

## **Building a Strong, Green, Community-Based Economy Through Cooperation**

**Presented By Deborah Groban Olson**

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**Jennifer Bruen:** The MSU EDA University Center for Regional Economic Innovation (REI) was established in the fall of 2011 with support from the U.S. Department of Commerce - Economic Development Administration. The purpose of the University Center is to support innovative economic development strategies that may yield high-growth entrepreneurship, job creation and economic innovation for distressed regions in Michigan.

The webinar you are about to view is a part of a collaborative effort with a dynamic, broad-base network of partners working to strengthen Michigan's economy.

**Deborah Olson:** Good Morning! I'm Deborah Grobin Olson. I'm delighted to be here and delighted that you are listening. I have been an employee ownership attorney for 30 years and I am here in my capacity as the leader of the community based economy group composed of Metro Detroit which comprises 3 organizations, the Center for Community Based Enterprise, which is a non-profit, Ingenuity US L3C which is a mission driven for-profit, and the Detroit community cooperative which is a cooperative that is currently operating, being incubated by the Center but will become its own entity. Prior to focusing my practice on Metro-Detroit in 2006, I had an international and national practice, and I ran an online think tank and conference center on using broad ownership to deal with the negative impact of globalization through Kent State University, called The Capital Ownership Group. A lot of the papers and a lot of the discussion are still up there. But because of that, it gave me an opportunity to meet some of the leading thinkers and practitioners in the world. So when I discuss some of the historical examples that we are trying to emulate or follow, it's places I'm familiar with and there are people there that I know. I have written and done a lot of research and writing in this field as well which you can find by going to my website [esoplaw.com](http://esoplaw.com). [e-s-o-p-l-a-w.com](http://e-s-o-p-l-a-w.com). My understanding of cooperative community, I think, is also informed by my lifelong participation since the age of 11, with the Circle Pine Center which is cooperative education-recreation center and community in Western Michigan. So let's begin. So, We are talking about building a strong green community based economy through cooperation.

Basically, this is what we are going to talk about in this presentation is that worker owned companies are more successful at surviving and thriving particularly at difficult times and are very good at innovating instead of laying off workers. That collaboration amongst these companies makes them much stronger and we will show examples of that. Metro Detroit's Community based economy groups cooperative economic development strategy is based on large successful examples and follows their philosophy of individual dignity and community

interdependence, the philosophy called distributism, which I realized I believed for many years but did not know the words for it until 5 years ago. As I said, our community based group has 3 entities which we will be talking about them shortly. But first we need to know “Why do we care?”, “Why do we need a community based economy in Michigan?”. Well, as you probably know, in this century of ours, there is job scarcity in the developed world, particularly in Michigan. Global companies, the core of southeast Michigan’s economy, are primarily creating jobs in other countries. A hundred years of our dependence on these companies, particularly in southeast Michigan, leaves us with a certain history. We have many, many skilled makers, highly skilled people who can make anything. We have 25% of the green technology patents in the U.S., in Michigan, primarily owned by the auto companies. We have enormous underutilized skills, equipment, factories, technologies, facilities, and intellectual property. But we have fewer experienced entrepreneurs because so many people grew up in southeast Michigan or came to southeast Michigan to work for big companies.

This is just showing, if you can see there you have the amount of green technology if you look at the whole country. If you look at the whole country, California and New York have some, Michigan has the most. This is green technology, so we ought to be using it more for creating new products and, particularly, it would be wonderful if the auto companies enabled us to make more non-automotive products out of these and, I think, some of that may be starting to happen. We have been promoting that idea for a while.

Ok. An important fact, because you know Ohio is similar to Michigan, but Ohio has a lot more data on data on this subject because of the Ohio Employee Ownership Center. From 2000-2008, 29% of the manufacturing jobs in Ohio were lost, but the employee owned network of 93 companies, within that group of those, the manufacturing companies only lost 1% of their jobs. The reason for that is pretty clear, employee owned companies don’t outsource their work, they invest in their own companies at two times their average rate, and they have more participation in making decisions, the workers. And so what’s involved there is innovation from workers is one of the reasons why employee owned companies are much more stable, particularly in times of difficulty. And here is some information from the National Center for Employee Ownership fairly recent information from a national study, the 2010 General Social Survey. What this is showing is that employee owned companies are 3 or 4 times less likely to layoff or lose their workers. Again, the reasons for this is when workers are engaged, they have more job security, they are listened to, more of the person is participating in the business and has more security and they tend to stay which is why these businesses are very important to anchoring productive capital in the United States, particularly in places like Michigan. As you can see, employee ownership went up enormously when the law went first came into effect. The Employee Stock Ownership Plan and Tax Benefits came into effect in 1974 with the Employee Retirement Income Security Act. So there was a huge jump to about 11,000

