



## **Adirondack North Country Center for Businesses in Transition: Providing Tools, Resources, and Matchmaking for Transferring Ownership**

### **Brief Description**

ANCA and a regional network of public, private & nonprofit partners will establish the Adirondack North Country Center for Businesses in Transition: Providing the soft infrastructure to supply matchmaking, resources & services for transferring business ownership. It will reach 4,800+ businesses and retain ~1440 jobs over 3 years.

### **Overall Purpose and Goal**

More than 10,000 businesses in the Adirondack North Country are owned by Baby Boomers looking to retire over the next several years in the so-called “silver tsunami.” Without a transition plan in place, many of these businesses are in danger of closing, depriving their communities of employers as well as the vibrancy that helps our towns & villages thrive.

It is more than likely that most of these business owners do not have a transition plan. Nationally, while more than 1/2 of small business owners expect to retire in the next 10 years, fewer than 15% have an exit plan in place - despite the fact that 78% of small business owners intend to sell their businesses to fund retirement.

Those looking to create a plan, retire or transfer ownership have difficulty:

- Finding suitable successors
- Accessing capital
- Navigating available resources

Many businesses are unfamiliar with solutions such as employee ownership, particularly in the form of worker cooperatives. Worker Cooperatives provide a means through which a business may be transferred to individuals who are already invested in its success, keeping the business and jobs local.

Extensive outreach within ANCA’s region shows that Chambers of Commerce, SBDCs, Colleges/Universities, economic developers and financial institutions have resources to assist business owners with certain aspects of business transition, but lack the capacity to:

- Meet the wide range of needs of business owners have when looking to retire
- Highlight the crucial importance of early succession planning
- Stay current with the range of options available to retiring owners such as employee ownership
- Develop a pipeline of entrepreneurs looking to purchase existing businesses

ANCA & a network of public, private & nonprofit partners will establish the North Country Center for Businesses in Transition. No comprehensive program currently exists in our region to provide infrastructure & fill these gaps.

Although ANCA will call it a Center, it won’t be housed in one location. The Center will be staffed with a full-time coordinator at the central office & 3 part-time outreach liaisons throughout the region dedicated to increasing the number of successful transitions in 3 areas; businesses looking to sell on the open market, intergenerational family transitions & conversions to employee ownership.

Adirondack North Country Association  
67 Main Street, Suite 201  
Saranac Lake, NY 12983  
518.891.6200, [anca@adirondack.org](mailto:anca@adirondack.org)

*The Adirondack North Country Association (ANCA) is an independent not-for-profit organization working to strengthen key sectors of the economy in the Adirondack North Country.*



## Counties Benefitted

The Adirondack North Country Region consisting of Clinton, Essex, Franklin, Fulton, Hamilton, Herkimer, Jefferson, Lewis, Oneida, Oswego, Saratoga, St. Lawrence, Warren, and Washington counties.

## Economic Impact

The staff will be on the road, using technology & collaborating with other organizations to bring assistance to communities across northern NY. Three part-time community outreach liaisons, selected through a search process and chosen for their understanding of area business, will share coworking space with chambers & economic development agencies throughout the region, ensuring the sharing of resources, information & objectives.

The Center will **retain jobs** by employing a “boots on the ground” approach modeled after the success of 5 similar positions in other ANCA programs. The Center will work with 240 businesses over the course of the next 3 years, thus retaining approximately 1440 jobs & preserving millions of dollars in wages. The Center will prepare a transition strategy guidance document for each enterprise.

The Center has the potential to retain thousands more jobs after the funding period is complete as each economic development organization will be provided toolkits & workforce training to offer succession guidance themselves.

The initiative is expected to dramatically reduce **regional outmigration rates**. A recent economic analysis conducted by the Center for Rural Entrepreneurship & coordinated by ANCA confirmed that this should be a top priority for our region. Therefore, these efforts will target, attract & nurture younger entrepreneurs, employees & residents to purchase businesses.

For those businesses transitioning to an employee ownership model, the results are likely to be far broader, with the potential to **raise per capita income & lower poverty** in the region. NY Sen. Kirsten Gillibrand recently announced her Main Street Employee Ownership Act at ANCA’s central office, highlighting these benefits succinctly & underscoring a growing awareness & regional interest in employee ownership:

### **Employee ownership strengthens companies.**

Transition to employee ownership increases sales & employment by more than 2% & increases productivity by 4 to 5% the year the business becomes employee owned

### **Employee ownership rewards workers.**

Workers in employee-owned companies are paid 5 to 12% more, have 2.2 times more in retirement savings, & have greater job stability

### **Employee ownership prevents layoffs & creates locally-rooted jobs.**

Workers in employee-owned companies are one-fourth as likely to be laid off, & employee-owned companies are less likely to go bankrupt & tend to stay in business longer

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