

Project Equity Data Shows 45% of Bay Area Privately-Held Businesses Owned by Retiring Boomers

New insights foster opportunities for employee-owned businesses

OAKLAND, Calif., Feb. 20, 2017 – Project Equity, a nonprofit that fosters local economic resiliency, today released a new data presentation that demonstrates where businesses owned by baby boomers are likely to close or transfer hands in the next 5-20 years, and the industries most impacted. This is their first release of this data, which shows where changeovers of local businesses are likely to occur within the San Francisco Bay Area metro region—a good indicator for the opportunity to transition them into employee-owned companies.

“A very small percent (less than 15%) will be passed on to family members, others will be sold to a local buyer, still others to someone outside the local community,” said Alison Lingane, co-founder, Project Equity. “However, some of these businesses will just quietly close down and go away. Nationally, one-third of business owners over fifty reports having a hard time finding a buyer. And those that are bought out by a larger company or out of area buyer will further concentrate ownership and wealth. We have the opportunity to keep these businesses locally owned and rooted for the long term by transitioning some of them to broad-based employee ownership.” Small businesses provide 49% of all jobs in the Bay Area, so this ownership changeover risks not only the loss of local business ownership, but also job loss, and local business tax base. “Employee ownership is one of the best ways to keep thriving businesses alive into the next generation.”

The data presentation aims to make the business ownership changeover tactile showing 63,600 privately-held businesses with employees—45% of the total—spread across the SF Bay Area metro region and segmented by industry and the nine Bay Area counties (Sonoma, Marin, Napa, Solano, Contra Costa, Alameda, San Mateo, Santa Clara). The data presentation also shows 625,900 employees, and \$149.5B in total sales and \$36.62B in payroll of these companies, to help paint the picture of the true impact of potential business closure or consolidation. The data are drawn from the U.S. Census 2012 Survey of Small Business Owners.

“Sustaining quality jobs is critical to allow people to afford to live in the Bay Area and support their families,” said Annie Campbell Washington, Vice Mayor at the City of Oakland. Campbell Washington is authoring legislation to support employee ownership and address the boomer retirement wave. “When businesses stay in operation and offer employees the option to become owners, it strengthens our local economy, provides quality jobs and increases opportunity.”

Project Equity is helping several business owners who are in the final stages of transitioning their businesses to employee ownership. Kirk Vartan and Marguerite Lee are owners of A Slice of New York pizzeria, in business for 10 years with locations in San Jose and Sunnyvale. They are converting their award-winning 33-employee business to a worker coop. Vartan was recently presented a Local Hero Award by state Senator Wieckowski that lauded his employee ownership conversion.

“Our business and employees mean everything to us and we didn’t want it to end when we when we retire in the future,” said Marguerite Lee.

“Converting to a coop was the best imaginable solution to continue our business legacy... and for our customers, the community, and most importantly, our employees who are soon to be owners.”

About Project Equity: Project Equity is a nonprofit organization based in Oakland, California dedicated to expanding broad-based employee ownership—especially for low-wage workers—to strengthen our local economies. Project Equity envisions a future where business decisions are made through a lens of what is good for employees and communities, leading to businesses that are more successful, communities that are more resilient, and workers who have stable jobs and economic security.

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