker cooperatives, ESOPs, Employee Stock, Ownership Plans, intergenerational wealth, inclusive economy, business legacy preservation

### **Abstract**

With nearly half of U.S. business owners nearing retirement and many lacking succession plans, communities risk losing jobs and wealth as businesses close or are sold to absentee investors. Project Equity sees employee ownership as a transformative solution that turns this crisis into an economic resilience strategy. We guide businesses through ownership transitions, advocate for supportive policies, and foster collaboration to scale employee ownership nationwide. The results—more profitable businesses, increased quality jobs, and wealth-building opportunities for workers—strengthen local economies and address systemic wealth inequities.



**Caption:** *Employee-owners of Proof Bakery in Los Angeles. Photo by Franzi Charen.*  
**Alt text:** *Photo of nine worker-owners standing in front of Proof Bakery in Los Angeles, California*

## **Introduction**

Locally owned businesses are the backbone of vibrant, resilient communities, circulating two to four times more money back into local economies than chains or absentee-owned firms. These businesses foster civic engagement, create stable jobs, and build trust within neighborhoods. Yet, many of these essential local companies face an uncertain future with the Silver Tsunami of retiring baby boomer owners. In fact, nearly half of all business owners in the U.S. are approaching retirement, and many lack a plan for succession. As a result, a significant number of well-established, job-creating companies risk closure or sale to outside investors, which could lead to layoffs, relocation, or even dissolution. This looming shift threatens not only individual businesses but also the health and stability of entire local economies.

The stakes are even higher when considering the widening wealth gap in America. Over recent decades, the richest 1% have accumulated more wealth than the bottom 90% combined, with the nation's wealthiest seeing their fortunes soar while wages for most workers remain stagnant. In a landscape where economic inequality continues to grow, employee ownership offers a unique solution.

By transitioning businesses to employee-owned models, retiring owners have a ready buyer that allows them to preserve their legacy, keep jobs local, and enable their workers to build wealth. Employee ownership transforms the Silver Tsunami from a potential crisis into an opportunity, creating economic resilience by keeping businesses rooted in the communities they serve while providing workers with a genuine stake in the success of the companies they helped build. This ownership model not only keeps wealth circulating locally but also empowers workers to build assets, invest in their futures, and pass down wealth to the next generation.

## **Theory of Change**

Project Equity's theory of change is rooted in the belief that the broad adoption of employee ownership can catalyze significant economic transformation, both for individuals and entire communities. At the individual level, employee ownership gives workers a meaningful stake in their workplace. As employees transition to owners, they gain access to higher wages, profit sharing, and increased benefits, directly improving their income and financial stability. Over time, these gains help build intergenerational wealth as owners accumulate savings and invest in assets like home ownership. This financial security, even for a single family, is transformative, empowering individuals to invest in their children's education, support community programs, and contribute to a more robust local economy.

On a broader scale, employee ownership strengthens businesses by enhancing worker engagement and creating a vested interest in the company's success. Companies with an employee-owned model often report higher productivity and resilience, with workers motivated to innovate and actively participate in decision-making. As these businesses thrive, they remain rooted in their communities rather than facing the disruptions common to mergers and acquisitions. This stability preserves jobs locally, maintains essential services, and keeps wealth circulating within the community. In cities or neighborhoods that face divestment or where

business closures are common, this sense of stability is essential to strengthening local economic foundations.

As more businesses adopt employee ownership, these cumulative benefits begin to chip away at economic inequalities on a larger scale. By addressing the racial wealth gap, pay disparities, and access to ownership, employee ownership becomes a vehicle for systemic change. As local economies grow stronger and more equitable, the larger impact extends to strengthening national economic resilience. Ultimately, Project Equity believes that employee ownership, scaled broadly, has the potential to create a more just economy—one where opportunity, wealth, and security are shared widely rather than concentrated, creating a ripple effect of positive change across generations.

## **Our Approach**

Project Equity's approach to advancing employee ownership is built on guiding businesses, communities, and policymakers in unlocking the potential of this innovative model. We empower business owners by providing expert support at every phase, from initial inquiries to full employee ownership transitions. This means not only helping businesses retain local jobs and strengthen community economies but also working with city and county leaders, economic development agencies, and other organizations to make employee ownership a viable strategy for economic resilience. Our team collaborates with leaders nationwide to advocate for policies that enable employee ownership to flourish, contributing to a more inclusive economy.