companies employing about 10.5 million people. Since then, when for various reasons as the economy has gone up and down the number has gone up and down. Once again, since 2011, there's almost 11 million people in 11,000 companies in the United States that are worker owned. There is also considerable evidence from studies by Dr. Douglas Cruz and Dr. Joseph Blazey of Rutgers University, that employee stock ownership plan companies, when compared to comparables or themselves before they had their ESOP, increased their sales growth by 2.4%, they increased their employment, they increased the sales per worker by 2.4%, and they continued in operation longer. Again, this is part of the same phenomena that I discussed before. Worker owned companies are simply companies where there is more commitment from more people in the company to the success in the company; therefore, the companies are more successful. There are many types of worker ownership; this is not the presentation where I am supposed to go into them all. Because we are talking about a variety of different kinds of worker ownership, I think I should just, at least, explain. First of all, any kind of traditional corporation or LLC can have workers as members as stockholders or as members of the LLC. In those companies they generally do not have a collective voice and often their interests or stock is bought or sold so that is not, from a social standpoint, a very stable form of worker ownership. Worker cooperatives, on the other hand, are designed so that everybody who works there is a member of the cooperative and generally they have one vote per person. They allocate the profit based on either how much they work, what they are paid, or a variety of other things. Employee stock ownership plans are a type of defined contribution employee benefit plan, similar to a 401k plan, but it's invested entirely in the employers stock. This has been extremely popular in the United States. This chart is basically talking primarily about ESOP companies because that is what they had the most data on and that's what really started in 1974. The important thing about this also is that there are many kinds of ESOP companies and the ones we are really going to be focusing on are ones where employees have a strong voice. In many of them, employees don't have a strong voice and are used as an investment or tax benefit for selling employers which is also a fine thing, but if you are talking about anchoring capital locally the involvement of the workers is an important element of the anchorage. Because we are going to talk about cooperatives and because this is sometimes confusing, we need to know that there are worker cooperatives, but there are also other kinds. People are probably more familiar with consumer coops, like a food coop. A producer coop, for example, is when farmers, let's say dairy farmers, own the dairy and the trucks together, but that does not mean the workers on the farms are a member of the coops, necessarily. We just talked about worker coops. A multi-stakeholder coop will have, for example, consumers and workers, or in the case of Detroit Community Coop, which is what DCC is, we have businesses, organizations, and individuals. It is somewhat more of a producer/consumer coop than a worker coop to start out with, but I'll explain that.

What are community based enterprises? When we created the Center for Community Based Enterprise we created this definition, and the reason for that was although we thought worker owned companies are wonderful and we wanted to see more of them, we felt it was important, particularly in a community like Detroit which did not have a lot of worker owned companies to focus on all kinds of companies that would be willing to be locally rooted and committed and that that body of people and companies and organizations are the ones we wanted to draw together. So the definition is one that has a sustainable revenue model, is locally rooted, intentionally structured to provide community benefit, and committed to paying living wages. Whether or not it is organized as coop, ESOP, family owned business, etc. is not important. So that is the body of business entities and organizations that we are trying to bring together when we talk about the community based economy. Another thing to think about as far as when you look at the whole universe of things that are out there, entities that are out there, workers only have a couple of bases of economic security. There are labor unions which represent them in collective bargaining and politically, community based enterprises often which they participate in, cooperatives and worker-owned or controlled companies. You will hear a number of different terms used as we go forward in this presentation, but I think the main thing to understand is now that we have a global economy and most of the corporations are global corporations run by and for the benefit of stockholders wherever they may be, that representing and protecting the interests of a given community is not necessarily something that all companies are interested in. Community based enterprises are the ones that are focused on using their company or their resources not only to build their own lives but also to keep their communities stable.

An interesting example of this that many people don't know. People who are knowledgeable in this field know that in recent years there has not been a lot of collaboration between unions and coops although now the U.S. Federation of Worker Cooperatives has a union coop committee and it is doing some interesting things and there are some interest in unions. But since we are in Michigan, I thought I should just point out that in the 1940s the union people and the coop people were the same folks and they got together and studied working people's problems and then they started organizing unions and cooperatives. For example, a UAW locals 22 and 174 in Detroit loaned milk drivers funds to start the Twin Pines Dairy. I think many people who grew up in Detroit are very familiar with Twin Pines Dairy which was a coop. Twin Pines became coop services, which is now involved in housing. Coop services worked with unions to in creating the Motor City Food Coop with local 60. So there was a worker food coop at that time and coop optical which many unions are involved in and which still exists. The source there, Virginia Thornthwaite, is one of the, was involved in all of this activity and is also one of the founders of Circle Pines Center.

Ok, so I'm going to give you some examples of successful community based enterprises and worker owned businesses. I think it is important to know that a lot of this came from distressed communities. They've done this successfully. They're starting with worker owned and controlled businesses as the basis because again when you are in a distressed situation and the rest of the world is not too concerned about whether or not your community continues, this is one way to for the community to pull together and ensure its own survival and thriving.

