Worker Cooperatives: Community Ownership and Community Wealth Building

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New Mexico Association of Grantmakers
January 26, 2017
Employee ownership can take many forms

- ESOPs
- Employee Ownership
- Stock grants

- Worker-Owned Coops
Cooperatives—businesses owned and controlled by their members—also take many forms

Cooperatives

- ESOPs
- Employee Ownership
  - Stock grants
- Worker-Owned Coops
- Consumer Coops
- Producer Coops
- Housing Coops

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What are Worker-Owned Cooperatives?

Businesses that are owned and controlled by their workers
The Power of Worker Cooperatives
Worker ownership brings significant benefits

**TO WORKERS**
- Better pay and benefits
- Assets (business ownership)
- A voice in key decisions

**TO BUSINESSES**
- Higher productivity and growth
- Lower employee turnover
- Improved business longevity

**TO SOCIETY**
- Local spending multiplier
- Higher voting levels
- Correlation with other social benefits

All citations are in *Worker Cooperatives: Pathways to Scale* © Project Equity 2017
Community wealth building

- Economic impact ~ small business ownership
- Workforce development
- Rooted in community and people
- Long-term commitment
- Designed for scale
Worker Cooperatives in the U.S. Today

- Est. 300-400 total
- Span industries and geographies
- 31% > 20 years old
- 60% formed since 2000
- 42% formed through conversions
- Increasingly racially and ethnically diverse

Source: Worker Cooperatives: Pathways to Scale (data from USFWC, 2012)
“Trillions of dollars of business value are going to change hands in the next 10 to 20 years.”

Image: Brett Ryder, The Economist
Quote: Bob Balaban, Headwaters MB, a Denver-based investment bank
• Solar design and installation company
• 24 employees
• Employees voted
- Pizzeria
- 30 employees
- Structuring the deal
• Re-shoring jobs through sustainable textile production
• 24 employees
• W North Carolina
• Implementing Open Book management
Community impact investment

- PRIs provide patient capital
- Fund managers invest in deals or through experienced CDFIs
- Upcoming publication: *Investor Guide to Worker Coop Conversions*
SF Bay Area Cooperative Growth Ecosystem Example

Policy & Local Government

• Policy leadership: Sustainable Economies Law Center
• Oakland worker coop ordinance in early 2017

1. Collect data
2. Business succession planning that includes worker coops
3. Purchasing preferences
We would be pleased to join a deeper learning session

www.project-equity.org

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Our mission

To foster economic resiliency in low-income communities by demonstrating and replicating strategies that increase worker ownership
We see multiple paths to scale

Start and grow **SMALL** businesses

Start and grow **BIG** businesses

Convert **EXISTING** businesses

**Project Equity’s question:** How can we accelerate growth along any or all of these pathways?
Project Equity Conversions Incubator

**Pipeline**
- Awareness raising
  - Marketing, events, webinars
- Engaging Business Connectors
- Referral Network

**Incubator**
- Cohort training
- Business coaching
- TA (legal, accounting, marketing)
- Access to capital
- Hands on advisors
- Peer learning
- Employee training

**Network**
- Network of companies and of Incubators
- Peer support
- Coop best practices
- Mentoring
- Back office or shared services

**Timeframes**
- 9 to 12 months
- 6-18 months
- Ongoing

**Ecosystem influence to amplify impact**
Cooperative Growth Ecosystem
FRAMEWORK

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Cooperative Growth Ecosystem FRAMEWORK

**Essential Elements:** Building Blocks For Scale

**SKILLS & CAPACITY**
- Management skills and expertise
- Core job skills and governance skills
- Growth-oriented entrepreneurial leadership

**FINANCING**
- Availability/experience of loan capital
- Availability/experience of investment capital (equity)
- Availability/experience of grant funding

**TECHNICAL ASSISTANCE**
- Supply, quality and affordability of professional service providers

**COOPERATIVE DEVELOPERS**
- Co-op developers—experience, business acumen, scale orientation
- Co-op networks/associations

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www.ecosystem.coop
FINANCIAL SECTOR
Community Capital
CDFIs
Credit Unions
Foundations
Impact investors

PUBLIC SECTOR
Economic developers
Government agencies
Policymakers, elected officials
Small Business Dev’t Centers
Workforce dev’t organizations

NONPROFIT SECTOR
Colleges / universities
Community-based orgs, CDCs
Cooperative developers
Labor and workers’ centers
Faith groups

PRIVATE SECTOR
Anchor institutions
Businesses, including co-ops
Local business groups
Professionals and TA providers
Secondary cooperatives

ECOSYSTEM ACTORS
Cooperative Growth Ecosystem Example

Western North Carolina: Sector Strategy

• Textile and furniture industries offshoring & “re-shoring”
  – Opportunity Threads
  – Carolina Textile District
  – Local conversion case study

• Focused outreach underway with Project Equity’s support
Cooperative Growth Ecosystem Example

Twin Cities:
Well-connected intermediary

- Nexus Community Partners: Deep relationships with community, and with city, regional, state influencers
- Hosted well-attended ecosystem mapping event
- Rapid prototyping mapped clear next steps
We can accelerate growth by

• Engaging & connecting diverse and new actors
• Building momentum
• Rowing together