



Passing the Torch:

How Canada's Small Business Owners Are Planning Their Exit
and Why the Next Generation of Ownership Matters

October 2026

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Passing the Torch: How Canada's Small Business Owners Are Planning Their Exit and Why the Next Generation of Ownership Matters

Marvin Cruz, Senior Director of Research

Laure-Anna Bomal, Senior Economist

Acknowledgements

The authors would like to thank Marc Duhamel (Université du Québec à Trois-Rivières [UQTR]), Agop Evereklian (Institut national de recherches sur les PME, UQTR), Liz McRae (Village Wellth), Peter Josty (The Centre for Innovation Studies), Wendy Cukier (Diversity Institute, The Metropolitan University), and Jon Shell and Dan Skilleter (Social Capital Partners) for generously sharing their perspectives in discussions during the preparation of this report. They were consulted informally and did not serve as advisors to the report. Their participation does not imply endorsement of its findings or recommendations.

The authors would also like to acknowledge the contributions of their CFIB colleagues: Corinne Pohlmann for guidance and review, Keyli Loeppky for review and feedback, Melina Carnevale for translation support, and Staf Campbell for the report cover design.

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Executive Summary

Canada is approaching a significant business ownership transition. Nearly two-thirds (63%) of small business owners expect to exit their business within the next decade, representing more than \$2 trillion in business assets that could change hands. At the same time, business exits continue to outpace new business creation. Ensuring successful ownership transitions will be critical to preserving jobs, maintaining local services, and supporting Canada's long-term economic resilience.

While many business owners recognize the importance of succession planning, preparedness remains low. Finding suitable successors remains the most significant barrier, formal succession planning remains uncommon, and many owners face challenges navigating complex financial, legal, tax, and valuation considerations. At the same time, acquisitions remain an underutilized pathway into entrepreneurship, suggesting significant opportunities to better connect retiring owners with those looking to run a business.

This report explores the intentions, challenges, and support needs of Canadian business owners as they prepare to transition their businesses. By identifying where succession plans break down and where support is most needed, it highlights opportunities to preserve viable businesses, support future entrepreneurs, and strengthen Canada's business succession ecosystem.

Key Findings

- Nearly two-thirds (63%) of Canadian small business owners plan to exit their business within the next decade, representing more than \$2 trillion worth of business assets that could change hands.
- Retirement remains the primary driver of business exits (78%), but burnout or stress (21%) and high operating costs (20%) are also prompting many owners to leave.
- Most owners expect to transfer their business outside the family, with 54% planning to sell to an unrelated buyer and 28% to employees. Family succession remains common as well, with 21% of owners planning a family sale and 19% a family transfer. Meanwhile, 13% expect to close their business altogether, putting jobs, services, and economic activity at risk.
- Owners place a high value on non-financial outcomes when exiting, including protecting employees (86%), preserving how the business operates (83%), maintaining its legacy (80%), and keeping ownership in Canadian hands (72%).
- Succession planning remains limited. Only 6% of owners have a formal written succession plan, and those with a formal plan are far more confident in achieving a successful exit (86% versus 54% among those with no plan). Businesses acquired through a formal succession plan are also more likely to experience a smooth transition (81%).
- Finding a buyer or suitable successor is the most cited succession challenge (47%), followed by a lack of time to plan and difficulties determining the value of the business (37% each).

Introduction

Canada is facing a business succession challenge at a particularly difficult time for entrepreneurship. Businesses continue to contend with elevated operating costs, persistent economic uncertainty, and the ongoing trade war with the U.S. adding to the risks and financial pressures of starting and running a business. Against this backdrop, entrepreneurial activity has slowed, with business exits outpacing entries in several quarters since early 2024.¹

These pressures are unfolding as a significant share of owners prepare to leave their businesses over the next decade (63%). CFIB research estimates that over \$2 trillion in business assets could change hands during that period. This challenge is compounded by low levels of succession preparedness. While many business owners recognize the importance of planning for their eventual exit, only a small minority (6%) have a formal written succession plan in place.

At a time when entrepreneurship is weakening, ensuring successful ownership transitions becomes increasingly important. Early succession planning can play an important role in improving transition outcomes. It can help business owners identify potential successors, address financing and valuation considerations, establish clear timelines, and reduce uncertainty for all parties involved. By preparing for ownership changes well in advance, businesses are better positioned to complete a successful transition and continue operating under new ownership, ultimately helping otherwise viable businesses avoid closure.

Indeed, ensuring successful ownership transitions is about more than helping business owners move on to the next stage of their lives or careers. It helps preserve viable businesses, support the next generation of entrepreneurs, and maintain jobs, local services, investment, and economic activity that communities depend on, contributing to building a stronger Canadian economy.

This report draws on findings from CFIB's *2026 Business Succession Planning Survey*, which examined business owners' succession plans, exit intentions, and barriers to ownership transition (see Appendix B for survey questionnaire).² The report also identifies opportunities to strengthen succession planning, expand pathways into business ownership, and improve connections between retiring owners and prospective successors through targeted policy and support measures.

¹ AUGER, Michelle, BOMAL, Laure-Anna, GALGAY, Jonathan, Canada's Entrepreneurial Drought, Part 1: The Shrinking Business Landscape, Canadian Federation of Independent Business (CFIB), April 2026.

² The CFIB *Business Succession Planning Survey* was conducted online from May 21 to June 11, 2026, and is based on a sample of 1,731 small business owners from Canada. Results are nationally representative, weighted by industry and age of owner, with a margin of error of $\pm 2.35\%$, 19 times out of 20.

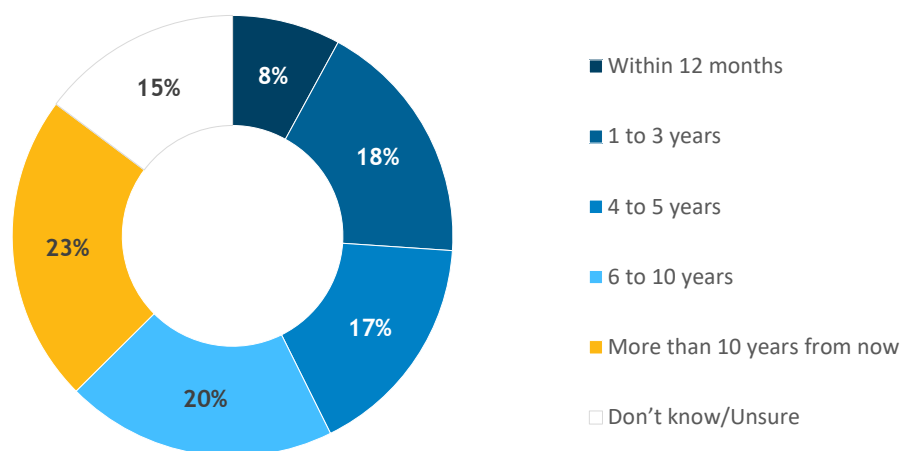
Exit Timelines

A substantial business ownership transition is on the horizon for Canada's small and medium-sized businesses (SMEs). Specifically, 63% of owners plan to leave their business within the next 10 years: 8% within the next 12 months, 35% within 1 to 5 years, and 20% within 6 to 10 years (see Figure 1). These findings underscore the scale of the ownership transition facing Canada's business community, with more than \$2 trillion in business assets potentially changing hands over the next decade (see Appendix A for calculation details).