This is supposed to, there is a picture that is supposed to show up. Ah there it is. Mondragon Cooperative Community. The term "Humanity at Work" is their slogan. They are in the Basque region of Spain. This is a picture of part of their operation right now so as you can see it is a substantial and modern operation but it was not always that way.

In fact, one of the reasons we talk about Mondragon when we are talking about this stuff in Michigan is that in at the end of the Spanish Civil War, the Basques were at the other side of the war from Franco. In fact, if you have seen the painting, Guernica, Guernica is the historical Capital of the Basques for a thousand years. It was bombed flat by Franco. Their language was outlawed, their children were leaving. Since they were very much focused on where they live, they had been there for a thousand years the fact that their children were leaving, the destruction of their community. So when I talk to people about Mondragon, I say it is this big operation now, but 50 years ago they were in a situation that was not any better than the situation Detroit is in now. Particularly, they did not even have an industrial school. The first thing that had to happen is that a Basque priest who came to Mondragon shortly after the Spanish Civil War and started teaching about self-management. He also stressed the importance of people learning as many skills as they could. Part of the reason for that is that the philosophy that is the philosophy of Mondragon and also the philosophy of the community based economy group is something called distributism which is based on a theory of subsidiary which means a higher group should not make decisions for a lower group as long as lower group is capable of making those decisions. It is the responsibility of everybody in the situation to make sure that people have the knowledge to make decisions about work on their level and are that decision making is continuously pushed down and education is continually enabling people to move up. This is what where you really have distributed ownership, control, and decision making and that is really the strength, one of the great strengths of Mondragon. In '41, the priest started teaching, in '43 they created a technical school because the only technical school in the area was owned by a company that did not take students that they were not related to people in the company. So obviously, in a place like Detroit and southeast Michigan we have many such technical resources already. So 14 years after the priest started in 1956 the first graduates of the school created, borrowed money from everyone and created a business making stoves. That company was then called OGOR, it is now called FARGOR and is the 3<sup>rd</sup> largest manufacturer of appliances in Europe. Shortly thereafter, they created the Caja

Laboral which is a community, the coop development bank and it created an entrepreneurial division that provided research and development for all of the businesses in the group. Those things are a key to what we are trying to do in Detroit. We feel, again as I said before, Detroit has many, many, many skilled people and many capable makers and not as many entrepreneurs. Our view is that if we can create a jointly owned management and upper level operation so that makers can make their things and they can jointly-own their back office and upstairs, that that is one of the things we are trying to do. And so the other things from this slide, the 3<sup>rd</sup> technical school in 1943 is now an engineering and business university and they are very focused on skills

Emilia Romagna is another place where something similar but not exactly the same happened. It's in Northern Italy. It's the heart of the area that has been Italian Communist which people understand to be pretty-much social-democratic. Consequently, in World War II it was battered pretty badly by the Nazis. So after World War II, they made a great effort to pull together the local businesses to make them more successful. Unlike Mondragon it is not all worker coops, there are family owned businesses, there are also the cooperatives are either, they may be communist, they may be Catholic, or they may be social-democratic. Some of them own publicly traded companies. But there are coop federations and there are coop federations of each of these groups, the Communists, the Catholics, and the social-democrats. Although, I can't get into it a lot, Italian law requires that coops provide 3% of their profits every year to some coop federation for re-investment. The coop federation is the coop federation of your choice. It can be Communist one, the Catholic one, or the social-democratic one, but those operations have been extremely important not only to creating more cooperatives in Italy, but in fact, COLORS restaurant in New York, which is the first restaurant of the Restaurant Organizing Committee, was initially financed by the one of the Italian cooperative groups because they couldn't get funded in the United States.

Flash forward 50 years. Participative worker ownership and successful job creation & retention. You've got 85,000 people working in Mondragon, they've got assets of 33 billion euro, and their revenue in 2009 was 14.7 billion euro. There are 169 companies, rather there are 120 companies. They are in 169 countries. There are many high-tech companies. There are at least 8 auto suppliers and other high-tech companies. In Emilia Romagna there are 8,000 worker coops and family businesses. They represent 7% of Italy's population but 12% of the exports and 30% of the patents. And again EBO is another company that is in Ohio, but the important point about this is they were a mining equipment company. They made the big machines that chewed the Chunnel and a few years ago determined that that business was not going to continue to be big enough to keep them going. So they then institute a program where they give each employee like 10% of their time to think about new products for their company and over the period of 5 years they tripled their business. And this was during

the period of the recession, the deepest period of the recession, this included 2008 as part of that time. So they went from big heavy equipment like mining equipment to medical devices and all kinds of things in between.

