



# Economic Recovery and Employee Ownership



About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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About The Democracy at Work Institute

The Democracy at Work Institute (DAWI) was founded by the US Federation of Worker Cooperatives as the only national think- and do-tank expanding the promise of worker ownership to communities locked out of good jobs and business ownership opportunities, especially for BIPOC, immigrant, and low-wage workers. Through research, innovation, government relations, and education, DAWI supports worker ownership as the superior business model for creating and saving jobs with dignity, fair compensation, and opportunities for wealth and skill building.

DAWI brings both a birds-eye view of the national stage and an experiential on-the-ground understanding of cooperative business, making sure that our growing worker cooperative movement is both rooted in worker cooperatives themselves and branches out to reach new communities of worker-owners.

Learn more about The Democracy at Work Institute at <https://institute.coop>. Contact the team at [info@institute.coop](mailto:info@institute.coop) if you are interested in exploring any of the approaches detailed in this report.

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# Introduction

The economic recession induced and compounded by COVID-19 has forced small business owners into choices that will devastate local economies. They may choose to sell to larger corporate competitors or private equity firms, who in turn will consolidate and downsize. Or they may be forced to close their businesses for lack of a buyer. With small businesses employing nearly half the U.S. private workforce, closures and sales of small and medium businesses will likely result in large scale job losses.<sup>1</sup> Moreover, sudden and large decreases in local ownership not only leads to a loss of community vitality and character, but also triggers a sudden and large growth in economic inequality — especially in communities of color.

The COVID-19 recession has disproportionately impacted Black and Brown communities. Black and immigrant business owners, who already had less access to community banks and other sources of business credit, had more difficulty accessing Paycheck Protection Program relief.<sup>2,3,4,5</sup> The most profound impacts, however, may be on workers of color, who are concentrated in low-wage, gig economy and contingent jobs.<sup>6</sup> Retail and service sector businesses have been hit the hardest, with effects concentrated on younger workers and workers of color.<sup>7</sup>

As the pandemic has worn on, its impact on workers has grown consistently grimmer: Of the 140,000 U.S. jobs lost in December 2020, 100 percent were held by women, with Black and Latina women accounting for the vast majority of jobs cut.<sup>8</sup> We know that pre-pandemic trends showed increasing labor market domination by large employers.<sup>9</sup> We also know that jobs lost from small business closures are unlikely to be replaced by jobs of a similar type and quality, particularly for workers of color.

This job loss has been keenly felt in smaller cities and towns across the country where the loss of even a single business can be devastating.



Small businesses employ  
**nearly half of the U.S.**  
private workforce

## 100% WOMEN



Women accounted for  
the **140,000 U.S. jobs**  
lost in December 2020

As the nation recovers, the deep inequities in our economy that COVID-19 laid bare will not miraculously disappear. While new federal support is targeting inequities in capital access, housing stability, and other foundational necessities for recovery, cities are facing a long path toward rebuilding more equitable and resilient economies. The national challenge will be ensuring better jobs and stronger workplaces, that the benefits of our recovery are shared more broadly, and that our communities have stronger economic foundations with which to weather future downturns.

## Amid ongoing uncertainty and their own budget constraints, cities are asking: **How can we craft effective and equitable small business recovery plans?**

Major small business job loss is not a foregone conclusion, even in a recession. Municipal response should aim first to shore up existing business assets and the value they have built. Cities have the opportunity to save many small businesses, significantly shorten the path to economic recovery, and create a foundation for a truly resilient economy by supporting the transition of companies to **employee ownership**.

Employee ownership can be a powerful tool through which to accomplish equitable business development and retention goals. There are different forms of employee-owned businesses, the most common of which are **Employee Stock Ownership Plans (ESOPs)** and worker-owned cooperatives. ESOPs are employee benefit plans where employees have an ownership stake in their company. The company makes contributions to a trust, primarily in the form of employer stock, and the contributions are allocated to participants.

Alternatively, **worker cooperatives** are businesses both owned and governed by their workers. Profits are shared based on labor contribution to the cooperative and decision-making



### Employee Stock Ownership Plans (ESOPs)

Benefit plans where employees have an ownership stake in their company, often in the form of stock contributions allocated to participating employees through a company trust



### Worker Cooperatives

Businesses owned and governed by workers, with profits shared based on labor contribution and democratic decision-making

is democratic, adhering to the principle of “one worker, one vote.” Employee-owned businesses provide employees with stable incomes and jobs that offer an opportunity to build wealth that increases alongside business growth. For businesses looking to sell, the best — and sometimes the only — buyers are their employees. Employee-owned businesses can be startups or existing businesses that transition to an employee ownership model through a sale to the employees.

Today more than ever, employees of many companies are well-positioned to keep businesses running and locally-owned. Indeed, it is the workers who have the most at stake and who, with support from community investors and technical assistance from business service providers, can achieve business continuity. At the same time, laid-off workers are using forms of shared ownership to start new enterprises together.<sup>10</sup> Startup capital, technical assistance and city contracting opportunities can be made available to these fledgling businesses, including the many providing essential services such as health care, childcare, contact tracing and community health promotion.

The launch of New York City’s Owner to Owners business transition hotline, a call center and website for small business owners, is an example of a growing trend of tactics used by cities to address the recovery needs of their small businesses. Across the country, city governments and officials are tapping into the growing field of employee ownership, educating themselves about the business

form, and using the tools of local government to support its growth.

Prior to Mayor De Blasio’s announcement of Employee Ownership NYC, the New York City Council had already invested more than \$15 million since 2015 to catalyze a tenfold increase in cooperative small businesses and to create employee ownership strategies for its industrial business sector. Following this investment, more than 90 percent of worker-owners in **New York City** are people of color. Similarly, **Berkeley, Boston, Miami, Minneapolis, Madison** and **Philadelphia** have all funded technical assistance related to employee ownership. **Los Angeles** is partnering with local providers to use workforce development funds for feasibility studies to save jobs. Community wealth-building groups from **Cleveland** to **Rochester** are designing systems-level interventions that include employee ownership.

