



**BUILDING
COMMUNITY**

Employee-Owned Cooperatives

A **GOOD** Job Creation
and Retention
Strategy

What if ...?

There was a model business model that...

...was rooted in **local communities**.

...was part of a **values-based global movement**.

...**delivered tangible benefits** to the workforce and community.

...was **flexible and innovative**.

... was **successful and resilient**.

The Cooperative Business Model

A co-op is a business that is **jointly-owned and democratically controlled by its members** for their common good, the good of the community, and to accomplish a shared goal or purpose.

Any surplus (profit) is distributed among members in proportion to their use of the business (purchases, labor, or supply), or is reinvested in the enterprise.

Flexibility: In Purpose & Industry

Provide employment and a livelihood.

Purchase products or supplies as a group.

Produce a product or service together.

Process and add value to raw materials produced by members.

Market products produced by members or by the co-op.

Cooperatives exist in nearly **every industry and sector** of the economy.

Stakeholder Flexibility

Worker Cooperatives are owned and operated by the people who contribute their labor to the business.

Consumer Cooperatives are owned and controlled by the people who purchase goods or services.

Producer Cooperatives are owned and governed by producers who process and market their products together.

Community Cooperatives are owned and governed by members of the community.

Multistakeholder Cooperatives are owned and controlled by a combination of stakeholders.

SHARED OWNERSHIP

Shared ownership business models are based on people coming together to aggregate resources and market power to achieve what they may not be able to do alone and in some in some models, sharing proceeds in proportion to participation.

Shared ownership models have demonstrated success in being a viable transition strategy and building wealth and advancing racial and economic justice for Black, Indigenous, People of Color (BIPOC) and low -wealth communities.