Another important point about Mondragon and Emilia Romagna is that both instances, there are well-funded and staffed support centers that provide ongoing assistance with accounting, legal, business plans, and other things. It's much more support than U.S. incubators because they provide, for example Soalan Startup Center at Mondragon University among other things gives potential entrepreneurs access to all the business plans that have been developed by the students of the university. They started in the 1980's. 89% of their start-ups are still in business 5 years later and 83% are still in business 10 years later. In the U.S. system with our incubators 1 out of 5 start-ups is still alive in 5 years. So the Detroit community cooperative and the Community Based Economy Group are trying to follow the Mondragon model by using a support system between community based enterprises.

Another important point on all of this is that when you cluster small companies together they can have a significant impact on the market. So for example you do not have Wal-Mart in Italy rather you have Coop Italia which is comprised of, I actually think that number's wrong, I think its 115 local retail coops and manufacturing coops. But they have 4 million consumers and they are very decentralized and democratic. The fact that they are able to compete against Wal-Mart sufficiently to keep Wal-Mart out is significant. Again, their largest insurance company is also owned by cooperatives.

Alright, now to talk about some things going on in the United States.

The United Food and Commercial Workers, this is a client of mine but I thought this was a useful example. The United Food and Commercial Workers and Homeland Acquisition Group got into negotiations when a group of grocery stores went into bankruptcy and the Homeland Acquisition Group wanted to buy them and they wanted to make the company 100% employee owned. But they also wanted the union to give up its defined benefit plan. After significant negotiation, the union ended up with a very good deal, I think also the HAC ended up with a good deal. The Union negotiated a new but smaller defined benefit plan, ESOP participation for union members, union seats on the board of directors, and a collective bargaining agreement covering any new stores. Important part of this is that the new company was owned by Amalgamate wholesale grocers and their greatest concern was that new companies continue to buy from Amalgamate, but the union was able to through their negotiation to turn that into the ability to have all those new stores get card checked in terms of their ability to become unionized.

This is, this one is a very interesting example. That is a very old factory. That is may one of the oldest factories in Baltimore. It started in 1851. It was part of PPG industries since 1904 but in 1990 it became 100% worker owned through an ESOP with the help of the United Steel Workers and its management.

It has been successful but it has developed a culture which it sees itself as a long-term community asset and sees that it's necessary to retain a competitive edge, cash reserves, and to re-invest in the company because it wants to be a long-term asset in Baltimore. This is in inner-city Baltimore. In order to be that long term asset it also has to balance risks to protect the investments of the older and the younger workers and the job needs of the younger workers and is very much a participative organization. It also has a board of directors which is has about half union and half management and other people who were jointly chosen by both on it.

Important thing about this company is that as you see it is very old and it was making several products, it used to make paint brushes, it now still sells them but those are made in China. It specializes in custom power brushes in what you can see is these industries that are similar to industries in southeast Michigan, steel, nonferrous metals, etc. In 2007, they knew they had to diversify the industrial brush industry. Not get out of it but do something else. They spent several years working to find new products.

They are now making this product which is a solar collector and skylight and it is amazing for them to go through that process. One of the reasons they were able to go through that process is they saw themselves as a long-term community asset. They used some of the money they saved by being an S-corporation employee stock ownership plan to be able to invest in this. It is very exciting to see this happening.

Evergreen Cooperatives. This is another wonderful example. It is in Cleveland, Ohio. There are now at least 4 cooperatives. They were created in order to they were created under a program that was designed by their anchor institutions and one of their key foundations, the Cleveland Foundation. The idea behind this is that local education institutions and hospitals that are in a central city are very committed; have so much invested in the central city they're not likely to move. It is important for them to consider localizing their supply chain in order to keep the city functioning because just as in Detroit, in inner city Cleveland you got the University Circle which has the Cleveland Clinic and the VA hospital, Case Western Reserve University and that's a pretty prosperous area. Immediately around it, the area is very blighted. The decision that was made here was to actively try to use the buying power of the universities and the hospitals to create employee-owned businesses that could employ people in the neighborhood. They have succeeded there. They have the largest industrial laundry, green industrial laundry in Ohio. They now have Ohio Cooperative Solar. They are building a 5-acre greenhouse to grow lettuce



for the hospital. They also have a magazine. This has been an excellent example. It has taken a lot of investment by the anchor institutions and foundations. It is now being replicated in Atlanta and Milwaukee.