**Now is the time for cities to support scaling employee ownership to meet pressing needs and to ensure that recovery benefits local communities — and cities won’t be doing it alone.**

Recent federal policies like the Main Street Employee Ownership Act of 2018, supported by a bipartisan coalition of lawmakers, calls on the Small Business Administration (SBA) to

make loans and technical assistance resources available to employee-owned businesses. Local Small Business Development Centers are building their capacity to offer support, and a growing number of local investment funds are focusing on financing ownership transitions. A wave of investment from foundations and capital investors has helped catalyze substantial growth in the ecosystem of support for employee-owned businesses. The Institute for the Study of Employee Ownership and Profit Sharing at Rutgers University is studying the impact of employee ownership.<sup>11</sup>

**The business, economic and human case for an expansion of employee ownership, specifically for Black and Brown workers, is hard to overstate.**

When targeted toward workers of color, employee ownership models have the potential to expand the middle class, narrow the racial wealth gap and strengthen the economy. As cities look to a long recovery, and seek to rebuild in ways that remedy racism and produce equity, they can and should work with the diverse and expanding world of employee ownership practitioners to scale this solution and make it broadly available. Now is the time to transform businesses, workers and communities toward a more equitable and more resilient economy where everyone can prosper.







## Types and Benefits of Employee Ownership

There are roughly 6,500 U.S. companies nationwide utilizing the most common form of employee ownership, the Employee Stock Ownership Plan, and around 500 companies organized as worker cooperatives. ESOPs can range from community-based small businesses to large corporations, including Publix Supermarkets, the nation's largest ESOP with more than 200,000 employee-owners.

ESOPs have been used as a tool through which employees can incrementally buy out a single owner at retirement since the 1980s, creating thousands of employee-owned companies with positive impacts for business longevity, productivity and job quality. While there are no firm upper or lower limits for scale, “at least 15 employees is a reasonable starting point” for implementing an ESOP, according to the National Center for Employee Ownership, leaving a gap and unmet needs for businesses at the smaller end of the market.<sup>12</sup>

Increasingly, **worker cooperatives** are filling this gap and being used for similar employee buyouts. There are many thriving worker cooperatives in existence today; in the past five years, nearly 200 businesses have initiated an employee buyout and transitioned to a worker ownership structure.<sup>13</sup> Startup worker cooperatives also serve as one pathway to securing greater levels of long-term job opportunity. Worker cooperatives tend to be smaller and concentrated in the retail and service sectors, with examples that include Cooperative Home Care Associates, the nation's largest worker cooperative, which employs almost 2,000 home health aides in New York City. They are generally structured as cooperative corporations or member-managed LLCs, both member-based business forms in which members own and control the business.

For decades cooperatives helped develop the economy of rural America, and they are increasingly used by people in cities for the same reasons: To create jobs, improve access to business ownership opportunities, and build supportive infrastructure for entrepreneurs.<sup>14</sup>



Approximately  
**6,500 U.S. companies** utilize the Employee Stock Ownership Plan format



Approximately  
**500 U.S. companies** are organized as worker cooperatives

Though they currently make up a small portion of the broader U.S. economy, employee-owned businesses have been reported to perform well in terms of impact — particularly for low-wage workers and workers of color:

• **Employee-owned businesses offer higher wages**

On average, employee-owners making less than \$30,000 have 17 percent greater median household net worth and 22 percent higher median income from wages than their non-owner peers. The results are even more dramatic for higher-wage workers.<sup>15</sup>

• **Employee-owned businesses build assets**

In a 2018 survey of employee-owned firms, workers nearing retirement had on average \$147,522 in retirement savings from their ownership stakes. In contrast, more than one-third of all workers nearing retirement have neither retirement savings nor a defined benefit pension.<sup>16</sup>

• **Employee-owned businesses create quality jobs**

Employee-owned Cooperative Home Care Associates, which is dedicated to “Quality Care through Quality Jobs,” retains workers four to five times longer than the average home-care agency in a high-turnover industry struggling with uneven job quality.<sup>17</sup>

• **Employee-owned companies provide greater job security and business stability<sup>18</sup>**

Employee share owners are six times less likely to be laid off and in fact may help to stabilize communities by maintaining employment and expanding consumer purchasing power.<sup>19</sup> Employee ownership can ensure jobs and businesses don’t permanently disappear, and instead continue to thrive as locally-rooted economic engines.



Workers in employee-owned firms have an average of **\$147,522 in retirement savings** from their ownership stakes

**Employee-owners hold shares in their business — shares that become more valuable as the business grows.**

These shares represent down payments for homes, tuition for a child or grandchild, additional healthcare coverage or an enjoyable retirement. In short, they represent a piece of the American dream. For workers of color, relatively few of whom are employed in high paying industries that lend themselves to long-term wealth attainment, employee ownership represents a countervailing force to the steady erosion of asset ownership.

The demographic shift among baby boomer business owners known as the “Silver Tsunami” — a term for retiring Baby Boomers who are now turning 65 years old at a rate of 10,000 people per day through 2030 — will change the business landscape as aging business owners retire. **With the overlapping crises of a COVID-19 related recession and the Silver Tsunami, employee ownership represents a proven business and job retention strategy.<sup>20</sup>**

According to national surveys, 79 percent of business owners want to retire within 10 years, 60 percent in less than 5 years, and 33 percent in less than 3 years. However, only 15 percent of businesses successfully transition to the next generation in the family, and only 20 percent of commercial listings actually sell.<sup>21</sup> These “**legacy businesses**,” typically defined as a locally-owned business that has operated for 20 or more years, contribute to the history and the identity of a particular neighborhood or community. When legacy businesses close, people lose jobs, neighborhoods lose economic anchors, and communities lose beloved institutions.



**10,000 Baby Boomers** are turning 65 each day



**Legacy Businesses**

Locally-owned businesses that have operated for 20+ years, contributing to the history and identity of a neighborhood or community

**BUSINESS OWNER RETIREMENT PLANS**



- Want to retire within 10 years
- Want to retire within less than 5 years
- Want to retire in less than 3 years

Source: Business Enterprise Institute 2016. Business Owner Survey Report.



# Untapped Potential for Growth and Resilience

Worker cooperatives were surveyed in summer 2020 to understand their immediate needs in the wake of COVID-19-induced restrictions and losses. Like all small businesses, worker cooperatives were struggling. However, 86 percent of survey respondents said they had structures in place to quickly make decisions in the workplace, enabling them to more easily adapt and respond to COVID-19.<sup>22</sup>

“We have always paid ourselves hourly with a flat hourly wage. As schools and daycares started to close, we needed to ensure that parents had the income stability and the schedule flexibility to manage new challenges in caregiving responsibilities. As a stop-gap measure, we temporarily switched to a flat salary for all workers regardless of hours worked. This also opened an opportunity to think more intentionally about equity in wages as we plan for our future.”