SHARED OWNERSHIP MODELS ARE A GROWING SEGMENT OF THE ECONOMY



Worker cooperatives & other forms of employee ownership



Commercial land trusts



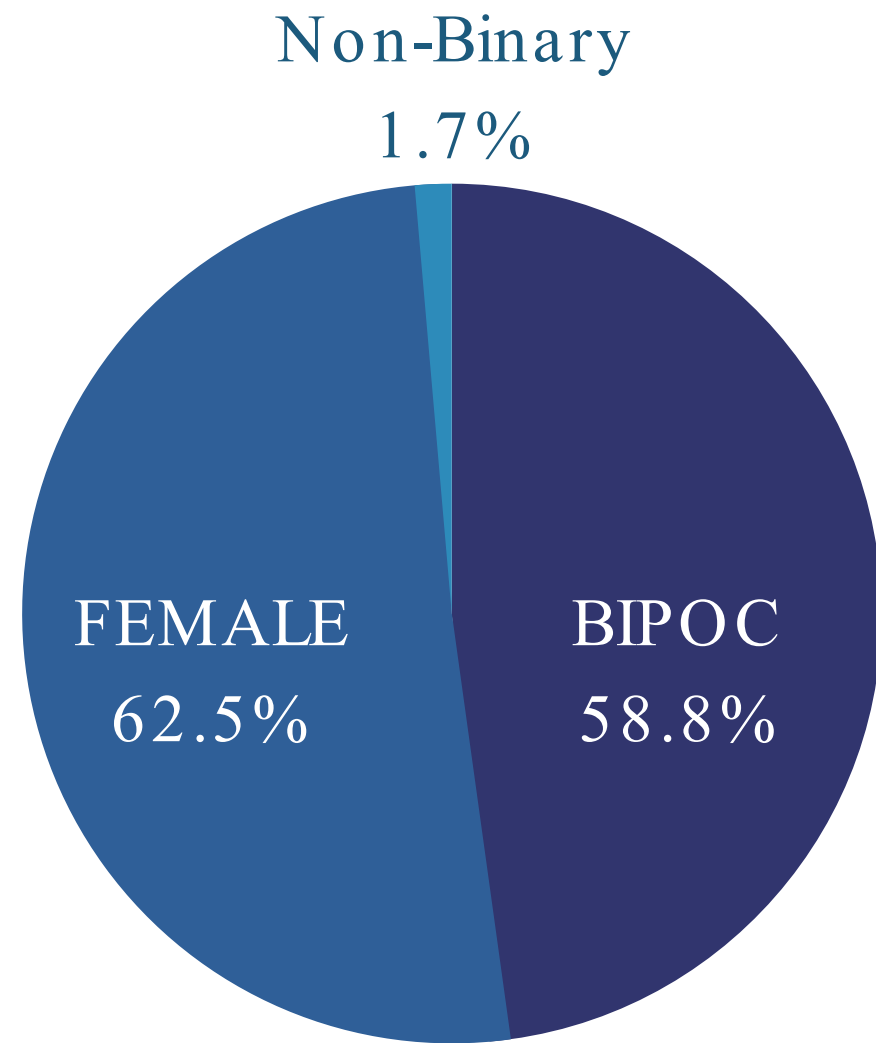
Real estate investment cooperatives



Other cooperative types including purchasing, producer & processing, marketing, consumer, and 100% employee-owned models

Why Employee Ownership?

- Opportunity to address the **Business Ownership and Racial Wealth Gap** in Minnesota
- **Silver Tsunami** and **Business Closures**
- Shared Ownership is an **Underutilized But Effective** Job and Wealth Creation and Retention Strategy



Worker Cooperatives

A 2020 survey of worker cooperatives conducted by the Democracy at Work Institute (DAWI) reports that among the 142 worker cooperative businesses responding, 58.8% of worker owners identified as BIPOC, 62.5% identified as female and 1.7% as non-binary.