Ok. So the Community Based Economy Group is 3 organizations: The Center for Community Based Enterprise, Detroit Community Cooperative, and Ingenuity US

We created these to serve different functions but our effort was to try to build a resource similar to the entrepreneurial division of the Mondragon bank and all of the supporting pieces that we could. The center is a non-profit. It provides education and technical assistance on best practices from around the country and around the world. Ingenuity US is an L3C. An L3C is a particular kind of company. Michigan was one of the innovators in creating these. It's a mission driven for profit which means it's a for profit company but the mission, the social mission, which in the case of Ingenuity US is to create jobs and communities with high levels of employment, trumps the shareholder primacy. So whoever invests in this company understands that the social mission is primary, but of course we want to make money. We think it is very important to make money in order to grow this company and provide jobs. Also, we are very interested in using the rich local technical knowledge to do that. The Detroit Community Cooperative developed because through the education of the center there were a lot of community organizations and small groups that were interested in creating coops and when we got them together they found it was helpful to learn from each other. Again, if we are going to create a platform and provide joint entrepreneurial resources for these folks, we had to pull them together to do that. So the purpose of the Detroit Community Coop is a platform for individuals, businesses, and non-profits to implement cooperative practices, to learn cooperative practices, to incubate employee owned companies, and to create their own business support system which they own.

So what you have here is a list of the center and the Ingenuity US's history. It goes back and forth. We came up at for different reasons at about the same time. Ingenuity US started actually as an effort to save jobs in Delphi bankruptcy. In 2006 C2B did not exist yet and was just a group of people called bootstrap Detroit which later incorporated as the Center. In 2009 Ingenuity US determined that it was trying to, looking to make something that we can employ people in Metro-Detroit who had maybe no more than a high school education and that we could pay them a living wage making something. So we looked into a number of products. The first one was called "Free Air". In 2009, we also, the Center provided 19 educational events on community based enterprise concepts all over the city. There is some pictures of that I will show you in a minute. Mostly in the lower income neighborhoods because those are the neighborhoods that Skillman and Lisk support and they were supporting our educational programs. For 10 of these events we had Mikel Lezamiz from Mondragon with us. We've since

then have presented workshops and tours of community based enterprises in various locations. I'll think I'll talk about these more as we get to the pictures because that's more fun. In 2011, because of the work we did in 2009, there was a demand for more assistance for coop development and that was a reason that the Detroit Community Coop was formed. As of very recently we now have two member created products for IUS that you will see shortly.

Ok. So I mentioned that we have this speaker series. We also help the Community Grocery Coalition that was trying to put together a community grocery store. That hasn't happened in exactly that form but it was a deeply involving process with people particularly from the Detroit Black Food Security Network and other community organizations that are concerned about food justice. We have done research for a number of community development corporations, particularly, last year we did a business needs survey of 95 businesses in the north end and the Willis Village area regarding what they need and whether a business service coop would help them. That was one of the other reasons for the creation of the Detroit Community Coop.

Ok this is some pictures from Community Based Enterprise week. These things took place all over the metro area but this picture in the corner, I'm particularly fond of this picture because it shows Cherry Hicks, from the Detroit Black Food Security Network, and Mikel Lezamiz, from Mondragon, speaking in Brightmoor. The other speaker at that thing was Kirk Mays who is actually the Executive Director of Brightmoor Alliance, but he also comes from a family, a Jamaican family, that was involved in a Jamaican system of no-interest loans in groups of people, that's another form of community based enterprise.

One of the initial projects that we helped along was Spalding Court, which is a housing....it's a rehab of a 20 unit housing operation that was at one time full of drug dealers. It now has a community kitchen and runs a community group funding operation, called SOUP.

Ok. Ingenuity U.S. So our mission is to create businesses and communities with high levels of unemployment and half of our profit goes to building or creating new community based enterprises. As a community business developer, we are trying to create a core business that, just as Mondragon really got started when the five people who were OGOR, and that's based on their names, found some used equipment and started making stoves in a company that is now called FOGOR, which is now as I said the 3<sup>rd</sup> largest manufacturer of appliances in Europe, we felt it was necessary to try several strategies to bring together a community based economy in Detroit. One of them was the education focus of the Center. The other was to actually create a business, or businesses, that followed the principles that we were proposing. We have done several things to do that. We work with, we've done about a dozen pre-feasibility studies looking for a product and we have worked with a number of unions on worker ownership projects. We are constantly seeking opportunities that provide living wages.

The value statements of both the Detroit Community Cooperatives and Ingenuity US come from Mondragon. I won't read through all of these but I think it is important to note that in this system of distributism we start with every person desires dignity. We start with the dignity of the individual. It's also important to focus on meaningful work at living wages and that people participate in those decisions, that there is self-respect, that managers and workers are equally responsible for creating an educated workforce, and that we are building this together, that we have the resources to do this in Southeast Michigan, and that our products will be earth friendly.

I don't think I'm going to get into a lot of this but part of the history of Ingenuity US actually started when a colleague I met from Hawaii, who works with the American Ingenuity Alliance which is an alliance of inventors and unions focused on keeping jobs in the United States by using the ability as inventors to decide who makes their product and the ability of unions to wield some political power and to enable inventors who often cannot protect their products from infringement to bring those together so they can then decide that the unions can make their products and they can help protect their product. So this came out in a very strong way in 2006 when Ian Chan Hodges asked me to help him find a way that when Delphi, which had 6,000 very significant patents, was in bankruptcy that those patents not be sold offshore. While we did make a proposal in that regard, that particular thing didn't happen, but it brought us together and that is one of the reasons why I know that 25% of the green intellectual property in the United States is owned by people in Michigan. One of the things that we have done is in my capacity as a lawyer I helped create the Hawaii Ingenuity Corporation law and we were involved in a labor summit at the UAW DC headquarters between labor and patent people, inventors, but I don't think we have time to really go into that at this moment.

