Expanded Edition · 2026

Common Trust

The Employee Ownership Trust (EOT) Playbook

Your guide to evaluating and transitioning to an EOT — what it is, how it works, and how to prepare.

The Employee Ownership Trust (EOT) Playbook

2026 Edition

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Common Trust

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A Message from Our CEO:

The Future of Ownership

Making employee ownership the default exit by 2035, together.

Every ownership transition starts with a decision: ***what matters most?***

For many, the answer goes beyond price. Of course you want a fair value, but you're also protecting a team you've built, the customers who rely on you, and a company that serves your community. After years, often decades, of building something meaningful, most owners want to know that what they created will live on. Employee ownership is a way to honor all of that and share the rewards more broadly.

We believe employee ownership can, and should, become the most common exit for small businesses in the U.S. by 2035. It's a proven path that keeps companies independent, rewards employees, and delivers durable performance. More states are introducing incentives for employee-owned companies, signaling that this model is moving from niche to norm.

We can get there by **building a bridge between employee ownership as a succession strategy and employee ownership as an operating model**. After the transition, the real work begins: aligning your legal structure, incentives, and culture so that performance and employee ownership reinforce one another. When leaders share what works (and how they're adapting), momentum compounds.

This book is one step on that path. With a practical EOT primer, case studies from across industries, candid lessons from operators, and a concise FAQ, this guide is designed to be of, by, and for employee ownership operators, helping you clarify options, align stakeholders, and plan next steps.

If you're already operating as an employee-owned company, we hope you see your progress reflected here — and find a few new ideas worth testing. If you're exploring the model, I hope these pages make it easier to see how an EOT can fit your goals, your people, and your timeline.

Zoe Schlag
CEO, Common Trust

Introduction:

From Exit to Employee Ownership

A better approach to succession: fair exits for owners, broad-based rewards for teams, and independence that endures.

The best transitions do more than cash you out — they protect what you built and who built it with you. A strong plan shares value with your team, preserves what matters, and sets the company up for long-term success.

Most owners are familiar with traditional exit plans: sell to a strategic buyer, bring in private equity, or hand over the reins to a stranger who bid on your business. Those paths can offer a quick way to cash out and not look back. However, they also introduce trade-offs: less influence over direction, culture shifts, reorganizations that may include layoffs, or changes in product and service quality that ripple to customers.

Thousands of companies across the U.S. have already chosen a different path: *employee ownership*.

Structures like Employee Ownership Trusts (EOTs), Employee Stock Ownership Plans (ESOPs), direct share programs, and worker cooperatives (co-ops) all give employees a real stake in the company — but the EOT is rapidly gaining momentum as one of the most straightforward and flexible options for owners who want broad-based participation and companies that aim to remain independent after a transition.

Once the ink is dry, the work shifts from employee ownership as a succession strategy to employee ownership as an operating model: ensuring your team understands what employee ownership means at your company, managing profit-sharing so it's simple, transparent, and motivating, setting a clear and manageable cadence between the trust, the CEO, and the board, and building communications that keep ownership visible in day-to-day operations.

Use this book as your guide to chart what's next:

- **Look ahead** with a message from our CEO on where this movement is headed and how you can participate.
- **Ground your conversations** with the EOT primer and FAQs — useful pages for your leadership teams, boards, and advisors.
- **Scan the case studies** to see why owners chose an EOT (or a mission-anchored Perpetual Purpose Trust), how the deal was financed, and what changed after the transition.
- **Borrow what works from trailblazers** to pressure-test profit-sharing, governance, and communications.

These choices don't just shape companies; they become a core pillar for enduring growth, ultimately expanding your business, increasing wages and bonuses for employees, and strengthening reinvestment in your community.

If you're weighing paths, start with the EOT primer on the next page (what it is, how it works, and who it tends to fit). Then see how real companies put it to work.

