WORKER CO-OPS AND ECONOMIC DEVELOPMENT

ESTEBAN KELLY, EXECUTIVE DIRECTOR

www.usworker.coop  twitter: @usfwc
The United States Federation of Worker Cooperatives is the national grassroots membership organization for worker cooperatives.

We advance worker-owned, -managed, and -governed workplaces through cooperative education, advocacy and development.
USFWC

- Grassroots membership association
- 501c6
- Vision: Build thriving worker co-op movement
- Core: Support and grow membership
- Relationship: Delivers base, creates stronger co-ops, organizes and centralizes local formations

DAWI

- Think-and-do tank
- 501c3
- Vision: Scale worker cooperatives and create equitable access
- Core: Research, education, and collaboration
- Relationship: Creates new members, provides member training
US Federation of Worker Cooperatives
Member Support

- Cooperative Business Support
- Trainings & Workshops
- Customized Technical Assistance
- Capital Access Advice & Resources
- Peer Networking & Document Library
- National Discount Program
- Conference Discounts & Scholarships
Our Network

- We unite worker co-op leaders and practitioners through our communications, member councils, events, cooperative directory, and local, national, and international co-op networks.
The Problem:

People of color:
- Own 17% of businesses
- Comprise 38% of population

(Annual Survey of Entrepreneurs, 2016)

Long-term unemployed:
- 38% Blacks (12 million)
- 36% whites (73 million)
- 33% Asians (5 million)
- 32% Latinos (13 million)


For every dollar in wealth a white household owns:
- Blacks own six cents
- Latinos seven cents

(Survey of Consumer Finance, 2013)
What is Employee Ownership?
- Stock ownership for employees
- Profit-sharing
- Examples: ESOPs, stock plans, coops

What is a Worker Cooperative?
- Member benefit business form
- Shared equity and profits
- Shared decision-making

Well-suited to:
- Labor-intensive industries
- Values-based business
- New and low-wealth entrepreneurs
Worker cooperatives are a tool for job creation, business ownership, and shared prosperity.
Definition

Worker cooperatives are businesses owned and governed by the workers, characterized by:

- **Investment**
- **Decisions**
- **Structure**
Worker co-ops are small - and growing.
- Average size <$2M revenue, 15-20 members
- Concentrations: service and retail

Worker co-op sector is small - and growing.
- 350-400 worker coops in U.S.
- 5-10 with > $50M/year in revenue

Co-op development projects are a source of growth.
- Well-established: Arizmendi, PHI
- New projects: CFL, TWW in NYC
- Conversions: Conversions Collaborative
Context: growth of the movement

Current Worker Cooperatives by Year Founded (N=256)

Today's growth is at this intersection

Business Development

Community
Worker cooperatives are significant in other economies:

- 600+ worker co-ops in Canada
- 6000+ worker co-ops in Argentina
- 18,000+ worker co-ops in Spain
- 25,000+ worker co-ops in Italy

We can reach scale here!
Pathways to Cooperative Creation

- Do-it-Yourself Startup
- Incubation by Cooperative Developer
- Conversion from Existing Business
Context: growth of the movement

Worker cooperatives can scale in:

- Size
- Density
- Impact
Elements of an Ecosystem

Essential Elements:
- Skills & Capacity
- Financing
- Technical Assistance
- Cooperative Developers

Important Elements: Environmental Elements:
- Business Supports
- Connection to Market
- Policy
- Advocacy Partnerships
- Values-Driven Businesses
- Attitudes & Culture
- Cooperative Education

Project Equity

Democracy at Work Institute
US Federation of Worker Cooperatives
Context: who benefits

- First-time entrepreneurs
- People locked out of the job market
- Contractors and contingent workers
- Labor-intensive industries
- Values-based businesses
“I feel like I have accomplished a great deal and I am very proud and content. I am so thankful for this coop and this opportunity to grow and learn and help my family.”
Worker cooperatives are a tool for quality job creation, access to small business ownership, and retention of community-serving businesses.

- Share risk and reward
- Stabilize and raise job quality
- Anchor businesses, jobs, and wealth
Employee Ownership by People of Color at Scale

Cooperative Home Care Associates was started in 1985 in the Bronx. It now employs 2,000 women of color – primarily Latinas and African Americans.
A Yard and a Half Landscaping started in 1988 in Massachusetts as a sole proprietorship. In 2013, they converted into a worker cooperative. The vast majority of its workers are Salvadoran immigrants.
Employee Ownership Saving Jobs

New Era Windows formed in Chicago after a grueling four year bankruptcy fight with previous owners. Workers bought the company’s assets and began making their own windows and doors in 2012.
Case Study

Bed Stuy Fresh and Local is a neighborhood grocery in a gentrifying area of Brooklyn, whose owners elected to expand ownership with workers as a way of rooting the business in the community.
MUNICIPAL CO-OP INITIATIVES
WORKER
COOPERATIVE
BUSINESS
DEVELOPMENT
INITIATIVE
NEW YORK’S WORKER COOPERATIVE BUSINESS DEVELOPMENT INITIATIVE

Logistics:

FUNDING:
● Discretionary funding through City of New York and City Council
  ○ Fiscal Year 2015: $1.2 million to 11 nonprofits and SBS
  ○ Fiscal Year 2016: $2.1 million to 14 nonprofits and SBS
  ○ Fiscal Year 2017: $2.2 million to 13 nonprofits and SBS

PROGRAM & CONTRACT MANAGEMENT
● NYC Dept. of Small Business Services
NYC WORKER COOPERATIVE BUSINESS DEVELOPMENT INITIATIVE

Suite of Services:

**Start a Worker Cooperative**
- Center for Family Life
- Green Worker Cooperatives
- Urban Upbound

**Financing Support**
- The Working World
  
  *Other services: business creation, conversion, one-on-one*

**One-on-One Business Support**
- Bronx Cooperative Development Initiative
- Business Outreach Center Network
- FPWA
- New York City Network of Worker Cooperatives

**Legal Support**
- CUNY Law
- Urban Justice Center

**Business Conversion**
- Democracy at Work Institute
- ICA Group
  
  *Other services: business creation, legal assistance, financing, one-on-one*
NYC WORKER COOPERATIVE BUSINESS DEVELOPMENT INITIATIVE

Performance Fiscal Years 2015 — 2016:

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<thead>
<tr>
<th>Worker Cooperatives Created</th>
<th>48</th>
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<tbody>
<tr>
<td>Services Provided</td>
<td>793 services to 138 businesses</td>
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<tr>
<td>Education Services</td>
<td>3,102</td>
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<tr>
<td>Total Hires</td>
<td>305</td>
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Questions...

www.usworker.coop
esteban@usworker.coop
twitter: @estebantitos
Facebook.com/usfwc

@usfwc
STAY IN TOUCH:

Esteban Kelly
Executive Director
esteban@usworker.coop

Ana Martina Rivas
Membership Director
ana@usworker.coop

Mo Manklang
Communications Director
mo@usworker.coop

Laura Smoot
Operations Manager
smoot@usworker.coop

Morgan Crawford
Programs Manager
morgan@usworker.coop

Daniel Arrañaga
DAWN Programs Manager
daniel@dawn.coop