Our technical assistance is comprehensive and designed to meet business owners wherever they are in their journey toward employee ownership. Through free consultations, we help owners and their advisors evaluate employee ownership within the context of other succession strategies or as a method to enhance productivity and workforce engagement. We educate them on various ownership models—worker cooperatives, Employee Ownership Trusts (EOT), and Employee Stock Ownership Plans (ESOP)—while providing practical feedback on whether their businesses are well-suited for a transition that meets their goals.

Once an owner is ready to move forward, Project Equity guides them through every step of the transition. Our consultative services start with an assessment phase, where we evaluate the business's financial capacity, leadership continuity, and employee interest in ownership. From there, we assist in structuring the sale transaction and securing financing to enable the transition. Our team collaborates with lenders, attorneys, and other technical advisors to finalize the sale agreement, balancing the needs of the selling owner, the business, and the incoming employee-owners.

The next step is designing the new employee-owned entity. We work closely with key employees, helping them understand their new roles and responsibilities and the governance and profit-sharing frameworks of employee ownership. This process not only educates employees but also empowers them to make informed decisions on structuring their employee ownership model. To formalize these decisions, we coordinate with legal experts to create the foundational

documents—such as operating agreements, bylaws, and trust agreements—that bring the new employee-owned business to life. This tailored, hands-on approach ensures that each business transition is a success for the owner, employees, and community.

Finally, we help businesses line up financing of the sale that creates employee ownership. Securing the right type of financing is essential, yet many companies face challenges such as insufficient collateral to meet bank requirements. Traditional lenders often misunderstand employee ownership, sometimes demanding a personal guarantee from a single employee-owner, which conflicts with the shared ownership model. In addition to helping businesses navigate traditional lending options, Project Equity offers financing directly through our two capital initiatives: [Accelerate Employee Ownership](#) and [Employee Ownership Catalyst Fund](#).

### **Employee Ownership's Impact**

Over the last decade, Project Equity has consistently observed significant economic and cultural benefits following employee ownership transitions in the 100+ businesses we've supported. Both quantitative metrics and qualitative insights reflect the transformative power of employee ownership to strengthen worker security, increase wages, and bolster overall job satisfaction. Data gathered from our partners reveals that employee-owned businesses regularly outpace their traditionally-owned peers in productivity and resilience, particularly in challenging economic environments.

For instance, companies that transitioned with our assistance report that their employees now earn, on average, 20% more than they did pre-transition. This is exemplified by Happy Earth Cleaning in Minneapolis, where wages rose by over 30%, providing meaningful financial support in an industry where employees typically earn lower wages. Another example is A Slice of New York Pizza in the Bay Area, where employee pay has increased by 33% since its transition, demonstrating the potential of employee ownership to drive economic mobility even within lower-paying sectors. Beyond immediate wage growth, employee-owners benefit from profit-sharing, or patronage, which enables them to accumulate wealth over time. Clients like Proof Bakery, Niles Pie Company, and A Slice of New York Pizza have collectively distributed hundreds of thousands of dollars in patronage, allowing worker-owners to share in the success they help create.

Further enriching the lives of employee-owners, many of these businesses now provide benefits uncommon in their respective industries, such as health insurance, paid leave, and retirement plans. For instance, Happy Earth Cleaning reinstated a SIMPLE IRA program and added dental and life insurance for all employees, while Proof Bakery launched a 401(k) plan with a company match for worker-owners. These advancements underscore the holistic improvements in financial security and job quality achieved through employee ownership.

## **Achieving Scale**

The pathway to unleashing the power of employee ownership on a national scale requires a unified approach. We've learned that success lies in both depth and breadth—providing direct support to transitioning businesses while building a robust ecosystem that brings together diverse partners. For organizations committed to advancing employee ownership, it's essential to create entry points for various stakeholders to play a role. Technical assistance providers, employee ownership associations, and like-minded advocates can join [EO Equals](#), the national brand campaign for employee ownership, helping amplify its visibility as a powerful tool for business owners, their employees, and their communities.

Funders, too, have a crucial part to play. By directing resources toward employee ownership initiatives, foundations, and impact, investors can accelerate this work, providing critical funding to build capacity and reach. Lenders can offer targeted capital to facilitate ownership transitions, while business advisors, with proper training, can introduce employee ownership as a viable solution for their clients. Project Equity offers such [training to help advisors](#) expand their toolkit, equipping them to guide clients in ways that build both business longevity and community wealth.

Achieving scale in the employee ownership movement requires a shared commitment to systemic change, and by joining forces, we can create a more just and inclusive economy. Together, we can elevate employee ownership to the forefront of business succession conversations, turning it into a well-known, actionable strategy. For those of us already engaged and for those who will join in, this collective vision represents a real opportunity to build economic equity and strengthen communities for generations to come.