



# Can Your Employee-Owned Company Receive Purchasing Preference Certification?

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Current documents permanently available at [www.nceo.org/certifications](http://www.nceo.org/certifications)

Employee-owned companies have a five-decade track record of creating economic well-being for working people and being excellent vendors. In April 2025, the National Center for Employee Ownership launched a certification to help purchasers identify employee-owned businesses that can help them reach diverse-spend targets.

## **What are the certifications?**

Through the NCEO Registry, [the National Center for Employee Ownership](http://www.nceo.org), a nonprofit organization with over 3000 members, announced in April 2025 that it would offer three types of certifications: **Majority Minority Employee-Owned (MMEO)**, **Majority Women Employee-Owned (MWEO)**, and **Socially and Economically Disadvantaged Employee-Owned (SEDEO)**.

The certification is based on the idea that employee ownership provides workers in every demographic category of the US workforce an opportunity to build economic well-being via an ownership stake in the companies where they work. See the [NCEO main research page](#) and [this video from the employee-owned company Lewis Services](#), the first company to receive an NCEO Registry Certification).

Currently, these certifications are not intended for government contracting programs.

## **How does a company become certified on the NCEO Registry?**

To become certified, a company must demonstrate that it is 100% employee owned via an employee stock ownership plan (ESOP) or as a worker cooperative. In addition, at least 51% of shares must be held by people in demographic groups, defined in alignment with existing certifications.

To verify this information, the company that wishes to be certified must provide thirteen documents, including core plan documents, federal filings, and an independent analysis of ownership by demographic groups. The full list of required documentation can be found in [the NCEO Registry Certification Overview](#). The certification lasts for a period of one year and is renewed annually.

## **Why should an employee-owned company consider certifications?**

As a show of commitment to addressing their social impact and demonstrating corporate responsibility, many companies have a certain amount of money budgeted every year for high impact spending. These “set-aside” spending budgets are typically spent on goods or services that the company is already in need of, but from companies that fulfill the mission of the purchaser's impact spending. For example, if a

company has a stated commitment to improving economic outcomes for women in the workforce, it may choose to spend their money with a business that is woman- or women-owned.

Purchasers, in order to verify that a potential vendor is owned by or benefits who they claim, look to certifying agencies, often third parties, to attest to the nature of the business. In the above example, a purchaser seeking to spend money with a woman-owned business needs a way to discern, quickly and easily and credibly, that a company is woman owned and looks to a certifying agency to do that work.

## **What are the advantages of the NCEO Registry Certifications?**

Historically, employee-owned businesses have been denied access to the above described certifications, either from an inability to accommodate or unwillingness to understand the nuances of employee-owned businesses and how their models differ from typical business ownership. We think that, on the contrary, an employee-owned business's ability to impact large groups of people at once makes them a uniquely strong and efficient vehicle for achieving impact spending goals. Where a conventional minority- or woman-owned business might only see the benefits of ownership flow to the single person who owns all of the shares, a business certified as MMEO or MWEO will benefit all of the shareholders—the workers themselves—a majority of who will themselves be minorities or women (depending on the certification).

Giving employee-owned companies that are majority owned by marginalized, underrepresented or otherwise underserved demographics has the potential to change tens, hundreds, or even thousands of lives at once by unleashing new contract opportunities and enabling employee-owned businesses to compete on the same playing field.

## **What resources does the NCEO provide to certified companies?**

Companies that are successfully certified will receive a certificate and supporting collateral from the NCEO Registry, so they can allow purchasers to identify the companies with whom they want to do business. Additionally, the NCEO is in the process of developing a public page that will list all certified companies and a suite of resources for companies.

## **What is the status of these employee ownership certifications?**

The NCEO Registry Certification issued its first certificate at the end of 2024 as part of a testing process, and in April 2025 it publicly launched the certification. It is actively seeking companies interested in certification. The NCEO is in pilot testing mode as it builds the infrastructure to support widespread adoption, and expects to begin full operation in August 2025. Eight purchasers so far have agreed to accept the NCEO Registry Certification.

## **What is the National Center for Employee Ownership?**

Formed in 1981, the NCEO is a charitable 501(c)(3) organization dedicated to making employee ownership thrive with over 3,000 members. The NCEO welcomes input as we continue to refine this certification pathway. Please contact the NCEO's Executive Director Loren Rodgers ([LRodgers@nceo.org](mailto:LRodgers@nceo.org)) and Communications Director Timothy Garbinsky ([TGarbinsky@nceo.org](mailto:TGarbinsky@nceo.org)) with feedback.