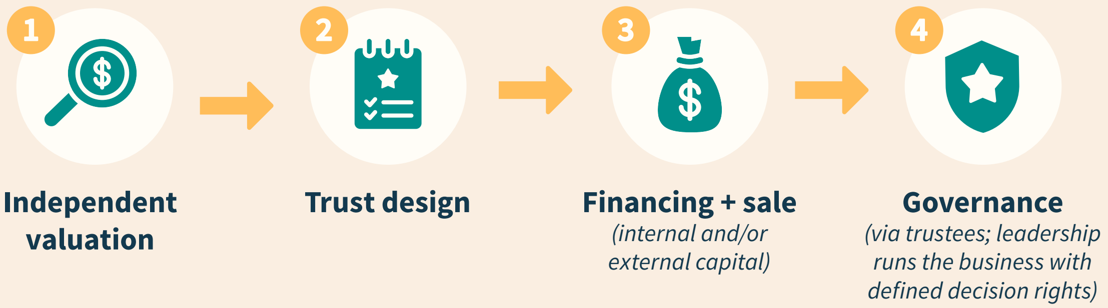
Quick Primer:
Employee Ownership Trusts (EOTs)

A flexible, trust-based model that makes employee ownership real — for your goals, your people, and your timeline.

An **Employee Ownership Trust** is a purpose-driven trust that acquires and **holds company ownership for the benefit of employees**. Instead of individuals holding stock, the trust owns the company on the team's behalf, guided by a legal purpose focused on long-term continuity, employee benefits, and mission.

EOTs are customizable by design, with no employee buy-in required, and they operate under trust law (not ERISA). Owners can tailor profit-sharing arrangements, trustee roles, and governance cadences to fit their operating style. When desired, EOTs can be paired with a traditional management incentive plan for key managers to ensure market-competitive compensation packages.

How an EOT works (at a glance)



For owners, an EOT offers a fair, flexible exit with control over timing and post-sale role, plus guardrails to keep the company independent and values-aligned long term.

For employees, ownership benefits come without personal financial risk. Teams most often participate through simple, motivating profit-sharing tied to performance, and gain a clearer voice through defined representation and transparent communication.

For the business, the structure offers a long-term ownership solution, supports continuity of leadership with trustee oversight of purpose, strengthens engagement and retention, and adds resilience through market cycles.

Key features of an EOT

- **No employee investment** — employees don't buy shares
- **4–8 months to implement** — typical transaction timeline
- **Long-term ownership; no repurchase obligation** — the trust retains ownership when employees depart
- **Profit-sharing aligns incentives** — regular, formula-based distributions that fit companies with or without a traditional retirement culture
- **Flexible sale & financing** — minority, phased, or 100% sale; debt, equity, or seller note
- **Purpose embedded in the trust** — protects independence and keeps the company values-aligned
- **Employee voice & clear decision rights** — trustee, board, and leadership roles are clearly structured
- **Simple, scalable operations** — works for 10 employees to tens of thousands; multi-entity and global-ready

Putting design into practice

Turn the page to see what EOT companies look like in practice: structure design, financing approaches, and what leaders have learned along the way.

Case Study: Guidon

Preserving Independence in a Consolidating Market

Company: Guidon
Founded: 2011
Ownership: Employee Ownership Trust (EOT)
Transaction Date: November 2025

Industry: Architecture + engineering (A/E)
Headquarters: Indianapolis, IN
Structure: Phased trust acquisition
Employee Owners: 90

Rooted in service and people, Guidon chose employee ownership to protect its independence and share long-term success.

Guidon was built to be a place where people can do meaningful work and feel confident about the firm's direction. Founder Luke Leising, a former U.S. Army Combat Engineer Officer and service-connected disabled veteran, grounded the firm in three pillars: legacy and longevity, shared accountability, and steady leadership.

As consolidation accelerated across the A/E industry, leadership faced a defining question: how could they protect independence *and* ensure long-term success was shared beyond a small ownership group?

Why they chose an EOT: To safeguard independence in a consolidating market, reinforce cultural pillars, and support long-term value sharing — without disrupting day-to-day leadership or operations.

> **What excites me isn't tomorrow — it's a year or two down the road, when the flywheel starts turning and *employees share in the company's success without personal risk.*"**
>
> *— Luke Leising, Founder, Guidon*

Options considered (and why they passed)

Acquisition or external sale: Although financially compelling in the short term, the risk of being absorbed into a larger organization directly conflicted with Guidon's commitment to independence, continuity, and culture. As Luke noted, an external sale "*didn't check hardly any boxes*."

ESOP: A full ESOP feasibility study showed meaningful advantages, but governance dynamics, benefit timing, and administrative complexity didn't align with how the firm wanted to lead or operate.