Ok, so I've mentioned a couple of these things, but in 2009, when the auto-bailout happened, IUS made a proposal to the auto task-force to, since at that point that the government and the UAW owned Chrysler and GM, to get them to license out their green technology to make more jobs in Michigan. License it out for non-automotive purposes. We still think that that would be a good idea and I think with TechShop, Ford is beginning to do something a little bit like that. There was not really, the response to our request was that they were not going to, the auto-task force was not going to put the green responsibilities of the United States on GM and Chrysler at the time. They were taking a more hands-off position. So as I mentioned we have done a number of pre-feasibility studies since 2007 and we are looking for a product or service that can be done in Detroit using high school educated labor in a market that enables the company financial viability while paying living wages, hence the sustainable product intended to be employee owned. We are now ramping up. Finally, we have found 2 things that meet those criteria.

So here we have, Al Kaniarz is one of our IUS members and this is the Quarnge Chair. This is actually made from plywood and it's all cut out electronically. It's all cut out on one piece. He has won design awards for these and he's been selling them for like \$3,500 a piece. We hope to be able to make lots of them and if we can bring down the price if it makes sense to sell lots more, but he is selling them at the higher price point.

This is our lower end product. This is Juan Martinez. He is also a member of Ingenuity US. He is on one of his Bike City Cargo bikes. The part here...this part is where there is usually some large container that holds whatever the person wants it to hold, their tools, their kids, whatever they're going to use. This is basically a bicycle truck. It's adapted from models in Europe. He also has a small electric motor on this so you don't have to do all the work yourself. He has a golden ticket to TechShop. I can't get into a long description of TechShop, but it is this new operation connected to Ford where there is a lot of high-end equipment and people be there, come in and use it for \$100 a month but they were so impressed with Juan that they gave him a golden ticket until December, so he doesn't have to pay.

Ok.

Now we are going on to Detroit Community Cooperative. The Detroit Community Cooperative has a statement of values similar to those of IUS and you can certainly find them online. We are online at [www.C2BE.org](http://www.C2BE.org) and that is at the end of this presentation you will have that information. The values are based on Mondragon and the International Co-op Association principles.

One of the things that we have been doing, this is the Detroit Community Cooperative Pot Luck Dinner. In the beginning, we had a number of people from various churches and community organizations like Church of the Messiah, New Liberty Baptist Church, the Pioneer Building which is full of artists, City Mission which is creating cooperative fish farms. A number of organizations like that got together to see whether there are things that they might help each other with. Over the last year, we had potluck dinners at different locations every month. This one is at the Motor city Blight Busters Java House. That just took place on June 6. The interesting thing about these events is that everybody has two minutes to talk about what they are doing to improve the Detroit economy, create jobs, whatever it is they are doing. These discussions have been quite interesting because we have such an enormous city, we have 139 sq. miles and we have 713,000 people in it, often people do not know what other people in the city are doing. So this is providing an opportunity for people to meet each to other and find out what other people are doing and seeing if they can collaborate. The pot luck dinners have been very successful. We usually have 25-30 people at a dinner. Frequently, there are many different people depending on where the location is.

So we think that the concept of the Detroit Community Coop is a little bit different than a worker coop and the reason for that is since we don't have a lot of worker coops, we are trying to help the people in Detroit get used to the idea of a coop more as a producer/consumer coop and hope that will in turn lead to more worker coops. So our mission of Detroit Community Coop is to encourage, enable and educate about collaborative action as a way to build healthy, sustainable, and inclusive local economy and to meet the needs of the members by providing high quality products and services at reduced prices.

Members are businesses, organizations, and individuals. Member benefits include buying at a discount. If you are selling at the coop you have to have provided the coop with references. An experienced business has to provide at least 3. An aspiring business at least 1. They have to sell to the other coop members at at least a 10% discount. Also, each member of the coop puts in 4 hours a month of work to either help the coop or help other coop members and we are setting up a barter exchange as quickly as we can figure it out and do what needs to be done. It's a one vote per person coop. We hope people will find collaborators in business creation. Also, in addition to paying dues and putting in volunteer hours, businesses are supposed to put 2% of coop generator revenue, not their entire revenue just their revenue from participation in the coop, back to the coop to help the cost function.

This is a list of a number of the founding members. If you go online, the Detroit Community Coop, it's electronic life is on the C2BE website. So you will be able to find the brochure, the application for membership, etc. and these are some of the founding members.

