



## SMALL BUSINESS SPOTLIGHT

### CANTON

#### Ward Lumber

With assistance from the Canton SBDC, the employees of Ward Lumber have made history by purchasing the 130-year-old business as a worker-owned cooperative. The transaction marks the first employee ownership transition of its kind in the North Country region of New York State.

The lumber products and hardware store, which has locations in Jay and Malone, and employs 52 local people, has been in Jay Ward's family for four generations. Ward, who will continue his leadership role as the company's chief executive officer, completed a contract with his employee team that makes Ward Lumber the largest worker-owned cooperative in

the region. Ward Lumber has been a business pillar in this rural community since 1890, providing local jobs, supporting the region's farm and construction industries, and having direct and indirect economic impacts on area businesses and communities. Their transition to worker ownership comes at a time when local businesses face significant challenges, exacerbated by the COVID-19 crisis.

Canton SBDC Assistant Director Angela Smith learned about Ward Lumber's efforts to transition to a worker cooperative in June 2019 during a forum on Lending to North Country Cooperatives hosted by the Adirondack North Country Association (ANCA) in

Lake Placid. Also participating as an invited panelist was Onondaga SBDC Advisor Frank Cetera, who addressed questions about financing, education, policy and resource development to support the growth of cooperative ownership in the region.

The Main Street Employee Ownership Act of 2018 directs the SBA to work with the nation's network of 900 SBDCs to educate and support business owners in transitioning their companies to employee ownership. With this in mind, Advisor Smith immediately identified the cooperative ambitions of Ward Lumber as a priority project for the region and her SBDC office.



Following discussions with the employee team and Rob Brown, director of Business Ownership Solutions at the Cooperative Development Institute (CDI), Advisor Smith suggested the Ward employees apply for an Empire State Development (ESD) grant via the NYS Consolidated Funding Application, to secure down payment capital for the cooperative purchase of the business. Assistant Director Smith helped the Ward Lumber group with business plan development, market research and grant writing assistance.

This project resulted in \$4.3M in immediate economic investments, 52 jobs saved (46FTE). The deal secured the continuation of an iconic business founded in 1890 that provides high quality employment opportunities with benefits and profit sharing to 52 local people.

“The Ward Lumber team certainly should be looked at as leaders in the employee-ownership movement, to not just maintain local jobs and keep small businesses in

operation, but to preserve legacies and livable wages for resident retainment in the North Country,” said Angela Smith, assistant director of Canton SBDC. “They will always be seen as innovators here.”

The successful conversion of Ward Lumber Company to a worker-owner cooperative was achieved through collaborative efforts between the SUNY Canton SBDC, Cooperative Development Institute, Adirondack North Country Association, and funding partners Cooperative Fund of New England, Capital Impact Partners, Empire State Development and the U.S. Small Business Administration through their funding support for the NYSBDC program.

Ultimately, this successful business transition was made possible by Jay Ward’s incredible vision, and dedication to keep this project moving forward which ensured the employee ownership conversion and business continuation of Ward Lumber were fully realized.

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Angela from SBDC was so supportive and central to our grant process and coop development. Couldn’t have done it without her!

– Jay Ward, CEO and 4th generation owner

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The SUNY Canton SBDC’s involvement with market research, grant writing assistance and business plan development was really helpful to the employee team and key to securing loans. Angela is very knowledgeable and the SBDC is a great asset to have.

– Derrick Manson, Worker-Owner and President of the Steering Committee

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Business owners interested in transitioning their companies to a worker ownership model are invited to contact the New York Small Business Development Center at [www.nysbdc.org](http://www.nysbdc.org).

In New York State alone, even before the pandemic, an estimated 3,700 businesses closed each year due to owner retirement, leading to a loss of 13,260 jobs annually. Surveys indicate 79% of business owners want to retire in the next ten years, 57% in less than five years, and 33% in less than three years. Fewer than one in five owners have a credible succession plan, and most do not understand business transition options or processes. As New York’s North Country contends with these odds, employee ownership models such as worker cooperatives offer a viable solution that can help sustain businesses and jobs.

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Every business is going to go through a transition, whether that is by design or default,” said Ward. “Rather than choose liquidation or selling to some other business that would change the culture, I wanted to look at employee ownership.

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Employee ownership vests the control of the company in the hands of the people that work it every day, who live in the communities that we serve, and have that vested interest in ownership,” Ward said. “I really wanted to empower the employee team to make decisions on their behalf and for their benefit.