DESIGN ACTION COLLECTIVE  
(CALIFORNIA)

“During the crash [of 2008], the company’s 17 owners conducted a ruthless assessment of its strengths and weaknesses. After a handful of tough choices then, we vowed to be better prepared the next time an event threatened our future. Twelve years later, we are indeed.”

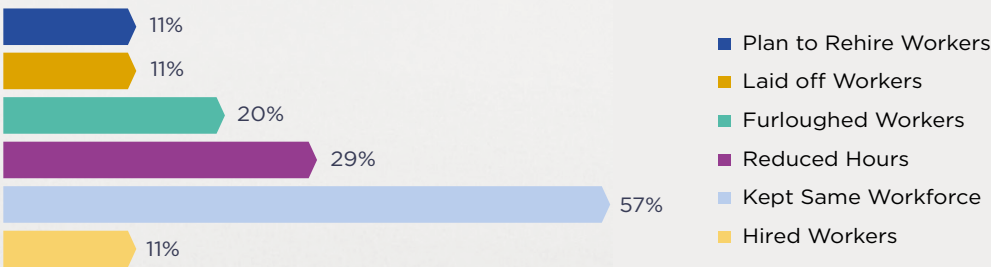
SOUTH MOUNTAIN COMPANY  
(MASSACHUSETTS)

Many small and medium-size businesses have explored employee ownership and at least 1,400 companies have successfully transitioned to employee ownership over the past five years.<sup>23,24</sup> But most business owners are unaware of employee ownership as an option for transition after retirement or succession. Facing imminent pressure to close or sell, they will be hard-pressed to find a buyer. **Cities can realize the potential of employee ownership by initiating programs that incentivize and educate business owners to transition ownership to employees.**

For cities, employee ownership offers a private sector-driven strategy to preserve businesses and create jobs that do not rely on city coffers. Employee ownership can be integrated into existing municipal programs that unlock needed capital, education and outreach support for this underutilized tool.

Business owners in crisis have little capacity for intensive research, but cities can leverage business support hotlines and communication campaigns to make the employee buyout option easy to learn about and technical assistance easy to access. Additionally, cities can connect employee buyer groups to the growing number of capital sources dedicated to investing in employee buyouts, such as **The Working World, the Legacy Business Investment Fund, Cincinnati’s Business Legacy Fund, Main Street Phoenix Project, The Fund for Employee Ownership, and Accelerate Employee Ownership.** Cities could even explore public funds to match or partner with local foundations. With a small additional investment, cities can make a significant net positive impact on their bottom-line by keeping viable businesses open and locally-rooted.

## THE IMPACT OF COVID-19 ON THE WORKER COOPERATIVE WORKFORCE



PERCENT OF RESPONDENTS

Source: The Democracy at Work Institute 2020. COVID Impact Survey.



# Employee Ownership Successes

Employee-owned business forms of all kinds can provide long-term wealth building opportunities for workers while generating positive business impacts. They can be adapted to a variety of industries and offer workplaces of different sizes. Some are small business startups, while others may be formed through transferring ownership upon the retirement of a founding owner. The following profiles of worker cooperatives demonstrate the flexibility of the business model, and the benefits it delivers to workers and their communities.



## Cooperative Home Care Associates (Bronx, New York)

**Cooperative Home Care Associates** (CHCA) is the largest worker cooperative in the United States, with over 2,000 workers, more than half of whom are owners. It is also a business founded and deeply tied to a mission of economic justice, with the purpose of creating quality jobs for workers in a sector in which instability, underemployment and an oscillation between short-term jobs and public assistance is common.

The cooperative was founded in 1985 in New York City with a values-infused mission:

**By creating better quality jobs, not only could the cooperative help the home care workers — predominantly women of color — but it could provide better care to customers and become a preferred vendor for hospital outpatient contracts.**

The cooperative pursued this outcome primarily through more training of workers. Where the industry tended to underinvest in worker training, assuming the workforce as temporary, the cooperative created a gold

standard training program, including several additional weeks of training and ongoing educational opportunities, supposing workers would become long-term cooperative owners. Quality jobs also had a public benefit: Workers were given more and consistent hours, making it less likely that they would need to rely on public assistance to make ends meet. While patients were only indirectly the customers, given the role of hospitals in assigning outpatient contracts and the role of health insurers to pay those contracts, the care they received was often also higher quality, and more consistent.

As the cooperative expanded, it became more aware that federal Medicaid reimbursements were holding back the ability to grow individual worker pay and wealth creation. In response it helped launch PHI, an advocacy group to advance the interests of home care workers for both the cooperative and other companies.<sup>25</sup> This strategy complemented their internal focus on education and training: While they were raising the expectations in the field for the level of quality service that could be provided, they also sought to raise the reimbursement rates for workers across the industry.



## A Yard and A Half Landscaping (Waltham, Massachusetts)

**A Yard and a Half Landscaping Cooperative** (AYAH), a legacy business whose owner was its founder decades ago, transitioned to a cooperative as an exit plan for the founding owner. Established in 1988 in Waltham, Massachusetts, the company sold to approximately 30 employees in 2014. The selling owner had built a values-centered business that emphasized job stability and job quality for the workers, most of whom were Central American immigrants who had come to the U.S. at a young age. The company had a strong reputation and would have been easy to sell, but the founding owner worried that any external buyer would reduce job quality and pay, undoing much of the organizational effort she had invested in.

Like many exiting owners exploring employee ownership, she assessed her workforce’s readiness to step into new managerial roles

and found large gaps. In the case of AYAH, these gaps were amplified by the irregular or informal education the workers had in youth, and by structural segregations between the office and the job site that are common in the landscaping industry. Instead of abandoning the plan, the owner took several years to implement a succession plan that invested in training new managerial talent within the organization, creating a three-person leadership team that would eventually replace her.

Not all workers at the company trusted the cooperative idea at first, and wondered whether they would, in fact, be able to work together well enough to continue the success of the business. Since the transition, the company has prospered, growing its revenue and workforce, and becoming a model to other companies around the country. The company actively measures year-over-year pay increases and speaks positively about workers being able to purchase cars and homes with their profit shares.



## Evergreen Cooperative Laundry (Cleveland, Ohio)

The Evergreen Cooperative network, and its flagship laundry enterprise, grew out of a civic effort to stabilize neighborhoods around the university and hospital district in Cleveland, Ohio. While the “eds and meds” anchor institutions remained somewhat immune to economic downturn, the area around them suffered, not receiving any spillover benefits from its proximity. The neighborhood was a place of high unemployment, with many people facing significant barriers to work.