What made an EOT the right fit

- **Independence protection**, keeping Guidon autonomous in a consolidating architecture and engineering industry
- **Cultural continuity** that formalizes shared accountability, transparency, and steady leadership
- **A clear, sustainable succession plan** to support leadership continuity and future planning
- **Financial participation** tied to shared values and behaviors, without individual buy-in
- **A legacy-first path** prioritizing long-term resilience and stewardship over the highest price

After the transition

With the transition complete, Guidon became the first company in Indiana operating as an Employee Ownership Trust — a milestone that reflects its long-term commitments while keeping day-to-day operations steady. Leadership roles and client delivery remain unchanged. *What has changed is clarity*: a defined ownership path, aligned financial participation, and a durable plan for the future as employees become beneficiaries of the trust.

Field notes for leaders

1. **Name your non-negotiables early** — and align on what matters most
2. **Use feasibility studies** to compare options objectively and surface real trade-offs
3. **Broaden participation without adding barriers** like personal buy-in or financial exposure
4. **Protect what makes your company distinct** — ownership should strengthen identity, not dilute it
5. **Design for continuity by layering ownership** into existing leadership and governance

Case Study: The Ready

Turning Operating Principles into Ownership

Company: The Ready

Founded: 2015

Ownership: Employee Ownership Trust (EOT)

Transaction Date: February 2025

Industry: Consultancy services

Headquarters: Distributed team across U.S.

Structure: Trust holds majority stake

Employee Owners: 25

A self-managing consultancy that turned its operating principles into shared ownership.

As The Ready evolved, the next generation of leaders already running the business recognized that their way of working — distributed, transparent, and self-managing — was part of the company's DNA and needed an ownership model to match.

Why they chose an EOT: To formalize their culture of shared responsibility, ensure inclusive participation, and maintain independence without adding administrative complexity.

> "***It barely feels like a change — and that's the point.*** **The decision's made, the work's done, and everyone can focus on doing their best work."**
>
> *— Rodney Evans, Partner, The Ready*

Financing: The Ready funded its EOT through a mix of cash reserves and a seller note, with no external financing, balancing the founder's exit goals with the company's desire to begin profit-sharing quickly.

Options considered (and why they passed)

ESOP: Offered strong tax advantages and a proven framework, but the ongoing compliance and valuation requirements were disproportionate for a 25-person firm.

Direct employee ownership: Expanding the cap table to give individual employees shares would have created equity-management complexity and tax issues for departing employees — misaligned with the company's philosophy that ownership should exist only while employed.

Third-party sale: Provided potential liquidity but risked cultural shifts and loss of independence.

What made an EOT the right fit

- **Cultural alignment** rooted in shared stewardship
- **Flexible, minimum-viable structure** designed to evolve
- **Inclusive participation** with no employee buy-in required
- **Defined governance roles** for accountability and continuity
- **Purpose-driven ownership** aligned with its public-benefit mission

After the transition

By early 2025, The Ready became employee-owned through its EOT. Day-to-day operations continued seamlessly — but now ownership reflected how the company already worked.

Field notes for leaders

1. **Start with alignment** between exiting and continuing leaders
2. **Include employees early and often** to build trust and understanding
3. **Design for adaptability** so future leaders can evolve the model
4. **Keep it simple** — sustainable structures outperform complex ones
5. **Lead with purpose** — the right ownership model should strengthen, not shift, your culture

Case Study: Text-Em-All

Becoming the First EOT SaaS Company in the U.S.

Company: Text-Em-All
Founded: 2005
Ownership: Employee Ownership Trust (EOT)
Transaction Date: October 2023

Industry: SaaS (mass messaging)
Headquarters: Frisco, TX
Structure: Trust holds 100% of shares
Employee Owners: 43

Text-Em-All was built to be a different kind of tech company — one that prioritizes people, purpose, and independence over acquisition.

As founders Brad Herrmann and Hai Nguyen mapped Text-Em-All's future in a consolidation-prone market, they wanted a succession path that kept the company independent and customer-focused, protected its culture, and gave every team member a fair, inclusive stake in ownership.

Why they chose an EOT: Protect culture and independence, broaden participation, and design ownership on their own terms.

