community development partnership

Creating opportunities for people to live, work, and thrive on the Lower and Outer Cape

October is Employee Ownership Month

It's a time to spotlight how employee ownership strengthens businesses, empowers workers, and builds more resilient communities—particularly through models like Employee Stock Ownership Plans (ESOPs) and Worker Cooperatives.

Employee ownership is a powerful, proven strategy for preserving local businesses and jobs while creating wealth-building opportunities for employees—especially those who are often left behind in traditional business models. Research shows that employee-owned businesses are not only more productive and profitable, but they also tend to create more jobs during economic growth and retain more workers during downturns.

Pam Andersen, Director of Business & Credit Programs and Tricia Murray, Director of Communications, spent the last nine months learning about employee ownership options as part of a nine-month fellowship offered by the Northeast Transition Initiative (NETI).

NETI is a collaborative partnership of organizations and lenders with deep expertise in exit planning and ownership transitions. Its fellowship program is designed to train small business service providers—like the CDP—to help small businesses prepare for successful ownership transitions.

Why is this important? The "**Silver Tsunami" threatens business, jobs, and growth.** More than 200,000 small businesses throughout New England and New York State have owners who are looking to retire or transition within the next few years. Only 17% of those owners have a succession plan. A wave of aging baby boomer business owners are looking to transition but don't understand the process or their options and don't know where to turn for help, posing a great threat to business, job preservation, and growth in our communities.

Did you know that Cape Air is an ESOP?

CDP Board Member and Founder of Cape Air, Dan Wolf recently sat down with Pam and Tricia to briefly share his experience in converting to an Employee Stock Option Plan (ESOP). We are excited that Dan will share his expertise as a panelist during our Exit Strategy workshops this winter.

Cape Air's first flight between Provincetown and Boston in October of 1989 marked the launch of what would become one of the largest independent regional airlines in the United States, carrying passengers to destinations around the world including New England, New York, the Caribbean, the Midwest, Montana, and Micronesia. From a one-plane operation 1989 to an employee-owned global organization in 2025, Cape Air has literally flown to new heights.

Early on, Cape Air made a commitment to do things right. Doing things right also meant giving back—in its purest sense, turning employees into company stakeholders. In 1996, seven years after it was founded, the airline launched its ESOP, transforming Cape Air into an employee-owned organization. It's a move that has served both business and employees well, allowing workers to gain financially as the airline grows, while also feeling vested in their careers, nurturing the organization, and each other.

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One of the premises behind the NETI fellowship is that organizations that provide services to business owners have great expertise in growing businesses but are not always equipped to answer questions or help those looking for ways to exit a business. Through the fellowship, which consisted of a two-day conference in Manchester, NH, course work, and monthly meetings, Pam and Tricia learned these critical skills.

Exit planning and employee ownership are consistent with the CDP's mission of building a diverse year-round community of people who can live, work, and thrive on the Lower and Outer Cape. Working with business owners on their exit plans (or options), the CDP can work to preserve jobs and businesses, increase wealth-building opportunities for employees, and ensure a more prosperous economy across the Lower and Outer Cape. The CDP will offer two workshops this winter on Exit Strategy considerations for business owners.

Dan shared that unlike many organizations who consider transitioning to employee-ownership as part of an exit strategy, Cape Air chose to create an ESOP to enforce corporate culture. The founders saw the ESOP to "further empower" its employees, while "sharing responsibility and reward."

Cape Air is a "minority ESOP", and at its inception the ESOP owned 30% of the corporate stock. Over the years, the percentage owned by the ESOP has fluctuated as employees have departed the company and others have taken advantage of diversity opportunities offered by the company. The remainder of stock is held by investors. The Cape Air ESOP stock is held in the employee's KSOP (combined entity of 401K and ESOP).

Learn more from Dan Wolf about Cape Air's transition to employee ownership—plus key takeaways for all business owners—at our upcoming Exit Planning workshops. To join the workshop mailing list, email **Pam Andersen** at pam@capecdp.org.

ESOP vs. Worker Cooperative – What's the Difference?

Feature	ESOP	Workers Cooperative
Ownership	Employees own shares via a trust	Workers directly own the business
Decision-Making	Controlled by executives or board	Democratic – one worker, one vote
How Ownership Is Gained	Shares granted over time	Workers buy in or earn ownership
Profit Sharing	Based on share value and retirement payout	Shared among workers based on contribution or equally
Purpose	Retirement benefit, employee motivation	Workplace democracy, shared success
Typical Size	Medium to large companies	Small to medium businesses