At the encouragement of the mayor, and with the strategic design support of The Democracy Collaborative, Evergreen was formed to place job-creating cooperatives that would serve the needs of the universities and hospitals based on long-term contracts. This relationship was both a localist import substitution and a neighborhood stabilization effort.

Of the first three cooperatives created — a laundry, a hydroponic greenhouse, and a solar and weatherization contractor, the laundry grew the most quickly. The hospital had articulated to the organizers that while local job creation was important, their highest priority for a vendor was excellence in environmental sustainability. With philanthropic support and fast-tracked zoning from the mayor, the “greenest” laundry in the city was built. After growing to 50 employees, the laundry took another innovative step: Acquiring another hospital laundry facility, and with it, bringing on an additional 100 workers.

The “Cleveland Model” is in development to be replicated in other cities around the country. While it often starts with a high-level conversation about urban planning among civic and industry leaders, along with philanthropists, the impacts can be seen at the individual level. Evergreen workers — many of whom are now owners — have access to work, job stability and a path to wealth creation, while also providing essential services within their neighborhood.





# Role of Local Governments in Creating the Conditions for Employee Ownership

While there are multiple paths for employee-owned businesses to form, the role of local governments in creating an enabling environment for employee ownership is important across all approaches.

This has often included removing the barriers that make it difficult and sometimes impossible for worker-owned businesses to access services and resources available to other small businesses. And increasingly, cities are helping catalyze employee ownership formation by creating incentives and targeting resources to entrepreneurs and existing businesses.

These supports are often driven by larger initiatives that use worker ownership as a tool for succession planning, and thereby preserving legacy businesses, reducing racial income and wealth disparities, or providing good jobs for people with barriers to employment.

In all cases, it's helpful to understand the distinction between different approaches to developing employee-owned businesses, as the different pathways to development and scale suggest different intervention points and investments.

## Supporting Employee Ownership Transition

**Employee Ownership Transitions** are existing businesses of any ownership form that convert to employee ownership by selling the assets of the business to its employees. The transfer of assets is often done over time and is financed by the profits of a business or by outside financial lenders and investors. Management and operation structures of the converted business often remain largely the same. However, governance of the business is replaced by a board of directors elected by the workers.

Converting existing businesses to employee ownership benefits both the owner and employees.<sup>26</sup> Owners can sell their business, retire, and see their legacy continue, while employees can acquire a stake in the business by becoming owners — expanding the pool of new business owners and entrepreneurs. From this transition, municipalities will maintain their tax base and stability, and the community will retain an asset.<sup>27</sup> Across the country, municipal support for transitions has grown substantially over the past few years, an ecosystem of support organizations has grown, and lenders from CDFIs to local investment funds are financing this approach. It is perhaps the most commonly-used and well-known strategy for implementing employee ownership of local businesses.



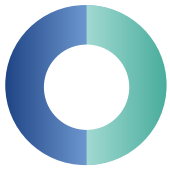
Around **83 percent of business owners** do not have a written succession plan or view it as a difficult topic to approach, which makes planning for exit difficult to begin with.<sup>28</sup> However, **almost a third of business owners** have thought about selling their business to their workers.<sup>29</sup> But without additional interest or capacity from local government and financial institutions, conversion to employee ownership as a business retention strategy will remain largely underutilized by business owners.

**To counter these challenges, municipalities can begin by promoting transitions to employee ownership as a succession option.** Municipalities can develop a small business retention working group and/or ask business development centers to promote transitions in all their succession planning and business retention toolkits. Long-term, municipalities can develop technical assistance and capital resources that focus on converting longstanding, community-serving businesses that often serve as valuable cultural assets, to employee ownership.<sup>30</sup>

# Supporting Startup Worker Cooperatives

For entrepreneurs and unemployed workers, **startup worker cooperatives** can serve as one pathway to secure greater levels of long-term job opportunity. Joining a worker cooperative during the startup phase grants added benefit to potential members by providing opportunity to contribute to the design, aims and functions of the organization before it is launched. Startup worker cooperatives may prove to be a valuable resource for workers in industries most vulnerable to downsizing and disruption, as cooperatives often prioritize employee well-being over shareholder benefit.

There are generally two ways startups are formed. One path is for entrepreneurs and/or unemployed workers to come together and launch a business themselves. This group drives their own development process, takes on the full responsibility and costs, and seeks outside assistance.



**83%**  
of business owners do not have a written succession plan or view it as a difficult topic to approach



**1 out of 3 business owners**  
have thought about selling their business to their workers

Support for this group is typically an investment of time, which can include business coaching and providing access to technical assistance and capital providers. This “**low-touch development**” is analogous to the support Small Business Development Centers provide to their clients.

The other path for startup development is the incubation model in which an organization, typically a non-profit, develops the business, hires workers, and helps them become successful worker-owners. In this case, developers drive the business development process, take on the responsibility and costs, and recruit and train workers to develop jobs and worker-ownership skills. Developers provide “**high-touch development**” through both an investment of time and money to ensure the business is successful for its workers.

Each approach has unique benefits and challenges. Low-touch development generally has broader impacts; it can reach more people, more quickly, and at a lower cost. It tends to help people who already have resources. High-touch development generally has deeper impacts in terms of helping people gain access to resources, but it may be slower, more expensive, and impact fewer people. As cities consider support for worker cooperative formation, it’s important to determine the communities of focus and the resources they need to make worker-ownership a reality.

With a greater understanding of workforce needs, and examining best practices from current municipal models, cities can consider launching startup worker cooperatives as an added tool to addressing local unemployment and income inequality. While the ways in which localities are able to support startup cooperatives may vary, support such as **municipal budgetary appropriations, legislation, and advocacy** have proven effective in assisting the successful launch of these initiatives. Cities may also elect to **strengthen partnerships** with development organizations starting and supporting cooperatives to build community coalitions and better align economic development, community and labor goals.<sup>31</sup>



## Low-touch development

generally has broader impacts; it can reach more people, more quickly, and at a lower cost



## High-touch development

generally has deeper impacts in terms of helping people gain access to resources, but it may be slower, more expensive, and impact fewer people

By promoting and expanding awareness of the benefits of startup worker cooperatives, cities can also help increase confidence in this model of work and attract a greater number of potential employees. Where budgetary limitations may exist, cities such as **Austin, TX** and **Philadelphia, PA** have used resolutions to create an “**endorsement approach**” for worker cooperatives, which resulted in the creation of task forces to shape recommendations for policy and program interventions and subsequently greater buy-in for worker cooperatives from city agencies, community partners and institutions.<sup>32</sup> Supporting democratic models of work will assist cities during times of economic downturn and beyond, and provide greater levels of equity and opportunity within the workforce.