> **"One of the challenges with the other models is that they feel like they are trying to fit us into this box that we might not fit into... *having a custom solution built for our particular goals and needs was really valuable.*"**
>
> *— Hai Nguyen, Head of Product & Co-Founder, Text-Em-All*

Options considered (and why they passed)

Direct ownership: Offered alignment and clarity; however, participation would have been capped at 200 shareholders, and risked excluding some teammates (e.g., those with H1B visas), potentially leading to tax complications for employees.

ESOP: Well-established and tax-advantaged model; however, it risked creating 'haves and have-nots' dynamics, required ongoing ERISA compliance and Department of Labor oversight, annual valuations and repurchase obligations, recurring administrative costs, and tied most rewards to departure rather than active participation.

What made an EOT the right fit

- **Financial flexibility** for a fair founder exit
- **Inclusive profit-sharing** so all employees participate
- **Governance guardrails** via trustees to protect mission and values
- **Customizable design** that can adapt as the business grows
- **Clear, simple ownership** that fits day-to-day culture

After the transition

In October 2023, Text-Em-All became 100% employee-owned through its EOT — the first SaaS company in the U.S. to do so. Trustees steward the mission and oversee leadership; the founders continue to hold key roles. All employees share in success through a robust profit-sharing program.

Field notes for leaders

1. **Start early** so you can explore options and plan thoughtfully to avoid rushed decisions
2. **Lead with purpose** — name what you're protecting and design around it
3. **Favor inclusive rewards** that show up in the paycheck, not just on paper
4. **Avoid one-size-fits-all** — tailor the structure to your goals
5. **Plan long-term** — aim for continuity across governance cadence, capital planning, and communications

Case Study: Cypress Valley Meat Co.

Building Employee Ownership in an Essential Industry

Company: Cypress Valley Meat Company

Founded: 2010

Ownership: Employee Ownership Trust (EOT)

Transaction Date: July 2025

Industry: Food & beverage services

Headquarters: Vilonia, AR

Structure: C-Corp with LLC subsidiaries

Employee Owners: 130 - 160 (seasonal)

As an essential industry leader, Cypress Valley wanted to carry forward a people-first legacy.

Cypress Valley Meat Company was built on a simple belief: the people doing the hard, hands-on work deserve a real stake in the success they help create. After founder Andy Shaw's passing in 2021, leadership needed a succession path that honored his legacy while supporting the realities of a physically demanding, margin-tight industry with high turnover.

Why they chose an EOT: To preserve Cypress Valley's people-first culture, deliver meaningful employee benefits, and adopt an ownership model suited to a multi-location, equipment-intensive operation.

> **Because our margins are small, we needed a structure that was both flexible and meaningful for employees. *The EOT lets our team participate* while they're here — *without future repurchase obligations.***
>
> *— Ben Wihebrink, CFO, Cypress Valley Meat Company*

Financing: Cypress Valley funded its EOT with seller notes and redemption agreements, achieving predictable cash flow while keeping operations running smoothly.

Options considered (and why they passed)

ESOP: Offered meaningful tax advantages and a proven structure; however, ongoing valuation and repurchase obligations would introduce cash demands that could be difficult to predict in a margin-tight, equipment-heavy business with multiple facilities.

Other shared-ownership models: Familiar frameworks like worker and agricultural cooperatives delivered strong participation in theory; however, they did not align cleanly with Cypress Valley's corporate structure, capital needs, or goal of broad participation without requiring employees to make a financial contribution.

What made an EOT the right fit

- **A values-driven ownership** anchored in shared success and transparency
- **Financial resilience** through predictable, forward-looking cash planning
- **Flexible structure suited** to a multi-entity holding company
- **Inclusive participation** building on existing profit-sharing programs
- **Clear governance** with balanced employee, family, and independent representation

After the Transition

After becoming employee-owned in July 2025, Cypress Valley's operations continued seamlessly, while employees gained clearer visibility into how performance connects to shared rewards. Expanded profit-sharing and long-standing practices like open-book financials and town halls deepen an ownership mindset across the company.