Also, there a number of coops in development and community based enterprises in development in Detroit and we thought that people perhaps would want to know about this and take a look at this list. Of course, Detroit Black Food Security Network is an older one and they have a food buying club and the D-Town Farm. Omnicorp Detroit is a maker space. Grown in Detroit is producing, is enabling people who are producing food in their local community gardens to have a place to sell at Eastern Market. Church of the Messiah has a housing coop and they also have just taken over a school which they are using as an incubator. The Hub of Detroit is a bicycle coop. Of course, there are community gardens. There are other housing coops and credit unions. Then in development, there are a number of interesting things going on. Food Lab – The Good Food Entrepreneurs, there are a number, many of them young, have come to Detroit to create food businesses. They are working together to collaborate with each other and in fact, they ran a business boot camp. I was a speaker at one of their, I think their first meeting at the beginning of the boot camp because they wanted to make sure that they were good employers and they couldn't all provide full-time jobs. Again we talked about the possibility that through a coop they might share employees so as to be able to make some full-time jobs for people with benefits. Another thing that's interesting thing here is the Mount

Elliot Makerspace which is a place where young people from the neighborhood are learning about electronics, computers, wood-working, and bicycle repair. The church is also incubating a landscaping/lawn service. Also, at Church of the Messiah is Nicki's Ginger Tea which has been there for 17 years which makes Nicki's ginger tea. The Southwest Detroit Sewing coop is something we are just getting involved with. The United Neighborhood Initiatives which is one of the coops out of Detroit Community Coop members and Maggie's organics which is another coop member are working with the State of Michigan, with designers, etc. to create a selling coop that's making products that are viable in the U.S. Obviously this would be higher-end products. City Mission is creating fish farms. Recovery Park I believe was talking about an industrial fish farm. The Green Garage is incubating a lot of green businesses. Creative Community Pathways is creating education coops and Colors Restaurant, I'm not sure whether their coop is up and running, they're providing education and a career path for restaurant workers. These are just a few and I'm sure there are others that we don't know about yet. As people join, we will know more.

So, if you are all interested in joining the Detroit Community Coop or finding out anything more about what we do, you can go to [www.c2be.org](http://www.c2be.org). We have been having monthly potlucks through the school year, but during the summer we are doing something more informal. People are having meetings/barbecues at their home to tell people what this is about. But we'll have our next potluck probably September 12. You can go online to see when that's happening when we have more information.

Finally, I think it's important to know that there is a lot of active support for the community based enterprise group. We have 50, we have more than 50 active volunteers and supporters and we've been working over six years on the three organizations that we have created so far. Our next stage of development will require additional investment and the ability to hire full-time staff, but we are, as we have been always, going forward with whatever we have. You have information there to contact me or others from the community based economy group. There will be a lot more analysis on our methods and our future plans in the co-learning plan. So open for questions.

**Male voice:** One question is, are you connected to regional or national work? From Mark Fick.

**Deborah Olson:** Yes, well in the following sense. So I'm a member of the U.S. Federation of Worker Coops and actually I was the chair for the National Center for Employee Ownership for several years and so we interact with those organizations and participate often speaking or going to conferences. And in fact, we have our webmaster, Adam Konner, does work for other, he also is our coop educator, and he's been roaming around the country working with a lot of these organizations. So we have a pretty good connection to the universe of organizations out there, but we are always happy to meet more people.

**Male Voice:** And then from Dennis: Can you talk a little more about how the Mondragon Union-Coop initiatives fit into your Detroit efforts, or other efforts?

**Deborah Olson:** That's a really good question. Ok, so Mondragon and the United Steel Workers, I think I'm answering this question, Mondragon and the United Steel Workers came to an agreement in 2010 that they would create unionized worker owned companies someplace in the United States. I learned about this before it actually became public and immediately began sending/collecting information that might get some of these to be here. For example, I went to Dan Luria at the MMTC, the Michigan Manufacturing Technology Center, and got him to provide us with a list of 200 companies in Michigan that have basically the same SIC codes as the 8 automotive companies in Mondragon. I then sent that on to district 2 of the Steel Workers to say, "See what you can do. If want to get some of this here, you can, you know, try to work this with the union." What's happening right now is that in, there is a project going on, they've seemed to have picked a location in Cincinnati to do a project, and there's something going on in Pittsburgh there at the pre-feasibility study stage. But the other thing that I should say about union coops is there is a union coop committee at the U.S. Federation of Worker Coops and I actually have presented my own concepts for all unions on how they can create union coop members. My understanding of the Mondragon situation with the steel workers is that that is going to be exclusively steel workers facilities, and so other unions that might like to work with Mondragon may not be able to for a while. I'm not sure that that's entirely true, but one of the reasons that I produced the paper on the concepts of coop memberships and unions being something in addition to collective bargaining memberships was to enable unions to have another path of representing and taking care of their members, particularly as collective bargaining is under so much attack. In fact, there has been some discussion with that with public employees. Something that I worked on is now, there is some interest, and asked me at some various places and in...I'm forgetting the name of the community...I think it's Tulsa, Oklahoma where parking meters, the parking meter operation is being privatized. The union, in addition to the privatization, is also making a proposal to be the contractor that takes it over.