**At the minimum, municipalities can serve a vital role in the creation and expansion of startup worker cooperatives by simply advocating for the benefits of this model of work, especially to vulnerable work groups such as contingent workers and industries more susceptible to labor fluctuations.**

## Supporting Secondary Cooperative Models

A **secondary cooperative** is a cooperative of member businesses. These member cooperatives formally come together to meet shared needs and interests. A common example would be the ACE Hardware stores, which form a purchasing cooperative of independent retailers that comes together to buy inventory and share a brand. Access to financing is one service secondary cooperatives can provide; they may also reduce costs on shared needs, provide education/technical assistance, and research and development support.<sup>33</sup>

While not a form of worker-ownership — though all member businesses could be worker cooperatives themselves — secondary cooperatives are included here because they offer useful models for struggling small businesses, particularly microbusinesses and sole proprietorships where entrepreneurs of color are overwhelmingly concentrated, to come together to reduce costs, strengthen market visibility and meet demand. By reducing the costs of operating and building capacity, secondary cooperatives can strengthen and bolster industries hard-hit by the pandemic, such as the restaurant industry.

**Secondary cooperatives allow their member businesses to “outsource” some key organizational, maintenance and development capacities to a larger body whose mandate is to support the growth of their members, enabling them to benefit from economies of scale.**<sup>34</sup>

Smaller businesses without this support infrastructure often rely on limited employee labor for tasks that require specialized expertise, such as building maintenance or bookkeeping, limiting the growth potential of their businesses while hindering their competitiveness with other businesses.<sup>35</sup>

**For municipalities that are focused on strengthening their existing small businesses, secondary cooperatives enable local governments to engage with a single entity that represents multiple enterprises, amplifying small business negotiating power in the policymaking process.**<sup>36</sup>

A small business struggling on its own is likely to face a slew of challenges as a lone actor, but a secondary cooperative can provide the necessary infrastructure and platform for stability and growth.<sup>37</sup> While it may take municipalities years to build the network infrastructure for secondary cooperatives, city leaders should consider the appropriate timing and investment of resources to bolster and develop these institutions in hard-hit industries with organizing potential, such as restaurants and businesses in the care economy.





# Examples of City Support for Employee Ownership

Cities have been at the forefront in making employee ownership a part of economic development toolkits and the list of municipalities using the form continues to grow each day. For the past two years, DAWI has partnered with the National League of Cities on the **Shared Equity in Economic Development Fellowship** program (SEED) to bring together city leaders and their community partners to develop racial equity-focused employee ownership initiatives.<sup>38</sup> What follows are several snapshots of city initiatives from the SEED cohort and other municipalities.

## Berkeley, CA

The City of Berkeley, CA approved \$100,000 for 2019 – 2020 to support legacy business by providing succession planning services and technical assistance for converting to worker-ownership. Funding was allocated to collect data on legacy businesses, and to conduct business outreach and technical assistance.

The city is also in the process of making changes to its procurement policy and revolving loan fund to issue preference for worker cooperatives and access to city loans.<sup>39</sup>

## Boston, MA

The City of Boston, MA joined NLC's Equitable Economic Development Fellowship, a two year-fellowship focused on equity, transparency, sustainability and community engagement for local economic growth that was a precursor to the NLC-DAWI SEED program. Boston focused on employee ownership to expand resident wealth, with a fellowship team including members of the Mayor's Policy and Economic Development office, the Office of Workforce Development and the Economic Mobility Lab.

The result was the Worker Cooperative Initiative, a toolbox of resources for Bostonians pursuing worker cooperative development. This includes on-site technical assistance, workshops, Neighborhood Business Access (NBA) loans (ranging from \$5,000-\$100,000) and microenterprise loans (up to \$15,000) that support women, minority, immigrant and veteran-owned businesses. Both loans prioritize businesses that improve their communities, prevent the displacement of existing businesses and create jobs for low-to-moderate-income households. The Worker Cooperative Initiative also provides procurement support and helps cooperatives take advantage of other city programs.<sup>40</sup>

## Durham, NC

The City of Durham, NC is working to preserve its minority-owned legacy businesses and expand small business ownership through conversions to employee ownership.<sup>41</sup> When invited to participate in the SEED Fellowship program in 2018, the city first worked to introduce employee ownership internally and externally with small business owners, TA providers, and finance institutions. The City of Durham then conducted the city's first ever survey to develop a comprehensive database of businesses in order to be able to do targeted outreach.

Critically, the city provided seed funding for the development of the **North Carolina Employee Ownership Center**, recognizing that a strong state center could assist in business outreach, education and technical assistance locally.<sup>42</sup> Concurrently with this effort, the city developed a strategic plan for cultivating shared economic prosperity to establish the enabling environment to support and expand shared equity initiatives.<sup>43</sup> As of 2020, the city and its partners have reached out to almost 50 businesses and are working with several to explore the option of employee ownership.

## Madison, WI

The City of Madison, WI released a request for proposal to build a Worker Cooperative Fund Program. The proposal sought worker cooperative support, "as the City continues to look for ways to address issues of equity and fair labor practices."<sup>44</sup> The city laid out its goals to build capacity, increase the number of families supported on a living wage job and build community assets. All of this long-term planning was worked into the Connect Madison Economic Development Strategy of 2016, where one of the projects was to create a cooperative businesses development program.

The RFP process led to the city accepting the Madison Development Corporation to act as the loan manager to support worker cooperative enterprises.<sup>45</sup> While the Cooperative Network, which was started by Madison Cooperative Development Coalition, was selected to oversee the technical assistance provided for the **Cooperative Enterprise Development Program**, city staff worked with local cooperative developers to build capacity, offered technical assistance, and allowed access to the city's loan funds.<sup>46</sup>

## New York, NY

The City of New York, NY has supported the development of what is now the largest worker cooperative ecosystem in the country. For the past 6 years, over \$15 million in NYC Council discretionary funding has been allocated to incubate, create, or convert worker-owned businesses, and to provide technical support and educational services. Administered through the NYC Department of Small Business Services, the **Worker Cooperative Business Development Initiative** has helped create 631 jobs and 132 worker cooperative businesses as of 2020, and reached 8,000 entrepreneurs with technical assistance services to strengthen their businesses.<sup>47</sup>

New York City also recently launched the **Owner to Owners initiative** in partnership with DAWI and several employee ownership service providers.<sup>48</sup> A website was created to help business owners considering closing or selling their businesses explore whether employee ownership is the right option for them. Those that are interested and viable candidates for conversion are then connected to experts who guide them through the process.



