

Co-op Corner: The Art of Co-operating

Erbin Crowell

Last fall I received an intriguing invitation to a meeting in La Crosse, Wisconsin. “Will you help us create a better future?” it asked. “The Art of Co-operating” would be a “gathering of diverse enterprises and individuals committed to the success of ownership models that include social and environmental values and promote the democratic ideals of cooperation.” January may seem like a questionable time to travel to the snowy Upper Midwest, but the invitation came from CROPP Co-operative, better known as Organic Valley, a visionary farmer-owned business that has not just changed the organic industry, but has challenged assumptions about what a successful, innovative, and impactful enterprise can look like.

The purpose of the gathering was to create space for more stories, for people to compare notes, and to explore co-operative and other ownership alternatives. Participants included co-operators, representatives of indigenous nations, organizers in communities of color, and new initiatives aimed at spreading ownership more widely.

As one speaker noted, a central challenge is that the “default setting” for businesses in the US. — even those with a socially responsible agenda — is the maximization of share value for investor-owners. And yet, this structure is at the heart of many of the problems identified by attendees, from wealth inequality and social injustice, to climate change and the corruption of our political democracy. What, then, are our options?

During the gathering, we heard about successful and

inspiring alternatives, such as Cooperative Home Care Associates (CHCA) in the Bronx, New York. Launched in 1985 with 12 employees, CHCA is now the largest worker co-op in the US., with more than 2,000 staff. Along the way, this business has empowered home-care workers, primarily women of color in unstable, low paying jobs, to own and govern their work, together. As a result, employees earn roughly twice as much as the industry average and retain their jobs longer.

In the context of growing wealth inequality, what can we learn from experiences such as CHCA, and examples such as the Mondragón Cooperative Corporation centered in the Basque Region of Spain, to expand employee-ownership? Hilary Abell, a former colleague of mine from Equal Exchange and co-founder of Project Equity, noted that there may be an opportunity presented by the retirement of thousands of Baby Boomers who own nearly half of the privately-held businesses in our country. These enterprises currently provide 25 million jobs, employing 1 in 6 workers in the US. As these business owners retire, only a small percentage of their businesses will be passed on to family members or sold to other buyers. What would it look like to instead transfer these businesses to co-operative ownership as

a way to retain vital economic infrastructure in our communities?

One advantage of co-operative enterprise is that it is a proven model with over 170 years of history. Established in the 1800s, the laws enabling people to establish formal co-ops were built on traditional structures of self-help, mutual aid, and democratic decision-making. In a very real sense, these statutes afforded legal protection to people working to meet their own needs and defend their communities from the disruptive changes brought on by the Industrial Revolution. For this reason, co-operatives have found fertile ground around the world not as replacement for local efforts, but as effective tools for collective action in response to economic and social change. It has also spread



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across the economy, from farmer co-ops to food co-ops, credit unions to worker co-ops, and housing co-ops to artisan co-ops. Today, the National Cooperative Business Association (NCBA CLUSA) estimates that 1 in 3 people are members of more than 65,000 co-operatives in the US.

Of course, the flip side to the long history of co-operation is that its shortcomings are also visible. Co-ops are not perfect, and sometimes they fail. At times in history, co-ops have not been responsive to wider community needs, or have fallen under the influence of national governments or external organizations. Critiques of the model

include slow growth and limited returns to investors, and the possibility that members might choose to move their business, convert it to a conventional corporation (referred to as 'demutualization'), or simply sell it off for private gain.

Another model presented at the gathering was the "purpose trust," which places a business under the ownership of a perpetual trust with no beneficiaries. A range of stakeholders including employees, non-profits, other businesses, and investors could be included in the board overseeing the trust. Also proposed were models of "co-ops" formed by non-profit organizations that held ownership in the businesses they helped launch and could veto certain member decisions or even remove elected officers. The goal would be to accelerate economic development in marginalized communities while ensuring that these enterprises stayed true to the original goals of the parent non-profit.

While interesting, it is important to note that both of these approaches are untested in terms of their potential impact, resilience, and broad application to the issues that we face today. They also depart from the core co-operative principle of autonomy and independence, and a key strength of the model, which is direct ownership and democratic governance of the business by the people who actively use it for products, services, or employment. Because of this unique relationship, members have a vested interest in the success, impact, and sustainability of their shared enterprise, which is supported by the principle of ongoing education, training, and information to ensure that members, elected representatives, managers, and employees can contribute effectively

to co-op governance and operation.

The co-operative movement is a living thing, guided by internationally recognized values and principles that have evolved in response to changes in the global economy and political environment. At various times in history, this model has been crucial to enabling people of

limited means to contend with economic and social change. More recently, co-ops and their members are turning their attention wealth inequality, diversity and inclusion, and climate change.

"We have seen historic examples of people using the co-operative business model to transform their place in the economy," said Doug O'Brien, President and CEO of NCBA CLUSA, in his greeting to the

gathering. "We can build an economy that is sustainable and stable — one in which people can more broadly participate — but only if we invest our own time and energy."

This brings us back to Organic Valley, which recently celebrated as it crossed the threshold of \$1 billion in revenue. That sounds big, and it is big. But Organic Valley is also small: It is a co-operative business owned and democratically governed by 2,000 family farmers — including over 600 here in the Northeast — who have used this business model to take collective action for the shared well being of its members and their communities. Organic Valley is also investing its time, energy, and resources in a dialogue on how the co-operative movement and other models of ownership can address the challenges that we face today, as well as the opportunities of the future. That is the art of co-operating.

Erbin Crowell is Executive Director of the Neighboring Food Co-op Association, serves on the Board of Directors of NCBA CLUSA, and is an adjunct lecturer at UMASS Amherst where he teaches courses on the co-operative movement. He may be contacted at erbin@nfca.coop.



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