**Female Voice:** The next question is "If you could please mention the national legislation pending in DC regarding support for urban coop development.

**Deborah Olson:** Yes, Congressman Chaka Fatah, introduced, and I don't have the name of it off the top of my head, but he introduced several months ago legislation that would enable the funding of coop development centers in urban areas. That would certainly be helpful to us. The U.S. Department of Agriculture has been supporting coop economic development in rural areas since 1933. Now that there is this great need in the urban areas, that proposal has been made. I can tell you that both Congressman Hanson Clark and Congressman Gary Peters are co-sponsors. There are some other co-sponsors and there is a working group within the, within

Cooperation Works which is an organization of coop developers, that we're also a part of, that is working very hard on that legislation.

**Male Voice:** Ok. What types of financial regulation reform would support worker-owned business development? Or what current financial policies hinder their development?

**Deborah Olson:** Boy that's a good question. I'm going to have to meet Mr. Gibbs. Financial Regulations. Well for one thing, we do not have legislation that makes it easy to create a worker coop. You have to sort of, in Michigan anyway, there are some states like Massachusetts that have a good worker coop law, and I think Wisconsin has a good worker LLC law. It would be helpful if we had laws that made that easier. Also, because of our securities laws, well coops can usually get around security laws, but if you organize them in a different legal format you may run into some securities laws issues. I think the thing that would most support worker-owner business development is to fund the technical support centers and then also provide access to loan funds. There actually is a loan fund being created, something like KIVA, for worker-owned companies. I know, again, Adam Konner is working on that. Basically, there was another proposal made a while ago that actually I think is an excellent proposal. At this point money is created through the banks by the Federal Reserve, and I can't get into the whole long explanation about how that happens. There has been a long standing proposal that the Federal Reserve should make lending available directly to worker owned companies. I think that that would probably be a better use of it than some of what is done with providing that money to banks since the banks are not so good at lending the money out.

**Male Voice:** Have you thought about trying to adapt the Evergreen Strategy in Detroit, using large non-profit procurement contracts to guarantee a market for coops?

**Deborah Olson:** We haven't just thought about it, we've been promoting that idea for the last six years. At this point, there is an anchor institution strategy that is being run by the foundations and the anchor institutions that is the early part of the kind of strategies that were run elsewhere where their aiming at bringing the people who work in mid-town to live in mid-town. We have been proposing, and are very willing to work on creating something like Evergreen whenever the foundation folks and the anchors are willing to do so. At this point, they have not shown great interest in that where as in Atlanta and Milwaukee it is moving forward quickly. We would love to be involved in that and we feel we could do an excellent job of helping them on that. Just a little bit more in relation to Mr. Duda's question, because we have not been able to proceed with the anchor institution strategy that has gone on in Cleveland, that lead us to our own strategy of the Detroit Community Coop, Ingenuity U.S., etc. But one of the advantages of our strategy if we are successful, is that, where as the large anchor institution strategy requires that large institutions decide to work with the community organizers and community organizations and the foundations provide funding, what we've



done has been very bottom-up and very grass roots. If we are successful then other people who are in situations like ours, where for whatever reason the anchors and the foundations are not ready to pursue a strategy like the one in Cleveland, there is another way to go. We think it's important for people to see you can just get up and do it and you don't have to wait for big institutions to make it possible

**Male Voice:** What are the names of some of the people or businesses in Milwaukee that are pursuing the worker owned models?

**Deborah Olson:** I don't know that, but if you contact the Democracy Collaborative and their website is [www.community-wealth.org](http://www.community-wealth.org) they will have that information.

**Jennifer Bruen:** We would like to thank Deborah for coming in and doing the webinar today. This is really valuable information. This webinar will be...I'll just show myself here. I'm the project coordinator for REI and all of the webinars will be uploaded onto our website in a matter of days. Hopefully, you will be able to see this again or share it with others. You can send the link out. We are pursuing several others through July and August so stay tuned and we will promote those through our network, the REI Network. If you haven't joined the network, please do so. You can do that through the website, [www.reicenter.org](http://www.reicenter.org).

**Deborah Olson:** Thank you very much, and we will have a link to this webinar as well on the C2BE website. We look forward to hearing from you and hope that you might come to a Detroit Community Coop potluck or otherwise contact our Center. 313-331-7821 or info at [www.c2be.org](http://www.c2be.org). We would like to participate with you in building this community based economy in Michigan.

**Jennifer Bruen:** Thank you very much.

**Deborah Olson:** Thank you.