# Strategies to Enable Employee Ownership

Employee ownership has been proven to show resilience and creativity in responding to economic crises.<sup>49</sup> As cities look toward rebuilding their local economies, employee ownership can be a viable solution for struggling businesses and workers.

There are many policies and practices that support the development and growth of worker ownership. What follows are several low-cost, high-impact ideas that can address today's challenges while creating stronger, more equitable economies for the future.

## Access to Information and Resources

Cities are well-positioned to help educate businesses and workers on employee ownership. One obstacle to wider adoption is the simple lack of information. Most business owners, when considering their succession plans, are not aware of the employee ownership transition option. For cities with few, if any, employee-owned businesses, education and outreach programs can make a significant impact by introducing worker ownership models and providing resources for support and further information.

### Develop a “Hotline” for Employee Ownership Transitions

Cities interested in preserving legacy businesses can consider expanding education and outreach by launching a webpage to educate business owners about employee ownership and refer them to technical assistance providers. In its simplest form, a web page hosted by the city or its trusted partners can help owners learn about employee ownership and connect to city business services (e.g. succession planning) and conversion experts. A more robust approach would include creating a “hotline” where local business owners can call in and be directed to appropriate employee ownership expertise. The New York City **Owner to Owners** initiative is an example of a hotline for employee ownership transitions.

There are also conversion technical assistance providers available that serve the national market. Some providers serve specific regions or specialize in particular industries. These organizations have formed the **Workers to Owners Collaborative**, a national group working to transition small businesses to employee ownership. Cities can contract with service providers to support ownership transition education and assistance or simply refer local businesses to the Workers to Owners Collaborative.<sup>50</sup>

Additionally, the city website can feature a simple small business toolkit to educate interested owners on the process and provide examples of successful business transitions.<sup>51</sup> For this approach to be successful, strong promotion of the website through communications and marketing channels is necessary. Business service provider partners will also need to amplify the initiative and understand the basics of employee ownership to be able to refer their clients to additional services.

### Create a Legacy Business Registry

The webpage or hotline can also be a vehicle for collecting useful information from business owners for future targeted assistance. Depending on the city, data on the known universe of legacy businesses may not be available. This can make it challenging to quantify the potential losses due to preventable business closures on employment, services and tax base.<sup>52</sup> Cities may also be barred from collecting and using business license data to provide services.



One approach is to create an opt-in **Legacy Business Registry**. This registry can increase business owner interest in providing relevant and necessary data that is not otherwise easy to obtain, maintain, complete, or be accessed by cities and their partners. The registry can serve as a database of small businesses and succession planning services, including employee buyouts.

Legacy business preservation may be a new concept for many, let alone employee ownership as a succession plan option. Employee ownership promotion is most effective when it is framed as a tool that addresses the larger issues of business owners, service providers and communities. One recommendation is to center the primary message of the initiative on the benefits of preserving long-standing, community-serving small businesses. This can be done by telling stories of historic businesses and celebrating their impact on the community.

**The City of Seattle's Legacy Business Program** can serve as an example.<sup>53</sup> Over a decade ago, residents of Seattle recognized that the city was rapidly changing as it

evolved into a global city. This resulted in significant increases in population and employment but also the closing of longtime businesses. To address both resident needs and commercial displacement, Seattle's Office of Economic Development (OED) initiated the Legacy Business pilot program to provide specialized support for long-standing and culturally relevant Seattle small business.

Cities can consider creating a simple legacy business registry by collecting information from business owners seeking information and referrals, or can consider developing a more robust program similar to the one in Seattle. This may include the creation of a legacy business brand that publicly identifies and celebrates long-standing businesses. The city and its partners can promote the brand through a communications campaign that welcomes businesses that meet a city's definition of a legacy business to apply and provide key information, including an opt-in offer to receive future information on relevant services and resources. Applicants that meet criteria and submit a completed application are then approved and can be promoted through the city's communication channels.

## Technical Assistance

Cities do not have to start from scratch. Qualified technical assistance providers exist around the country and can be partnered with to provide support to business owners and workers. To expand access to that assistance, cities should consider creating a technical assistance grant program for qualified service providers offering technical, legal and financial support to business owners transitioning their business to worker-ownership, or to entrepreneurs and contingent or unemployed workers seeking to develop employee-owned enterprises.

In the case of **Baltimore, MD**, the city's Community Catalyst Grant provided \$47,000 to a pilot program that led to the creation of the **Baltimore Roundtable for Economic Democracy** in 2019. This Roundtable initiative seeks to establish an active pipeline of worker cooperative conversions for the city by providing technical assistance to businesses and business owners looking to transition from a sole owner to an employee-owned business model.

Municipalities looking to develop a stand-alone program for cooperative business development should look to the **City of Minneapolis**. In 2016, the city expanded its Business Technical Assistance Program (B-TAP) to include services aimed at supporting the development of new Minneapolis cooperatives by launching the Co-operative Technical Assistance Program

(C-TAP).<sup>54</sup> This program offers a free feasibility training for potential and new cooperatives and existing businesses interested in converting into a cooperative. The program also provides one-on-one technical assistance.

## Deploy Layoff Aversion Funding for Technical Assistance

Cities and their workforce partners can deploy existing layoff aversion funding from the **Workforce Innovation and Opportunity Act** (WIOA) to rapidly respond to potential business closures and assist workers in purchasing a business from their employer.

There is currently no prohibition on using WIOA funds for this purpose — in fact the WIOA statute explicitly identifies outreach, feasibility studies and training to support buyouts as an allowable use of funds. Cities and their workforce partners can explicitly target the use of layoff aversion funding to support employee ownership transitions and work with qualified non-profit organizations to educate and train workforce development staff on the approach and model.

This model has been piloted to great success in several regions with partnerships between qualified worker ownership service providers and workforce development boards, including in Maine, where the **Northeast Workforce Development Board** partnered with the **Cooperative Development Institute**. This partnership leveraged WIOA funds for a



training series on business exit planning and the employee ownership option to members of Workforce Investment Boards. Additionally, the state's Department of Labor used WIOA funds to pay for assessing the feasibility of an employee takeover of the state's largest home healthcare agency.