Figure 1

About two-thirds of business owners expect to exit their business within the next 10 years (%)

Business exit timelines



Exit timelines vary considerably by age, likely reflecting the different stages of business ownership. Younger business owners (under 50 years old) are more likely to leave their business in more than 10 years (39%), while owners aged 65 and older are looking to exit sooner, with only 4% expecting to remain in their business beyond the next decade, and 80% planning to leave within 10 years.

Reasons for Exit

Retirement is by far the most common reason business owners plan to leave their business, cited by four in five owners (78%) (see Figure 2). Given that business owners tend to rely significantly on the sale of their business as a source of retirement income, any obstacles encountered by owners looking to sell a business may be problematic not only to the business itself but also to the wellbeing of the owner and their family.

About 24% of business owners are looking to pass their business to a family member. Another 22% of owners want to step back from their responsibilities, and 21% will exit because of burnout or stress, reflecting the pressures of running a business in a challenging business environment.

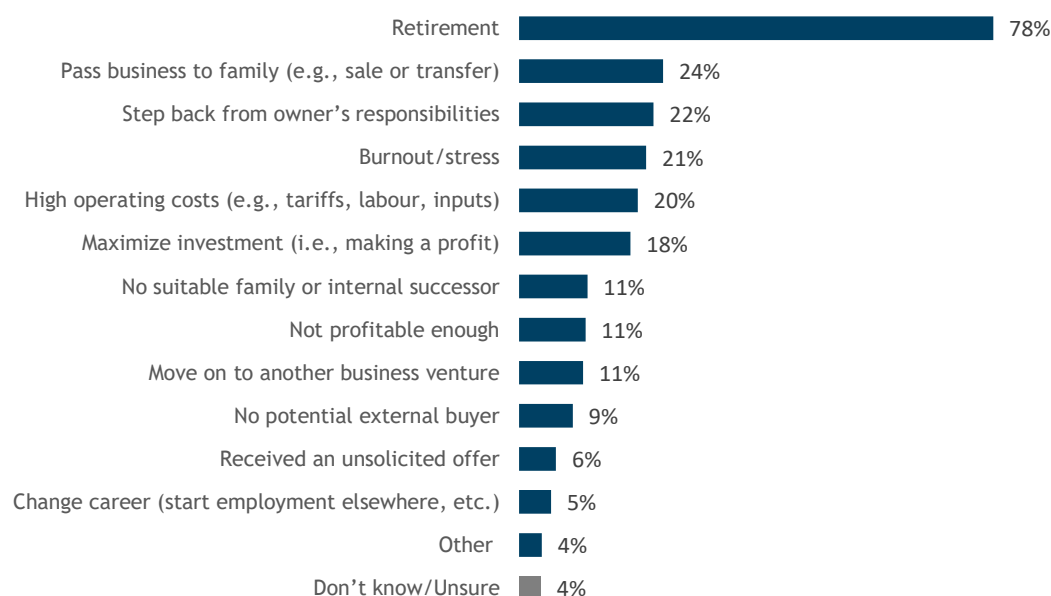
Beyond retirement and personal considerations, business conditions are also shaping owners' exit plans. About 20% are exiting because of the high cost of running a business (e.g., tariffs, labour, inputs, financing, taxation, regulatory compliance). These pressures have intensified amid economic uncertainty stemming from the ongoing Canada-U.S. trade war and geopolitical conflicts. Relatedly, 11% of owners report their business is not profitable enough. Owners operating businesses at the end of the supply chain, such as retail and hospitality, are more impacted: 18% and 16%, respectively, report that their business is not profitable enough, while 25% and 38% cite the high cost of doing business as a reason for exiting. Further, about 11% of business owners plan on moving to another business venture.

Exit motivations also vary by age. Business owners under the age of 50 are less likely to exit due to retirement (68%), reflecting their earlier stage of business ownership. These owners are also more likely than average to cite maximizing their investment as a reason for exiting (24% versus 18%), reflecting a greater focus on the long-term value of their business. They are also more likely to move on to another business venture (18%).

Figure 2

Retirement is the main reason owners are leaving their business

Reasons business owners plan to exit their business



Exit Approaches

Method of exiting

When it comes to how business owners intend to exit their business, the most common approach is to sell their business to buyer(s) unrelated to their family (54%) (see Figure 3). A little more than a quarter (28%) plan to sell to employee(s), while 21% and 19%, respectively, intend to sell or transfer their business to family member(s).

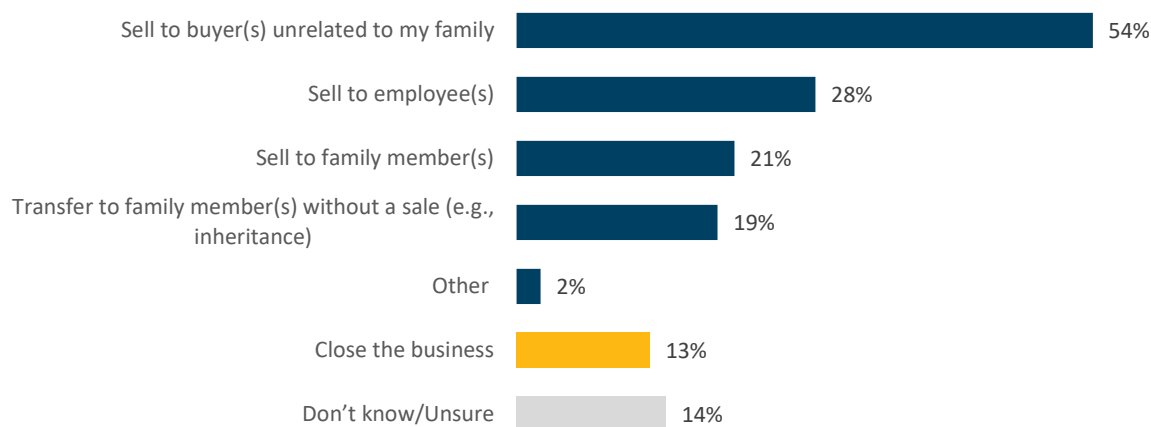
The relatively high share of owners planning to sell to employees suggests there may be potential for broader adoption of **Employee Ownership Trusts (EOTs)**, a succession model introduced in Canada in 2024 to facilitate these transitions. Recognizing the role EOTs can play in business succession, the federal government recently proposed making permanent the capital gains tax exemption of up to \$10 million available on qualifying sales to an EOT.³ Yet awareness of the program remains limited, with only 8% of business owners reporting they are familiar with EOTs.⁴ Despite this, nearly one in five owners with employees (19%) indicate they would be very or somewhat likely to consider selling their business through an EOT. In addition, 34% of owners with employees say the capital gains exemption is highly or somewhat relevant to their interest in doing so, while 25% remain unsure. Greater awareness of EOTs, combined with the permanent capital gains exemption, could help encourage employee ownership as an additional succession pathway for business owners who may not have a family successor or external buyer.