Field notes for leaders

1. **Design ownership to fit** day-to-day operations
2. **Prioritize simple**, understandable structures
3. **Use transparency** to link performance and ownership
4. **Reinforce practices** that already work
5. **Make ownership tangible** with early shared wins

Case Study: Clegg Auto

Driving Record Growth with Employee Ownership

Company: Clegg Auto
Founded: 1998
Ownership: Employee Ownership Trust (EOT)
Transaction Date: August 2022

Industry: Auto repair (4 shops)
Headquarters: Provo area, UT
Structure: EOT-owned holding-company with shop subsidiaries
Employee Owners: 55

Grounded in family and community, Clegg Auto tied rewards to performance and ensured a fair founder exit.

CEO Kevin Clegg set out to unite four shops under one roof, link rewards to performance, and finance a fair founder exit — without losing the trusted culture customers count on.

Why they chose an EOT: To create permanent employee ownership, share profits in ways that drive operational performance, and provide a fair exit for the founder.

> **“The idea of being employee-owned was intriguing… *Instead of using it as an exit strategy, let’s use it to engage our employees…* We effectively transitioned sooner than anticipated — just as the operating model.”**
>
> *— Kevin Clegg, CEO, Clegg Auto*

Financing: Clegg Auto combined a direct loan (provided by Common Trust’s capital arm and a private lender) alongside seller financing.

Options considered (and why they passed)

ESOP: Established, tax-advantaged framework; however, it didn't align with the goal of simplicity and profit-sharing tied to active performance (vs. account balances).

Worker co-op: Strong ownership culture; however, it was less suited to a multi-site holding-company structure and to keeping rewards tightly tied to shop- and company-level performance over time.

What made an EOT the right fit

- **Permanent** employee ownership by design
- **Shop-level and company-wide incentives** via a holding-company structure
- **Aligned financing** to support a fair exit and business stability
- **Clear profit-sharing** that increased take-home pay as performance improved

After the Transition

Just one year after becoming employee-owned, Clegg Auto celebrated its best quarter on record: profits more than doubled; profit-sharing lifted average employee compensation by around 15%; and customer and employee satisfaction reached all-time highs.

> "*Ownership unleashes the care factor* — **when people care more, every bit of what you do gets better.**"
>
> *— Kevin Clegg, CEO, Clegg Auto*

Field notes for leaders

1. **Tailor incentives** at both the unit (shop) and company levels
2. **Leverage external debt** to provide cash on close to sellers who need upfront liquidity
3. **Keep profit-sharing simple** with clear guidelines
4. **Invest in ownership education** so performance and incentives connect to daily work
5. **Protect continuity** by defining leadership roles post-close

Case Study: CodeWeavers

Safeguarding Open-Source Values with an EOT

Company: CodeWeavers
Founded: 1996
Ownership: Employee Ownership Trust (EOT)
Transaction Date: April 2023
Industry: Open-source software
Headquarters: Minneapolis, MN (distributed team)
Structure: Phased trust acquisition
Employee Owners: 45

Open-source from the start, CodeWeavers chose an ownership path that preserves that ethos over the long run.

With founder Jeremy White preparing to step back, CodeWeavers needed an ownership path that would keep its open-source commitments durable, work cleanly across borders, and preserve independence during a phased transition — while keeping governance simple and talent engaged across a global team.

Why they chose an EOT: Support a phased founder exit while protecting open-source values, empowering a global team, and maintaining independence.

> **"I wanted something that would preserve the company — preserve the company culture. In the end, the *Employee Ownership Trust offered a level of flexibility* and intentionality that made it the right solution."**
>
> *— Jeremy White, Founder, CodeWeavers*

Options considered (and why they passed)

ESOP: Well-known and tax-advantaged path with gradual transfer; however, cross-border complexity plus ERISA oversight, annual valuations, and repurchase obligations would have added administrative load.

Worker co-op: Aligns ownership and voice; however, membership mechanics and the scale/distributed team made it a poor fit.

What made an EOT the right fit

- **Flexible, phased exit** by 2030 for founder and minority shareholders
- **Inclusive across an international team** without added compliance complexity
- **Purpose embedded in the trust** to uphold open-source values
- **Employee voice** via an elected stewardship committee
- **Profit-sharing tied to performance** to reinforce an ownership mindset

After the transition

Since April 2023, the trust has been acquiring shares on a seven-year schedule, aiming for 100% employee ownership by 2030. Founder Jeremy White remained involved during the transition (board and trust committee). Employees participate through profit-sharing, and an elected committee gives staff a defined voice in governance — supporting continuity while staying true to its open-source roots.