In California, **Concerned Capital's Transition of Ownership** program was designed to address the issue of job loss resulting from mergers and acquisitions or transfer of ownership. As part of this program, Concerned Capital partnered with the **Los Angeles Economic and Workforce Development Department** to transition company ownership to long-term employees. Over the course of two years, this pilot saved 23 jobs at three businesses that were sold to employees of the company.

On the other side of the country, county economic development officials in **Western North Carolina** (Asheville and surrounding areas) have also used workforce development infrastructure to reach legacy businesses, particularly in "heritage industries" such as textile manufacturing, to support succession planning and the retention of local jobs.

## Financing Through Grants, Loans and Guarantees

Cities can further enable employee ownership development by providing or organizing a pool of capital to either finance buyouts, or to help develop or grow worker-owned businesses. This support capital could be used to both directly invest in employee buyouts and to incentivize local commercial lenders, including community development financial institutions (CDFI), to finance these transactions.

### Deploy Community Development Block Grant Funds

Cities have used Community Development Block Grant (CDBG) funds to expand economic opportunities, principally for low- and moderate-income communities. Several cities have pioneered the use of CDBG grants and CDBG program income to support business outreach and education on succession planning, including transitions to employee ownership.

The **City and County of Denver's** Office of Economic Development receives annual allocations for the Community Development Block Grant Program. In 2020, they released a notice of funding availability to solicit proposals for projects that provide services

or activities that achieve the strategic plan objectives of ensuring an economy that works for everyone.<sup>55</sup> To ensure the city fosters economic inclusivity, preserves the vitality of its neighborhoods and enhances economic resiliency, the notice of funding availability solicited proposals from organizations providing technical assistance for cooperative business models.<sup>56</sup> **Rocky Mountain Employee Ownership Center** applied and was selected to preserve small businesses through conversions to employee ownership.

In 2018, the **City of Miami, FL** amended their economic development loan program, funded by CDBG program income, to include financing for business conversions. Using CDBG funds, the city then contracted with three small business service providers to connect with businesses and refer interested owners to employee ownership experts.

In both of these cases, the city was able to use CDBG funding to provide initial support but not ongoing assistance to transition the business. Nonetheless, these funds allowed the development of a pipeline of interested owners who were now considering their succession options and who were better equipped to seek support for structuring the transition to employee ownership.

## Remove Barriers to Existing Programs

Cities can also remove barriers that prohibit worker-owned businesses from accessing existing lending programs. Access to capital is a significant obstacle for employees seeking to buy a business from a retiring owner or to workers seeking to launch or grow employee ownership.

For conversions, either debt, equity or some combination is generally used to acquire shares or assets from the existing owner. Most employees do not have the capital to purchase the business from the owner or the personal collateral to access traditional loans. This challenge extends to worker-owned businesses, where individual workers often do not have the personal collateral to back traditional loans. For many workers of color in particular, this presents an inequitable barrier to business ownership and business growth.

**Cities can develop alternatives to conventional personal guarantee requirements from their existing lending programs to ensure that workers have equitable access to existing loans.** Most SBA products, such as the 7a loan program, require personal guarantees which generally won't support employee-owned businesses. By providing guarantees that do not have that requirement, cities can fill a major capital access gap.



In 2019, the **City of Berkeley** sought to do so by amending its revolving loan program to remove obstacles that precluded worker cooperatives from accessing loans that were available to all other small businesses.<sup>57</sup> Prior to the change, Berkeley’s revolving loan program required a personal guarantee for all loans, as is standard practice by most lenders to reduce risk. However, the personal guarantee requirement is a major barrier for worker cooperatives: With multiple people owning equal shares of the business, identifying one person to take on the full responsibility for the loan is extremely difficult and antithetical to the shared ownership model.

To address this, **Sustainable Economies Law Center** worked with the city to create an alternative to the conventional personal guarantee by approving a limited guarantee for worker cooperatives in the form of a panel of owners representing at least 50 percent of ownership in the cooperative. This group of owners is then held responsible for equal shares of the loan amount rather than the whole amount. If a worker-owner leaves the company, the cooperative designates another member to replace them on the panel. **This change was reviewed by the U.S. Department of Commerce’s Economic Development Administration (EDA) before it was approved by the city, therefore this alternative guarantee structure can likely serve as precedent for all other EDA-funded revolving loan funds for small businesses.**

## Make Loan Guarantees Accessible

A loan guarantee pool can be one of the most cost-effective ways to provide capital stimulus to worker ownership. These pools of money, which can be either on balance sheet (“funded”) or off-balance sheet (“unfunded”), would cover the first losses to lenders, up to a predefined percentage, in the case of a default on approved acquisition loans.

Loan guarantee pools are an attractive option to stimulate lending at the local level because no upfront capital outlay would need to be made by the entity that established the loan guarantee pool as a bank or credit union will still be the primary lender. The pool could also select to set aside either the entirety of (fully funded), a portion of (partially funded), or none of (unfunded) their potential loss liability at the establishment of the fund.

Additionally, the loan guarantee pool can establish the terms under which it will guarantee the loans, relying on lenders to perform the due diligence to ensure that the loans that they finance conform to those terms.

If it is found that the loans financed did not conform, then the loan guarantee pool is not responsible for covering any losses. In fact, loan guarantee pools have the potential to serve as cash-flow positive investments for establishing entities or cover losses when they occur because they commonly receive either a one time or an annual fee for extending loan coverage.

In addition to enabling conversions to employee ownership, loan guarantees can help spur the development of a business service industry to support the guaranteed loans. This in turn creates demand for buyout-focused investment funds and fee-based technical assistance providers, enriching the ecosystem of support for worker ownership. To that end, it is good practice to mandate that a small percentage of loan proceeds be used for technical assistance to ensure businesses receive both capital and support to effectively transition to worker ownership or grow their worker cooperative.





# Conclusion

**N**ational League of Cities and The Democracy at Work Institute intend for the strategies in this report to seed creative but simple practice and policy changes that make it easier for cities to adopt employee ownership in their economic development toolkits. Through a combination of expanding access to education, assistance and capital, any city can support employee ownership development as a path toward generating and saving better jobs, and fostering greater wealth equality and economic stability in the long run.

**Employee ownership can be integrated into existing programs unlocking needed capital, technical assistance and education for small business owners.** Expanding access to it does not require new administrative infrastructure or dramatic expansion of programs.

As local governments of all sizes tackle the hard work of economic recovery, particularly in communities hardest hit by COVID-related business closures and job losses, they will need every tool available. A powerful set of employee ownership tools is closer at hand than many realize.