An alarming 13% of business owners are planning to close their business. Retailers are the most likely to face this outcome, with 17% expecting to close their doors, while agri-business owners are the least likely to do so (7%). This may reflect the stronger prevalence of family succession in the agriculture sector, where 43% of owners plan to sell their business to family and 36% plan to transfer it through inheritance.

Figure 3

Most owners plan to sell to buyer(s) unrelated to their family

Business exit intentions



³ Government of Canada. Canada Strong for All: Spring Economic Update 2026. <https://budget.canada.ca/update-miseajour/2026/home-accueil-en.html>

⁴ CFIB. Your Voice Survey. April 9-27, 2026, n = 1,611.

Factors considered when selling

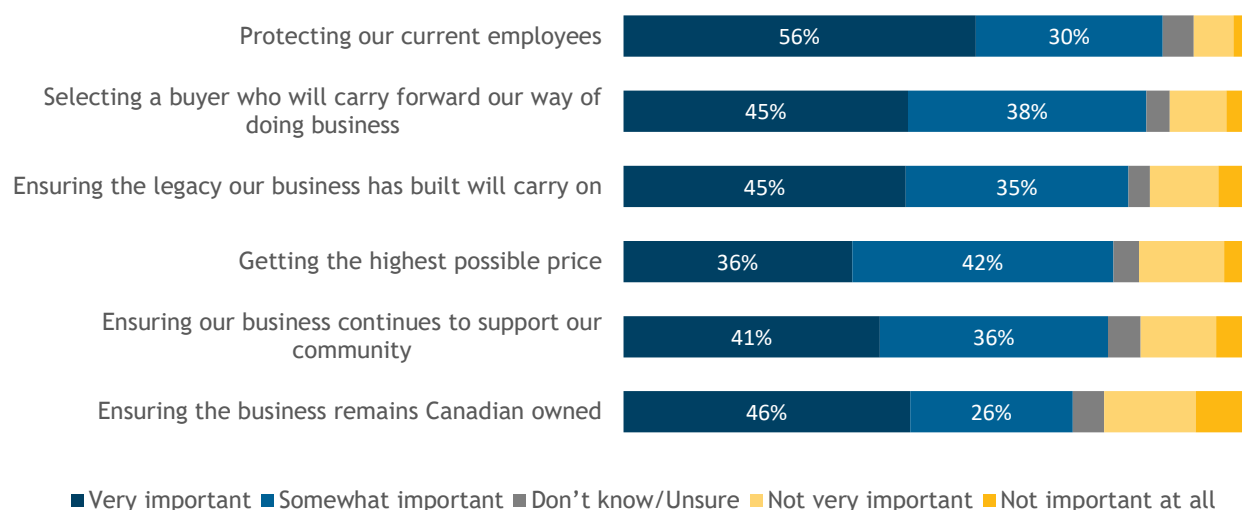
When considering the sale of their business, owners weigh a range of factors, from the impact on their employees to the financial outcomes of the transaction (see Figure 4). Protecting current employees ranks as a top priority, with 86% of owners rating it as important (Net important - strongly and somewhat). A close second (83%) is finding a buyer who will carry forward their way of doing business, followed closely by ensuring the legacy of the business is preserved (80%).

Maintaining Canadian ownership is also an important consideration, cited by 72% of business owners. This concern remains significant even among those planning to sell to buyers unrelated to their family (68%), as these owners are generally more exposed to the possibility of selling to non-Canadian interests. For this group, protecting existing employees (87% net important) and ensuring the business continues to support its local community (79%) also rank among the most important factors when evaluating potential buyers. This suggests that for many owners, maintaining Canadian ownership is likely about ensuring that the economic benefits generated by their business, including jobs, investment, and strategic decision-making, remain rooted in Canada.

Figure 4

Protecting current employees and ensuring the selected buyer can carry forward their way of doing business are top priorities for business owners

Factors considered during the sale of a business, ordered by net importance



Taken together, these results suggest that business owners are motivated by more than simply securing the highest sale price (78%). However, when it comes to selling to external buyers, this figure jumps to 93%, as they try to maximize their investment. Many owners place significant value on preserving the people, culture, and community ties that their business has built over time. They want a buyer who can protect employees, preserve the business's legacy and community role, and, where possible, maintain Canadian ownership.

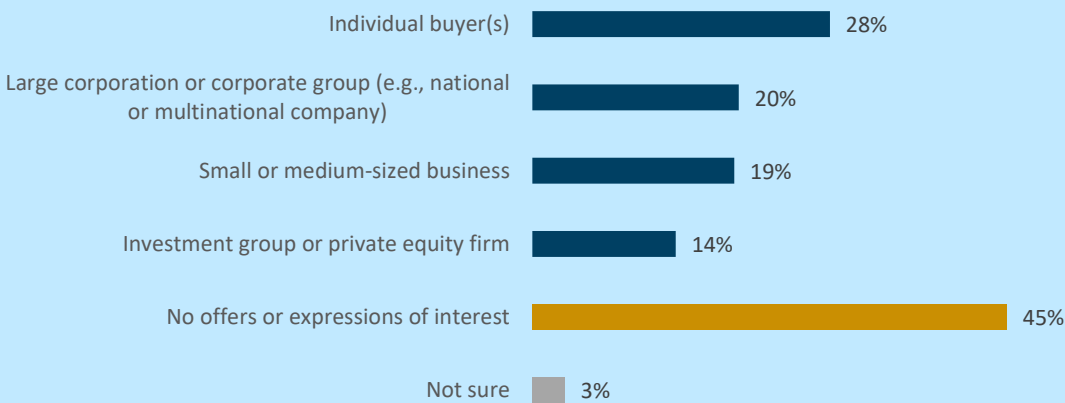
Whether owners can achieve these goals ultimately depends on finding the right successor. The buyer side of the market therefore plays a critical role in determining the success of business transitions.

Spotlight: The Buyer Market for SMEs

Acquisition interest comes from a diverse range of buyers

More than half (52%) of owners seeking a buyer unrelated to their family received offers or expressions of interest during the past two years. Individual buyers were the most common source (28%), followed by large corporations (20%) and SMEs (19%) (see Figure 5). Another 14% were from investment groups or private equity firms.