Field notes for leaders

1. **Use a phased schedule** to balance progressive liquidity, stability, and employee benefit-sharing
2. **Design employee voice** (committee scope, cadence) without over-engineering
3. **Align incentives** with a clear, simple profit-sharing formula
4. **Name the purpose** in trust documents to protect core principles
5. **Plan globally** — eligibility, payroll/tax handling, and communications

Insights on Employee Ownership:

Lessons from Trailblazers

Real companies. Real adjustments. These insights come straight from our Owners Session series and roundtables — short, practical, and actionable.

Start earlier than you think — and be intentional about the pace.

“***Starting that process early* — and being very intentional about it — gave us the time to prepare leadership, communicate clearly, and *make decisions without feeling rushed or reactive.***” *— Rachel Medina, CEO, LiveOak Living Community*

In practice: A longer runway widens your choices. Financing options, leadership development, lender confidence, and employee education all get easier when succession planning starts years, not months, in advance.

Optimize for the best long-term outcome, not just the highest price.

“***Financially, it's not necessarily the best decision if that's all you measure.* There's a company out there that would pay more... but when you look at the big picture and the long term, the EOT becomes the best option.**” *— Luke Leising, Founder & CEO, Guidon*

In practice: Name non-financial objectives upfront and evaluate exit paths against them alongside valuation. A clear scorecard helps owners and boards align on tradeoffs and makes the decision easier to explain to stakeholders later.

Anchor the transition in purpose.

Ownership was staying local… *it helped my team members close that wealth gap.* — *Miren Oca, Founder & Director, Ocaquatics*

In practice: If independence, good jobs, and customer continuity matter, say it plainly. Purpose will guide trustee selection, payout design, and communications.

Design the structure to fit how you already work.

Our legal structure — how we looked on paper — was no longer representative of how we were actually operating the business… *The EOT extends that philosophy, makes it our legal structure, and embodies the culture of collective stewardship we'd already been practicing.* — *Ashley Reid, CFO, The Ready*

In practice: Mirror real operating rhythms (how proposals are made, who approves, what gets documented). When the model matches day-to-day practice, the shift feels like continuity — not disruption.

Pace liquidity to protect the business — and explain it.

***We call it the cash waterfall:* here's what we put aside for a rainy day… this much went to redeem shares, and this much went to employee profit-share.**

— *Brad Herrmann, CEO & Co-Founder, Text-Em-All*

In practice: Spell out the cash waterfall (the order cash gets used): operations → debt service → reserves → distributions. It builds fluency and trust in how results become payouts.

**Quotes lightly edited for clarity. Remember, these are insights, not prescriptions; work with your legal/tax advisors to evaluate fit.*

Charting Your Next Steps

You don't need a fully fleshed-out succession plan today. Begin where you are: set a simple milestone, name an owner, and move it forward.

If you're exploring exit strategies

- **Share this guide** with your trusted advisors as you evaluate your options.
- **Set a target window** (e.g., 12–24 months), list the top questions you need answered, and write down your non-negotiables.
- **Sketch a succession leadership plan:** who runs day to day, who manages key relationships, where you may need to upskill or hire, how decision rights shift, and how managers and the board are brought along.
- **Consider which financing path fits your goals** (e.g., company debt to provide cash at close vs. a gradual payout through seller financing).

If you've already transitioned

- **Hold an annual system review** (decision rights, profit-sharing design, trustee and board cadence) and document what needs refining.
- **Add a monthly ownership update to your communications** (performance → reserves → distributions) and celebrate wins along the way.
- **Establish clear connections** between individual performance, company results, and shared financial outcomes so employees can see how their work rolls up.
- **Run a quarterly retrospective:** document "what we'd refine next" and assign owners.
- **Refresh onboarding and FAQs** so new hires understand the ownership model early; invite stewards to lead short, peer-led sessions.

Curious whether an EOT fits your company?

Schedule an advisory call. We'll walk through fit, structure, and next steps — no pressure, just practical guidance to help you plan with clarity.

The FAQs of EOTs

Answers to the questions that owners, operators, and advisors ask most.