Employee ownership is a broadly appealing, time-tested and practical model that meets both urban and rural needs. Moreover, employee ownership historically has had strong bipartisan support federally. National League of Cities and The Democracy at Work Institute hope this report has illustrated how cities can use employee ownership to shorten the path to economic recovery and shared prosperity.





# Appendix

## Frequently Asked Questions

If you are interested in exploring any of the approaches detailed in this report or would like to connect with and learn from the cities implementing these efforts, please contact The Democracy at Work Institute at [info@institute.coop](mailto:info@institute.coop).

### What is worker ownership?

In a worker-owned company, workers own all or a substantial portion of the shares of the company and vote for the board on a one-worker-one-vote basis.

### What are the benefits of converting to worker ownership for the selling owner?

Owners who are looking to retire can sell their shares, getting paid for the work they have put in and the value they have created. The owner leaves knowing their business is in good hands and will continue with the overall vision and values they have set out for it. For an owner who is seeking to stay on with the business, they gain a valuable team of collaborators who are more committed to the business, an avenue for greater

investment in the business, and a chance to share the rewards and burdens of ownership more widely. In both cases, the owner may be eligible for some tax breaks on capital gains tax for selling their business to their employees.

### Will every employee have to become an owner?

No, every employee does not have to become an owner. The company must set out criteria for ownership, and then employees who meet that criteria can choose to become worker-owners. Criteria can include the amount of time at the workplace, the average number of hours worked per week, passing employee evaluations, and familiarity with the business and cooperative models.

Employees may also be able to choose to not join the cooperative, instead choosing to remain employees. However, some companies require that all employees become worker-owners.

### What are the benefits for the employees?

In a cooperative buy-out of a business, the biggest value for the employees is that they can maintain their current jobs and share in the profits of the company going

forward. The employees are also able to make improvements that they want to see in the business, and they can ensure that their businesses remain a great place to work.

On top of that, employees get to direct the profits of the business, which can go back into the business for expansion, into improved benefits and training, into the community, or into profit sharing among employees.

Worker cooperatives often choose to offer more training to their employees and prioritize internal advancement for worker-owners. Employees who own their own business also report higher rates of job satisfaction.

### What are the additional responsibilities for employees?

Employees in a worker cooperative have greater responsibilities as owners of the business:

- ◆ Employees may have to spend some more time in meetings, though how much is up to them and their chosen management/governance structures.
- ◆ Employees will also have to spend time learning more about the business and their industry in general so that they are well equipped to guide their business's future.
- ◆ Employees who are owners will have to be more committed to the business. It's ideal for worker-owners to be able to see themselves staying with the business for at least 5 years, though this is not always true for larger businesses.

### What are the drawbacks and risks for the employees?

As with any business ownership transition the new owners (in this case the employees) can mismanage the business, and see it decline or go out of business, causing them to lose any investment and their jobs.

### What are the drawbacks for the owner?

The two main drawbacks for the owner are:

- ◆ They may not receive as much money as they could in an open market sale or to a "strategic buyer" who is interested in buying the business to enfold it into a larger business
- ◆ Ideally they would stay with the business for a longer period than in a normal business sale.

### What are the other options for the employees and owner?

As an owner considers retiring or sharing ownership in the businesses, they may be considering four other options:

- ◆ Closure of the business: If the owner cannot find someone to sell the enterprise to they may consider closing the business and getting some of his or her investment back by selling off its assets
- ◆ Sale to a third party or a competitor business
- ◆ Sale to an Employee Stock Ownership Plan (ESOP): In the case of larger businesses (more than 50 employees), the owner may consider a sale to an Employee Stock Ownership Plan. This has some similar

benefits to the sale to a worker cooperative but involves outside trustees as the overall managers of the business, who will run the business in the best fiscal interest of the employees.

- ◆ Sale to a limited number of employees: An owner may consider selling the business to a limited number of employees (usually the managers).

### **How long will the transition take?**

The transition itself will take a few months to a year or more. Ideally the owner starts to consider the decision to sell at least a year before they are ready to retire to prepare the business for the transition, but this is not necessary.

### **How is the purchase financed?**

The company (not the individual employees) gets a loan from a bank, or other finance institution to cover a large percentage of the cost, and the owner will normally provide a loan that finances the remaining amount of the sale. The purchasing employees generally provide some of the down payment, but how much depends on the owner and the other lenders, as well as employees' access to capital. Other financing options, such as community capital through a direct public offering, are also an option in some cases.

### **How much does the transition cost?**

The transition can cost between \$5,000 and \$50,000. This cost varies widely based on the size of the business, how complex the legal transaction is and how much training the employees want to invest in for themselves

as they become business owners. The owner bears some of the cost (for instance to have the business valued and for their lawyer), while the employees may also pay for some legal and training services as they move towards a sale and pay for those costs out of pocket, or through their loan. Worker cooperative support organizations often provide low-cost training, help guiding owners and employees through the process and provide standard documents that help keep legal fees down.

### **Will this change how we run the business?**

Yes, and no. Eventually, the employees who own shares in the business are in control of the long-term goals and plans for the cooperative, and determine how the company is managed. In the short term, and in the day-to-day operations of the business, nothing has to change. It is common for new worker cooperative conversions to leave the current management structures in place to ensure the smooth operations of the business as the ownership changes and worker-owners become used to their new roles.

Management in a worker cooperative is usually more participatory than in a traditional business. Workers are often consulted on departmental decisions and asked for input about how to improve the business, but in many cases, managers still make the ultimate decisions. This structure tends to improve both productivity and worker satisfaction with their jobs.

### **Will the previous owner leave right away?**

Probably not. Many worker cooperative conversions phase the previous owner out over several years, having them stay on as general manager, and later as a consultant or board member. The pace at which the previous owner leaves is up to them and the new owners. The length of time the owner's stays is dependent on many factors, such as how much input they would like to retain, how much money they have lent the business to purchase itself, and how involved the previous owner was before the sale. If the previous owner is retiring, they may stay on for as much as two years, or for as little as six months.

In cooperative conversions where the owner has sold for the purpose of increasing employee investment and buy-in the owner may choose to stay on as a worker-owner indefinitely, often in a management position.

### **How many other businesses like this are there?**

Around the world, there are more than 100,000 worker cooperatives, many of which had been converted from privately held businesses when the owner retired. In the United States, there are approximately 500 worker cooperatives, with 40 that have been converted, and another 700 entirely worker-owned ESOPs. Worker cooperatives are supported by a nationwide network of business advisors, lawyers and consultants to make sure the transition goes smoothly.



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