Figure 5
Sources of acquisition interest among owners seeking an unrelated buyer

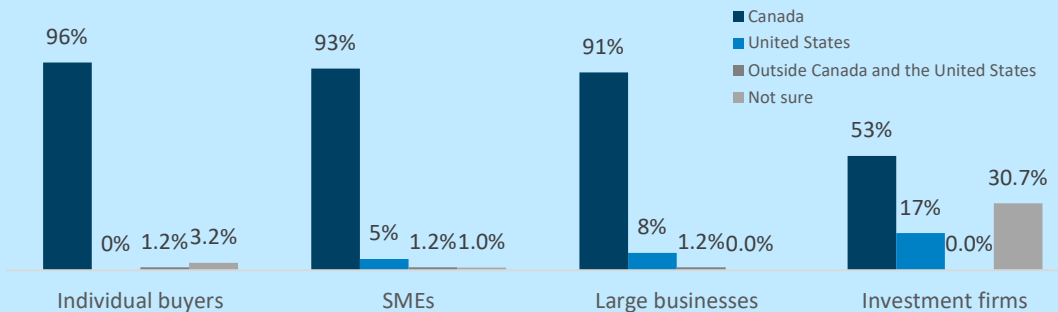


Note: Only respondents seeking to sell to an unrelated buyer are shown.

Most acquisition interests originate in Canada

Acquisition interest is overwhelmingly domestic. Across most buyer categories, at least 90% of interested buyers were in Canada (see Figure 6), suggesting strong domestic demand for Canadian businesses. Interest from American buyers increased with buyer size and investment firms had the highest share of non-Canadian or mixed ownership interests.

Figure 6
Origin of acquisition interest by buyer type



Succession Planning

Formal planning improves confidence in business succession

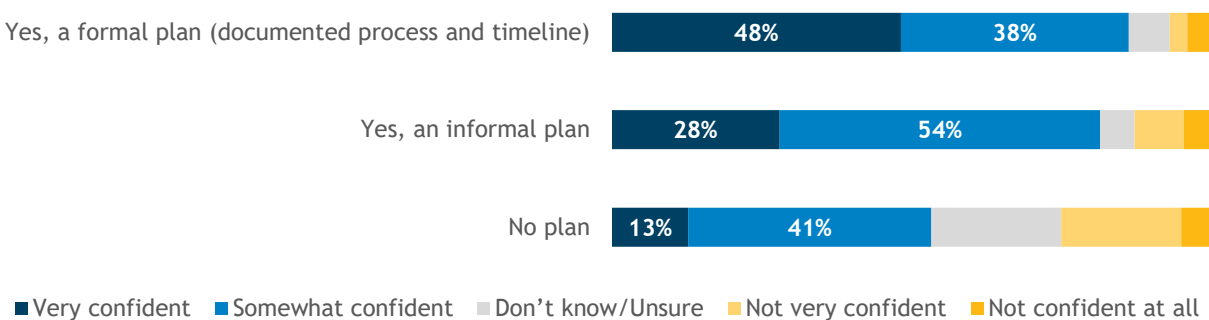
Business owners generally fall into three categories: those with a formal succession plan, those with an informal plan, and those with no plan at all. An **informal succession plan** may involve discussions about future ownership and succession intentions, but it is typically not documented and often lacks a defined process or timeline. **Formal written succession plans**, by contrast, are typically developed with the support of professional advisors, including accountants and legal professionals who help address the financial, tax, legal, and operational aspects of a business transfer. These plans can establish the transfer process, clarify responsibilities, outline dispute resolution mechanisms, and set a timeline for implementation.

Given these advantages, it is not surprising that business owners with formal written plans feel more confident in achieving a successful exit. Among business owners with a formal written plan, 86% express confidence in their ability to exit successfully, including nearly half (48%) who are very confident (see Figure 7). By comparison, confidence levels are similar among those relying on an informal plan (82%), but only 28% report being very confident. Among business owners without any succession plan, confidence drops considerably, with just 54% expressing confidence and only 13% reporting they are very confident.

Figure 7

Business owners with formal succession plans are far more likely to be very confident about a successful transition

Confidence in achieving a successful business transition, by level of succession planning



■ Very confident ■ Somewhat confident ■ Don't know/Unsure ■ Not very confident ■ Not confident at all

"Having a formal plan allowed us to get all family members onboard with the process and objectives. Developing the plan helped us understand the options available and the pros and cons. It helped with the valuation, tax planning, and the financing options."

-Wholesale business owner, Ontario

"A formal succession plan is one of the strongest risk management tools an organization can have. It provides clarity, stability and protects continuity."

-Construction business owner, Ontario

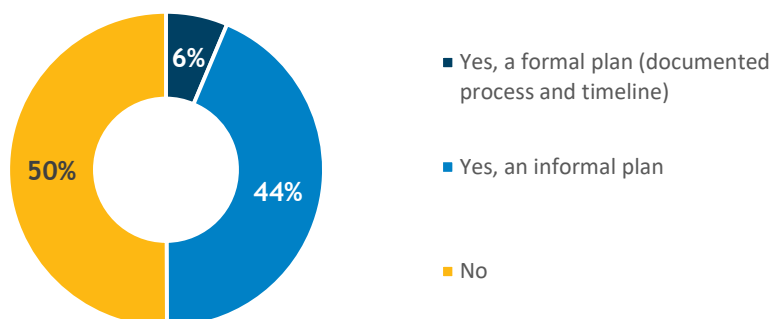
Formal succession planning is uncommon, even among owners nearing their exit

Despite the benefits and confidence gained from having a succession plan in place, only 6% of business owners have a formal written plan and 44% an informal unwritten plan (see Figure 8). About half of business owners have no succession plan at all.

Figure 8

Only 6% of business owners have a formal plan (documented process and timeline)

Succession planning status among business owners

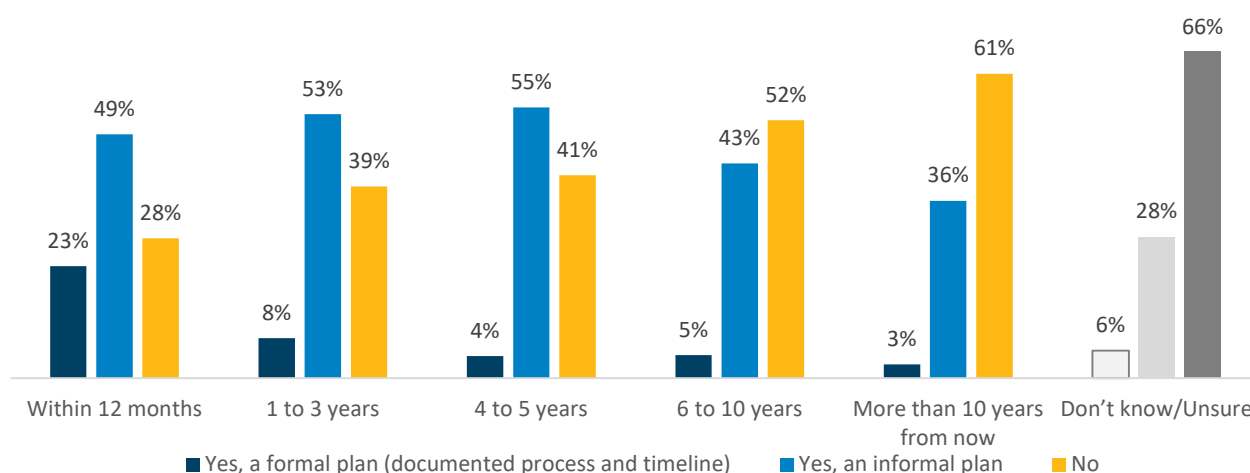


A closer look at business owners with a succession plan, whether written or unwritten, shows that succession planning becomes more prevalent as the anticipated exit date approaches. For example, about 23% of business owners intending to exit within 12 months have a formal plan, compared to only 5% for those exiting in the next 6 to 10 years (see Figure 9). Although succession planning becomes more common as retirement or exit approaches, most plans remain informal regardless of the expected timing of the transition. This suggests that many business owners postpone formal succession planning until later stages of the exit process, potentially limiting the time available to address the financial, legal, tax, and operational considerations involved in a successful business transfer.