1. What exactly is an Employee Ownership Trust (EOT)?

An EOT is a purpose trust that holds some or all company shares **for the benefit of employees**. The team doesn't hold individual stock; the trust owns the business on their behalf.

2. How is an EOT different from an ESOP or a worker co-op?

All three are paths to employee ownership. ESOPs are retirement plans regulated under ERISA by the Department of Labor; co-ops use individual membership shares. EOTs operate under trust law, do not include individual accounts, and offer greater design flexibility with typically lower ongoing administrative requirements. Unlike ESOPs and co-ops, ownership remains with the EOT, avoiding future stock buy-backs or reissuances and simplifying long-term cash planning.

3. Why choose an EOT instead of selling to a third party?

Many owners choose EOTs to **reward the team through profit-sharing, preserve independence and culture**, and keep the company rooted in its community — while exiting at a fair, market-based price without disrupting day-to-day leadership or operations.

4. Who's a good fit for an EOT?

Companies with steady cash flow, clean books, and a capable leadership team. EOTs are well suited for businesses ranging from 10 employees to tens of thousands of employees, but often work best for businesses with a minimum of **~$300k+ EBITDA**, especially when the goal is broad-based participation and long-term continuity.

5. How is the sale price set — and do employees have to buy in?

Price is determined by an **independent, third-party valuation** or in the case of an equity-financed EOT buyout, the price is set by the buyer and seller. Employees don't purchase shares or take on personal debt; they participate through profit-sharing or similar incentives tied to performance.

6. How are EOTs financed?

EOTs are financed through a mix of external capital (debt-only or debt and equity) and seller financing, or entirely through seller financing. Repayment to investors and lenders typically comes from future company cash flow or refinancing events, and the capital structure is often tailored to the company's margins, growth plans, and capital needs.

7. What changes for employees and customers after the sale?

Daily work usually continues with the same leadership. What's new is clarity: more transparency, a structured and protected way for employees to share in company success — often through a clear "cash waterfall" and a simple profit-sharing plan. Customers benefit from continuity and independence.

8. How long does an EOT transition take?

The transaction itself **typically takes 4–8 months**. Key steps include valuation, diligence, deal and profit-sharing design, governance planning, trust and transaction structuring, and legal and tax review. While the close date marks the end of the transaction, most companies treat ownership education and governance as an ongoing, phased process that continues beyond closing.

9. Can a selling owner stay involved?

Yes. Many remain as CEO, member of the Trust Stewardship Committee, or advisor for a period (sometimes through a phased transition), depending on leadership readiness, succession goals, and transaction structure. Post-sale roles and timelines are defined during the deal design process.

10. Are there tax incentives?

There's no federal EOT program today. Some states have introduced incentives; eligibility varies by state — your advisors can assess what applies.

**These FAQs are informational only; not legal, tax, or financial advice.*

About Common Trust

Common Trust helps business owners explore and transition to Employee Ownership Trusts (EOTs), so they can protect what they've built, reward their teams, and move forward with clarity.

What we do:

Exploration, design & implementation: We support owners from early evaluation through execution — objectively assessing employee ownership, designing the right structure, and implementing transitions with clear governance and simple, explainable profit-sharing.

Financing: We coordinate aligned capital through our lender network, structuring financing that supports fair seller outcomes while preserving long-term business stability.

Operator support: We establish practical rhythms for education, communication, and governance so leaders can run the model day to day, with continued guidance after the transaction.

Who we work with:

Owners, leadership teams, capital providers, and advisors across industries seeking a values-aligned, durable succession path.

How we work:

Collaboratively with your team and advisors. Clear milestones, plain language, and documented decisions so you can operate with confidence.

Ready to find out if an EOT is right for your business?

We're here to help. Schedule an advisory call or visit www.common-trust.com for more.

Employee ownership is no longer an alternative exit — it's a proven one.

More business owners are using Employee Ownership Trusts (EOTs) to preserve independence, reward their teams, and plan for long-term continuity. Inside, you'll find a clear EOT primer, candid case studies, field-tested lessons from operators, and a quick FAQ to help you understand what employee ownership looks like in practice.

Use this guide to clarify your next step — whether you're exploring options or refining ownership after a transition.

Learn more at www.common-trust.com

Scan the QR code to discover even more EOT resources.

Common Trust