Co–operative Successions & Conversions for Retiring Business Owners

Co–operating to Build a Better Nova Scotia
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Business Succession: The need...

- Increasing number of business owners heading for retirement
  - 27% of owners of family businesses with sales > $1m will retire in next 5 years
  - 56% in next 10 years, 78% in next 15 years

- Over two million jobs at risk in Canada due to succession / conversion (source CFIB)
Rural Communities

- Rural communities dependent on private multi-faceted businesses

- Greatest impact on rural areas:
  - growing decline in rural service provision,
  - structural unemployment and out migration

- Vulnerable to business closing due to focus on profit opportunities, lack or succession options
...and the opportunity

- Increased understanding of role of small businesses in maintaining community social capital
- Workers and other stakeholders interested in maintaining livelihood and taking ownership stake
- More resources being devoted to maintaining and creating new economic opportunities in rural communities
Co-op Conversions

- Private business owner sells the business to a new or existing co-operative made up of a group of stakeholders
  - Employees (worker co-op)
  - Vendors/sellers (producer co-op)
  - Clients/customers (consumer co-op)
  - Community owned (multi-stakeholder)
Co-op Examples

- Acadia Cinema Co-op
- The Greenhouse Co-op
- Careforce Home Care Worker Co-op
Key Issues

- Succession Options
- Business Owner
- Business Issues
- Other Stakeholders
- Timing
- Technical Considerations and Professional Services
- Succession Process
Key Success Factors

- Trained developers and resources
  - Trained facilitator to shepherd the process
- Promoting and understanding of the co-op model
- Adequate time, money and energy allocated to conversion process

- Engaged stakeholders to lead process
  - Take on leadership role in co-op
  - Willing owner
- Good communication between owner/co-op
  - Effective transfer of assets and knowledge
  - During and after transition
Issues and Barriers: Support and Capitalization

- Post-conversion support requires resources:
  - Additional training
  - Board governance understanding
  - Relationship with owner (knowledge transfer)
  - Financial & Legal advice

- Access to capital for co-ops generally
Issues and Barriers Identification and Promotion

- Identification of succession opportunities early enough in process is challenging

- Promotion of the model to small business owners
  - Target co-op networks and federations and service organizations (Rotary, Chambers, etc.)