Figure 9

For imminent exits, owners are more likely to have no plan than a formal plan

Succession planning status, by expected time to exit



As a substantial share of owners prepare to exit their businesses over the next decade, encouraging earlier and more structured planning could help improve business continuity, increase confidence in successful ownership transitions, and reduce the risks to Canada's economic resilience and long-term competitiveness.

Sources of information and advice for succession planning

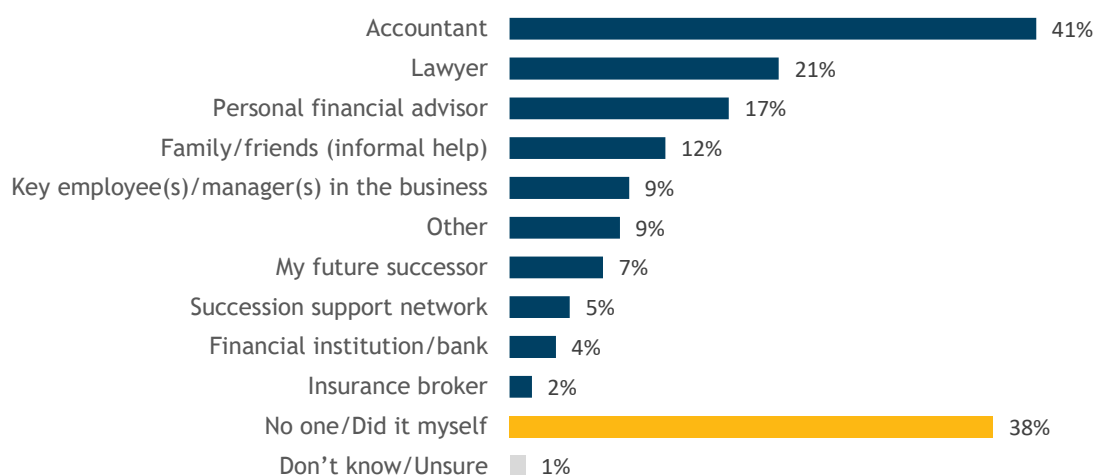
One reason formal succession planning may remain uncommon is the complexity of the process itself. Unlike other major life and business events, such as buying a home or starting a business, which are often supported by a coordinated service delivery system, business succession often requires owners to navigate a range of financial, tax, legal, and operational considerations with support from multiple sources of professional advice. Accountants are the primary source of assistance, with 41% of owners relying on their services, followed by lawyers (21%) and personal financial advisors (17%) (see Figure 10).

Personal relationships, such as family members or friends, and key employees or managers within the business also play a role in succession planning, with 12% and 9% of business owners, respectively, relying on these sources for support. In contrast, institutional and other resources appear to be used far less frequently. Only 5% of business owners reported seeking assistance from succession support networks (BDC, People Corporation, TRNSFR, Repreneuriat Québec, etc.), while just 4% turned to financial institutions or banks. Despite the complexity of succession planning, **38% of business owners reported developing their succession plan on their own without external assistance.**

Figure 10

A significant share of owners will only rely on themselves when developing their succession plan

Sources of support used in succession planning



Note: Only respondents with a formal written or informal plan answered this question.

While many owners may be capable of managing parts of the process independently, business transfers often involve considerations that benefit from specialized expertise. The limited use of succession support networks suggests that many business owners may be unaware of the resources available to help them navigate succession planning. Strengthening awareness of specialized succession supports and improving coordination across the succession ecosystem could help owners navigate the process more effectively and support earlier, more comprehensive planning.

Succession Barriers

Finding a buyer is the biggest challenge

Business owners can face several obstacles when developing a succession plan. The most cited challenge, reported by 47% of owners, is finding a buyer or a suitable successor (see Figure 11). Family members may not be interested in taking over the business, while prospective entrepreneurs may lack awareness of acquisition opportunities or face barriers to purchasing an existing firm. Even when potential buyers are available, owners may struggle to identify a successor who is the right fit. Such challenges can contribute to a smaller pool of potential buyers.

The challenge may be compounded by the fact that business acquisition remains a less common pathway into entrepreneurship. Half of current business owners built their business from scratch rather than acquiring an existing firm. This suggests there may be opportunities to raise awareness of business acquisition as an alternative pathway into business ownership. Currently, there are only a handful of options in Canada to connect those looking to exit their business with those who may be interested in purchasing a business. Expanding business transition marketplaces and improving awareness of acquisition opportunities could help facilitate ownership transfers.

Figure 11

Finding a buyer or a suitable successor is the main barrier to succession planning

Barriers to developing a succession plan among business owners



"I have never sold a business before, and I would like to retire but can't afford to just shut down the business. This is a very good business for this community and the surrounding area. I had an 18-month plan in place to retire 14 months ago now and am still open. I'm trying to hang on and stay open until a buyer comes along. I'm 44 years into this career and I'm ready to exit any time but really need to see it sold not closed."

-Transportation and Utilities business owner, Saskatchewan

Other barriers to succession planning include the day-to-day demands of running a business. More than one-third of business owners (37%) reported being too busy to dedicate sufficient time to preparing for a future transition. An equal share (37%) mentioned difficulties in determining the value of their business, highlighting the complexity of establishing a fair market price and understanding what potential buyers may be willing to pay. In addition, 34% of owners reported lacking experience with succession planning, while 31% indicated that the business depends heavily on their active involvement. This reliance on the owner can make a business more difficult to transfer, as key relationships, knowledge, and decision-making responsibilities may not be easily passed on to a successor. Together, these challenges highlight the need for greater awareness, planning support, and access to professional advice well before an owner is ready to exit the business.

"Everything we know about running a business doesn't really mean we know how to pass our business on without incurring a large tax burden preventing the transition from happening."

-Wholesale business owner, Ontario

Business owners with formal succession plans face fewer planning barriers

Overall, businesses with a formal succession plan are three times more likely to report having encountered no barriers (21%) than those without a formal plan (7%) - including businesses with an informal plan or no plan at all. This underscores the benefits of proactive succession planning. They are also less likely to report being too busy to focus on succession (27% vs. 38%), lacking experience with business transfers (19% vs. 35%), and not knowing where to begin the planning process (7% vs. 20%). At the same time, several challenges, including finding a suitable successor, valuing the business, financing the successor, and reducing reliance on the owner's active involvement, are reported at similar rates regardless of planning status.