Household Wealth



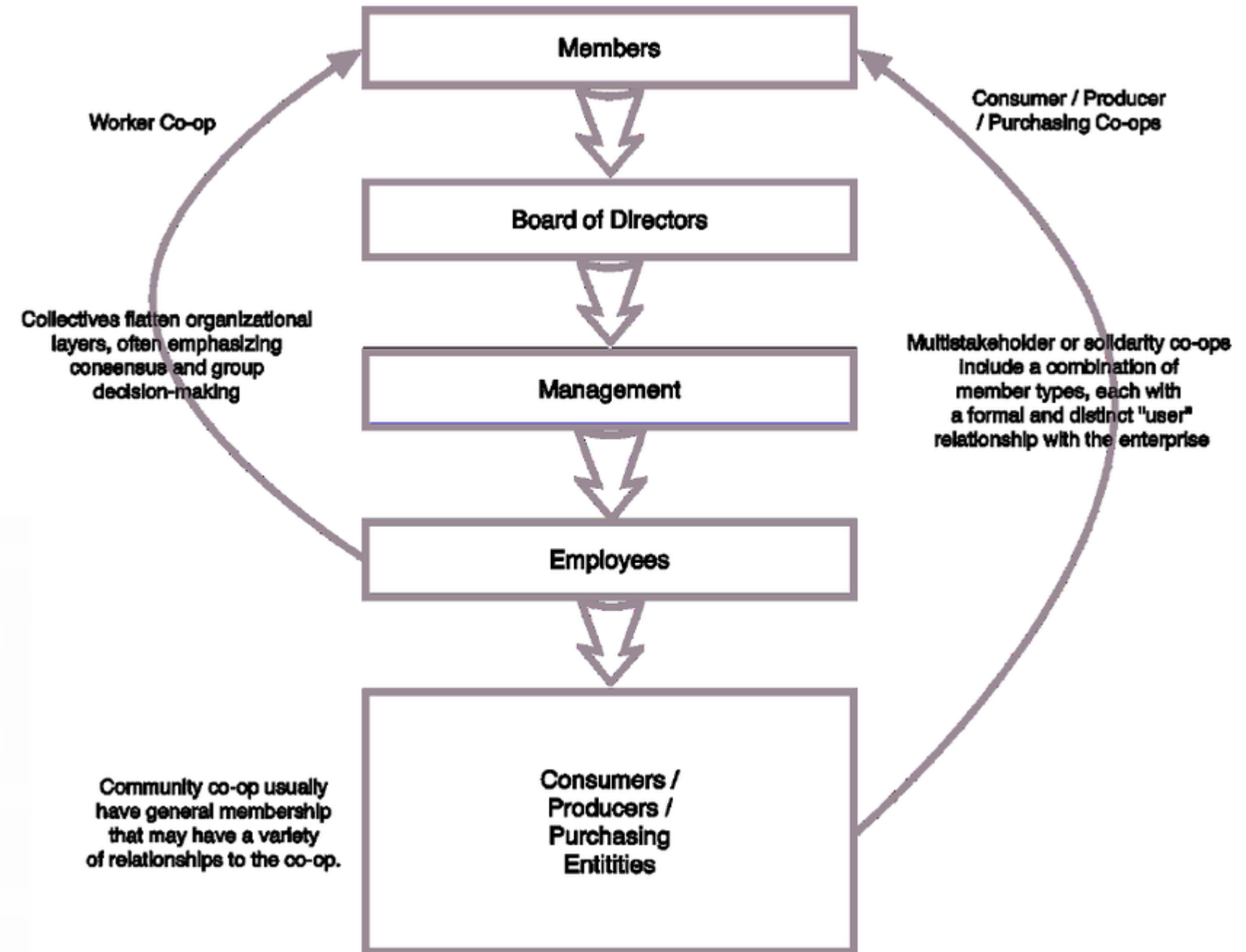
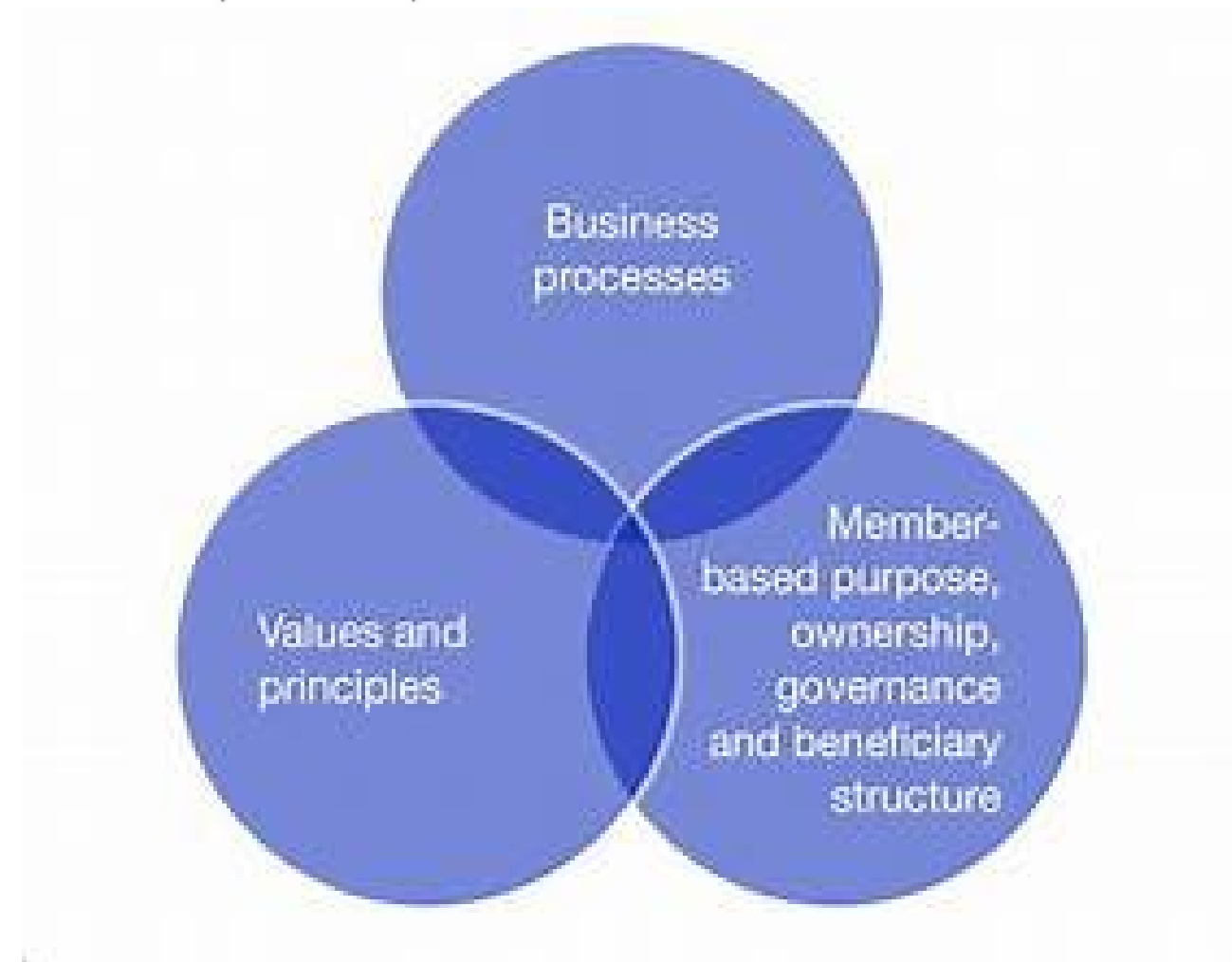
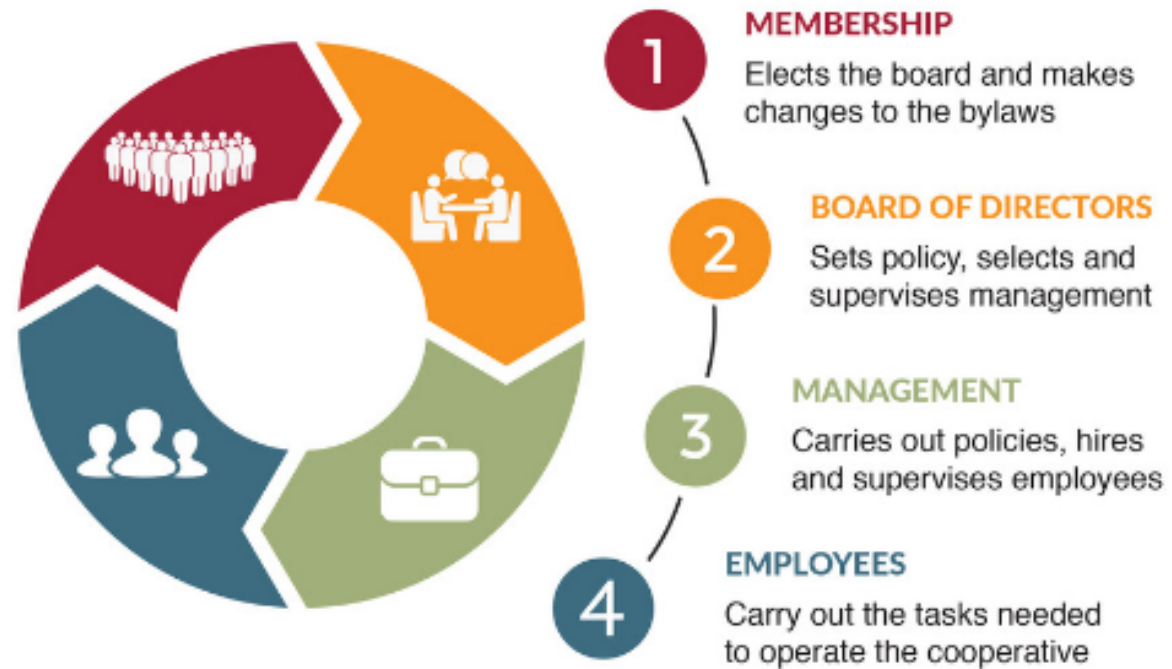
53%
Job Tenure



33%
Hourly Wages

The National Center for Employee Ownership reports that when becoming an employee-owner, on average, people see a 92% increase in household wealth, a 33% increase in hourly wages and a 53% increase in job tenure.

Basic Structure



Attribution to Erln Crowell,
Executive Director,
Neighboring Food Co-op Association

How Does Employee Ownership Improve Job Quality?

Ownership and Decision-Making
Job Security

Fair Compensation & Benefits

Training and Skill Development

Work-Life Balance

Job Satisfaction and Motivation

Focus on Social and Environmental Responsibility

Community Impact

Innovation

Specialized Business Advising and Technical Assistance

MCCD's Shared Ownership Technical Assistance program is designed to address the **unique** legal, business, and **organizational characteristics** of cooperative and employee-owned business models.

Our clients can confidently navigate these distinct structural aspects with FREE, confidential business counseling and assistance that includes:

- Start-up, conversion, and growth support
- Governance education and training
- Business and strategic planning
- Budgeting, financial planning, and analysis
- Risk management training
- Tax, licensing, and accounting advising, including referrals to professional service providers
- Marketing and communications planning
- Loan readiness support