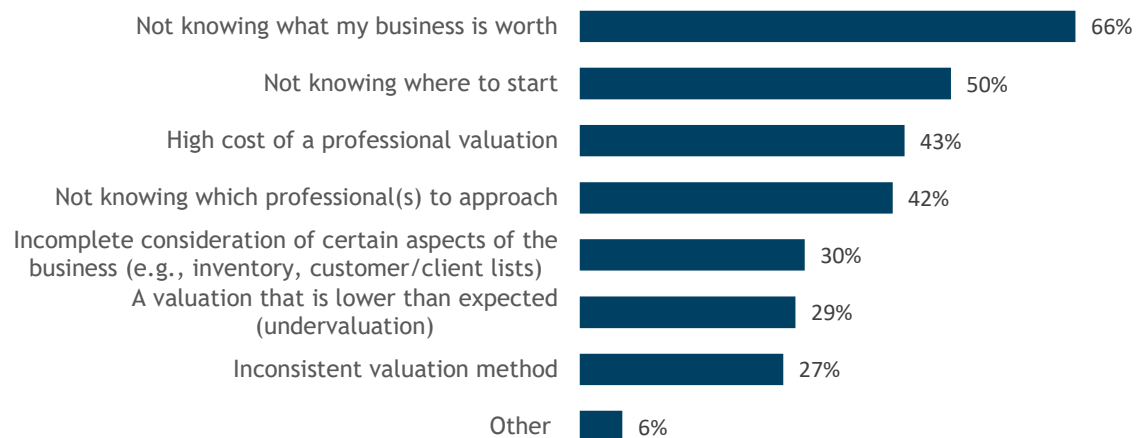
Business valuation remains a significant source of uncertainty

Among the 37% of business owners who identified business valuation as a challenge (see Figure 12), the most common issue was uncertainty about the value of their business, reported by 66% of respondents. In addition, half of respondents (50%) reported not knowing where to start the valuation process, while 42% were unsure which professionals to consult.

Figure 12

Uncertainty about business value and how to determine it are the leading valuation challenges

Challenges associated with business valuation



Note: Only respondents who identified valuation as a challenge are shown.

Cost is also a significant consideration, with 43% citing the expense of obtaining a business valuation as an obstacle. Additionally, about 27% pointed to inconsistent valuation methods as a barrier. Valuation can be particularly difficult when it comes to intangible assets such as customer relationships, reputation, and goodwill. Indeed, 30% of respondents indicated that assessing these assets is a challenge, while 29% reported concerns that their business may be valued below their expectations.

"I can have my accountant help with the valuation for my business, but I would have no idea what to do to sell my business after that."

-Retail business owner, New Brunswick

"These plans become dated. They need upkeep amid fluctuating valuations, which therefore requires periodic revisions. This can be costly. It is also challenging to summarize the true worth of this business."

-Manufacturing business owner, Ontario

Family transitions often involve additional planning considerations

Family succession remains one of the most common succession pathways for Canadian businesses. As previously noted, about one in five owners intend to sell (21%) or to transfer (19%) their business to a family member. While family succession may reduce the need to identify an external buyer, it can introduce challenges related to family dynamics and differing expectations for the future of the business. Indeed, conflicting business visions among family members are reported more frequently by owners considering a family transfer or sale (19%) than by business owners overall (10%).

Although family and non-family successions occur in different contexts, both rely on the same fundamentals: early planning, clear documentation, and preparation for both expected and unexpected transitions. The key difference lies in the issues that must be addressed throughout the process. Family successions often involve additional considerations related to family relationships, roles, and the continuity of the business's values and legacy.

In both cases, involving professional advisors early in the process can help facilitate a smoother transition and reduce the risk of disputes, misconceptions, or unforeseen challenges. For family successions in particular, advisors can provide objective guidance on matters such as business valuation, ownership structures, and future roles, helping reduce perceptions of unfairness and align expectations among family members.

“Generation, cultural, birth order differences, and overall transparency when it comes to family businesses are a very emotional aspect of starting the discussion.”

-Other Services business owner, Ontario

“The entire process has been challenging and difficult. It's a challenge to please all the differing perspectives and to do what is right for you and the business at the same time.”

-Construction business owner, Ontario

Spotlight: Lessons from Business Acquisitions

Existing businesses remain an important pathway into entrepreneurship

Overall, about half of business owners started their business from scratch (50%) and another 25% purchased their business from previous owners unrelated to their family, while 21% purchased or received it from family members. These findings highlight the important role business acquisition can play in entrepreneurship and business continuity.

Formal planning remains uncommon among completed transitions

Among owners who acquired an existing business, only 17% reported that a formal succession plan was in place. Formal plans were more common for purchases from family members (22%) and transfers from family members (30%).

Family transitions typically require more time

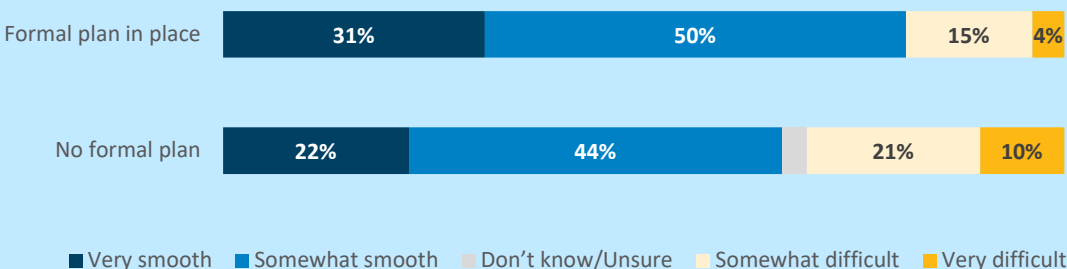
Typically, the acquisition process took less than six months for 34% of owners, six to 11 months for 26%, and more than 12 months for 38%. Family transitions generally took longer: 68% lasted more than 12 months, compared with 22% of transitions involving an unrelated seller. Transitions with a formal plan also tended to take longer, with 76% lasting more than 12 months.

Planning supports smoother transitions

In general, 69% of owners who acquired an existing business described the transition as very or somewhat smooth, with little variation by seller type. However, owners whose acquisition involved a formal succession plan were more likely to report a smooth transition (81%) (see Figure 13).

Figure 13
Business transition process was smoother when a formal succession plan was in place

Smoothness of ownership transition by succession planning status



Conclusion and Recommendations

With over \$2 trillion in business assets expected to change hands over the next decade, business succession remains a critical issue for Canada's SMEs. As more business owners approach retirement, ensuring viable businesses can successfully transition to new ownership will be important for preserving jobs, maintaining local services, and supporting economic growth. While many owners recognize the importance of succession planning, significant barriers remain, particularly when it comes to identifying suitable successors and navigating the transfer process. At a time when business exits are outpacing new business creation, facilitating successful ownership transitions can help maintain Canada's entrepreneurial capacity and support the next generation of business owners. To help improve succession outcomes for SMEs, CFIB makes the following recommendations:

For business owners:

- Plan early for business succession and include proper professional advice where possible.
- Include the future successor in the plan to help maintain stability within the business.
- Consider alternative exit strategies to account for uncertainties.
- Monitor and assess the business succession plan on a regular basis to ensure it remains relevant and adapts to changes in personal and business circumstances.

For professionals:

- Create better service offerings that are targeted towards the unique needs of SMEs and ensure value for money for services offered. Ensure that service offerings are tailored to the size and complexity of the business.
- Develop and distribute “how to” templates for solving common issues related to succession planning, including finding a buyer, financing a successor, and the tax implications involved in selling a business.
- Help SMEs understand the valuation of their business.
- Move towards a consistent approach in valuating a business.

For financial institutions:

- Adopt more flexible lending practices that take into consideration the financing needs related to business succession. In particular, provide financing options for those looking to purchase an existing business.
- Develop more affordable packages with clear guidelines (written in plain language) for diverse types of business owners on how to start planning their business succession.

For governments:

Promote business acquisition as a pathway into entrepreneurship

- Increase awareness, particularly among young entrepreneurs, about the opportunities and advantages of purchasing an existing business.
- Develop acquisition-focused entrepreneurship programs that provide training, mentorship, and practical guidance to entrepreneurs interested in purchasing an existing business.
- Establish or maintain entrepreneurship-focused immigration pathways at the federal and provincial levels, and ensure they include a dedicated Business Succession Stream. The stream would match skilled newcomers interested in business ownership with owners looking to exit. This stream would not be about starting a new business but rather about the continuation of an existing viable business.
- Increase awareness of Employee Ownership Trusts (EOTs) as a succession option and provide clear guidance to business owners, employees, professional advisors, and financial institutions on how the model can be used to facilitate business transitions.

Improve buyer-seller matching and succession marketplaces

- Create a secure, business transition marketplace, similar to Repreneuriat Québec, where exiting owners can list businesses and find vetted successors (family, employees, or entrepreneurs).

Strengthen succession planning supports

- Increase awareness of existing information governments offer to help small businesses with their succession planning (e.g., through social media, education, and advertising campaigns).
- Strengthen awareness of succession support networks and specialized advisory services, where applicable.
- Support the development of a coordinated, "concierge-style" succession ecosystem that connects business owners with advisors, buyers, lenders, and support organizations throughout the succession process.

Improve access to financing for business transfers

- Explore measures to improve access to capital for first-time business purchasers, including options similar to those available for first-time homebuyers.
- Improve access to acquisition financing by encouraging financial institutions and public lenders to expand financing options targeted at business acquisitions, employee buyouts, and succession transactions.

Modernize capital gains measures to support succession

- Introduce a lower capital gains inclusion rate for all small firms of 33% on the next \$2 million of gains beyond the LCGE.
- Include gains from the sale of assets, not just shares, under the LCGE for all sectors, not just farm and fishing property.
- Expand tax measures that support business transfers, including tax exemptions from gains following the sale of a business (shares and assets) when the proceeds are reinvested in a Canadian CCPC within the next three years (rollover policy).

Appendix A: Methodology

Data source for this report

The CFIB *Business Succession Planning Survey* was conducted online from May 21 to June 11, 2026, and is based on a sample of 1,731 small business owners from across Canada. Results are nationally representative, weighted by industry and age of owner, with a margin of error of $\pm 2.35\%$, 19 times out of 20.

Weighting

Several weighting options were considered to improve the representativeness of the survey results:

- Canadian business counts, by province, size of business, and industry
- Number of enterprises in Canada, by enterprise size and age of owner
- Number of enterprises in Canada, by geography and age of owner
- Number of enterprises in Canada, by industry and age of owner

Each option presents advantages and limitations. While more granular weighting schemes may improve alignment with population characteristics, they can also become overly restrictive and potentially reduce the reliability of estimates if certain cells contain too few observations. For example, the Canadian business counts would leave us with about 1,260 weights and would miss the mark in terms of correcting the age of owner bias (more details below).

Two potential sources of age of owner bias should be acknowledged:

- CFIB's membership age bias
- Self-selection ("click") bias: Businesses with a stronger interest in the survey topic may be more likely to participate. Since the topic of succession can be more appealing to owners who are looking or preparing themselves to exit their business, this can lead to responses that are not fully representative of the broader membership base and small business landscape.

Since some results can be presented at the provincial level, weighting by industry may be more meaningful than weighting by geography, as provincial breakdowns already account for geographical variation. In addition, based on our research (see [CFIB's Research Methodology webpage](#) for more details), changes are less important by province than by industry.

On the other hand, weighting by enterprise size and owner age required broad size categories (e.g., 1-99 employees and 100-499 employees), which could mask important differences across firm sizes.

This analysis leads us to keep the weighting scheme using the age of the owner and the industry as controls. Since previous editions of this report relied on unweighted survey results, direct comparisons should be interpreted with caution.

Business Assets at Stake

CFIB's calculation is based on Statistics Canada data: the share of SME owners exiting their business in the next 10 years (63%) multiplied by the total assets for incorporated SMEs (about \$3.281 trillion), totalling \$2.053 trillion. To simplify, "over \$2 trillion" is used as a ballpark estimate. Source: Statistics Canada, Industrial Organisation and Finance Division, 2024. Special tabulation includes assets for incorporated SMEs with revenues of up to \$25 million.

Appendix B: Business Succession Planning Survey

Business strategy

The questions in this survey are about the business shown below. Please answer based on this business only, even if you own or manage more than one business.

1. Approximately when do you intend to exit this business by selling, transferring, or closing it? (Select one)

- Within 12 months
- 1 to 3 years
- 4 to 5 years
- 6 to 10 years
- More than 10 years from now
- Don't know/Unsure

2. How do you intend to exit your business in the future? (Select as many as apply)

Family

- a) Sell to family member(s)
- b) Transfer to family member(s) without a sale (e.g., inheritance)

Non-family

- c) Sell to buyer(s) unrelated to my family
- d) Sell to employee(s)

Non-sale exit

- e) Close the business
- f) Other (Please specify)
- g) Don't know/Unsure cannot be combined

3. What are the reasons you intend to exit (sell, transfer, or close) your business in the future? (Select as many as apply)

Personal reasons

- a) Retirement
- b) Move on to another business venture
- c) Change career (start employment elsewhere, etc.)
- d) Step back from owner's responsibilities (still working at the business, as an employee)
- e) Burnout/stress

Financial pressure

- f) Not profitable enough
- g) High operating costs (e.g., tariffs, labour, inputs, financing, taxation, regulatory compliance)

Business transfer or sale

- h) Pass business to family (e.g., sale or transfer)

Uncertainty/Lack of successor/buyer

- i) No suitable family or internal successor
- j) No potential external buyer

Opportunity driven

- k) Maximize investment (i.e., making a profit)
- l) Received an unsolicited offer

Other/Unsure

- m) Other (Please specify)
- n) Don't know/Unsure cannot be combined

Succession planning

Succession planning is the process by which a business owner chooses the best exit strategy to transition into the next stage of their life. Succession plans can be informal or formal in nature.

- **A formal succession plan:** A documented plan that identifies a successor and sets out the process and timeline for a business owner's withdrawal/transition, including legal and supporting documents needed to put the plan into effect.
- **An informal succession plan:** A plan that has been discussed or considered but does not include a defined timeline or documented legal or supporting arrangements.

4. Do you have a business plan to sell, transfer, or close your current business in the future? (Select one)

- Yes, a formal plan (documented process and timeline)
- Yes, an informal plan
- No

If Q4 = Yes, answer Q5

5. Who assisted with the development of this business plan? (Select as many as apply)

- No one/did it myself cannot be combined
- Family/friends (informal help, not in a professional or succession role)
- My future successor
- Key employee(s)/manager(s) in the business
- Accountant
- Lawyer
- Insurance broker
- Personal financial advisor
- Financial institution/bank
- Succession support network (e.g., BDC, People Corporation, TRNSFR, Repreneuriat Québec, etc.) (Please specify)
- Other (Please specify)
- Don't know/Unsure cannot be combined

6. Overall, how confident are you that the process of exiting your business will be successful? (Select one)

- Very confident
- Somewhat confident
- Not very confident
- Not confident at all
- Don't know/Unsure

Selling to unrelated buyers

Answer Q7, if Q2 = C

You've previously mentioned the intention to sell to buyer(s) unrelated to your family. The following questions aim to gather your experience, based on what you understand at this time.

7. In the past 2 years, have you received offers or expressions of interest to purchase this business from any of the following? (Select all that apply)

- a) No offers or expressions of interest cannot be combined
- b) Individual buyer(s)
- c) Small or medium-sized business
- d) Large corporation or corporate group (e.g., national or multinational company)
- e) Investment group or private equity firm
- f) Not sure cannot be combined

Answer Q8, if Q7= B, C, D or E (multiple), + autofill with Q7 answers.

If Q7=B only, Q7=C only, Q7=D only, or Q7=E only, skip to Q9.

8. Who is the most likely buyer of your business? (Select one)

- Individual buyer(s)
- Small or medium-sized business
- Large corporation or corporate group
- Investment group or private equity firm
- Not sure

Only ask Q9 if Q7=B, C, D or E, and Q8 != "Not sure"

Follow-up to q7 and q8, auto-fill:

9. Where is the most likely buyer of your business primarily based? (Select one)

- Canada
- United States
- Outside Canada and the United States
- Not sure

Ownership and sale considerations

10. Please rate each of the following factors when considering the sale of your business. (Select one for each line)

[Responses]

- Very important
- Somewhat important
- Not very important
- Not important at all
- Don't know/Unsure

[Subjects]

- Getting the highest possible price
- Selecting a buyer who will carry forward our way of doing business
- Ensuring the legacy our business has built will carry on
- Protecting our current employees
- Ensuring our business continues to support our community
- Ensuring the business remains Canadian-owned

Knowledge, support, and planning capacity

- h) Access to cost-effective professional advice
- i) Lack of experience, this is our first time selling/transferring a business
- j) Where to start in developing a succession plan

Time and prioritization

- k) Too busy running our business (we do not have the time)
- l) Business succession is not a priority for me now **cannot be combined**

Other/Uncertain

- m) Other (Please specify)
- n) Don't know/Unsure **cannot be combined**

Answer Q13 if Q12= Conflicting business vision of family members

12. Please briefly describe any challenges you have experienced when family members hold different perspectives on the business.

Barriers to succession planning

11. In your experience, what are the barriers, if any, to business succession planning? (Select as many as apply)

No barriers encountered

- a) Not applicable - No barriers encountered **cannot be combined**

People and succession fit

- b) Finding a buyer/suitable successor
- c) Conflicting business vision of family members (e.g., family members don't want to take over the business, or want to operate it differently)
- d) Conflicting business vision of employees (e.g., employees don't want to take over the business, or want to operate it differently)

Financial and business factors

- e) Valuing the business (e.g., business worth, cost, method, finding professionals)
- f) Too much dependence on my active involvement
- g) Financing the successor

Business valuation

Answer Q14, if Q12= Valuing the business

13. Which aspects of valuing your business are barriers to business succession planning? (Select all that apply) **NEW!**

- Not knowing what my business is worth
- Not knowing which professional(s) to approach
- Not knowing where to start
- Incomplete consideration of certain aspects of the business (e.g., inventory, customer/client lists)
- A valuation that is lower than expected (undervaluation)
- High cost of a professional valuation
- Inconsistent valuation method
- Other (Please specify)

Past experiences

14. How did you acquire ownership and/or control of your current business? (Select one)

- a) Purchased from previous owner(s) (unrelated to my family)
- b) Purchased from family member(s)
- c) Transferred from family member(s) (e.g., inheritance)
- d) Started business from scratch (start-up)
- e) Other (Please specify)
- f) Don't know/Unsure

Answer Q15 if Q14 = A or B

15. How was the business primarily acquired? (Select one)

- Purchase of shares or ownership interests
- Purchase of business assets
- Combination of assets and shares
- Other (Please specify)
- Don't know/Unsure

Answer Q16 if Q14 = A or B

16. How did you **primarily finance the purchase of this existing business? (Select one)**

- Our own equity/funds/assets
- Personal loan/equity from friends/family
- Personal loan/line of credit from bank/financial institution
- Leasing
- Individual unrelated to our business/family (angel investor, venture capital, etc.)
- Commercial mortgage
- Home equity (new or additional mortgage on primary residence)
- Business Development Bank of Canada (BDC)
- Farm Credit Canada (FCC)
- Credit card

- Online lending (OnDeck, Driven [previously Thinking Capital], Kabbage, etc.)
- Crowdfunding/crowd financing (Kickstarter, etc.)
- Seller financing (e.g., vendor take-back loan)
- Federal and/or provincial loans/grants (Please specify)
- Other (Please specify)
- Don't know/Unsure

Answer Q17, Q18 if Q14 = A, B or C

17. Was a formal succession plan used in the purchase of your current business? (Select one)

- Yes
- No
- Don't know/Unsure

17B. Approximately how long did it take to complete the acquisition of this business?

- Less than 6 months
- 6 to 12 months
- 1 to 2 years
- More than 2 years
- Don't know/Unsure

18. Overall, how would you describe the business transition? (Select one)

- Very smooth
- Somewhat smooth
- Somewhat difficult
- Very difficult
- Don't know/Unsure

Ask Q19 if Q17=Yes

19. In your experience, what are the benefits and/or challenges of having a formal succession plan?

20. When were you born?

- Prefer not to answer
- Select year (1920-2026)

If you have general comments or other remarks, please share them in the space below.

