

## **NOTES: Intro to worker cooperatives**

*Presenter: Joe Marraffino*

Will talk about history, then structure, then have a more general discussion.

Coop is a way of doing business that has advantages for the community, the individual, and (possibly) for the business.

### **Coop history: pulses/waves**

*Mid/late 1800's:* Knights of Labor started some co-ops, but these ended when the union ended. Doesn't know how many co-op they had

*Great Depression:* Government subsidies for co-ops, but co-ops petered out as funding ended

*1970's:*

1. factory closures led to co-ops being formed. Trixie: that's what happened with Lusty Lady. Notes that "this is my understanding, so its limited"
2. creating jobs that felt good, authentic. Related to the counter-culture movement. Many stopped, but some survived (ie: the cheese board)

*now:*

new anti-corporate movement is going on. People want to do battle with the corporate giants. Community economic development groups have created a lot of cooperatives, beginning in 1980's and continuing now. Creating wealth instead of negotiating wealth.  
mission ngo women: Asset Development. People build assets for themselves, but don't know what to do with their money, especially in San Francisco, a high-cost area. Co-op is good model for these people, and allows them to combat gentrification.

*Spin offs:*

Left-over co-ops from the 1970s have gotten involved in starting networks and learning to spin off. *Example:* inkworks and design action, cheese board (started a lot of different co-ops, and now with Arizmendi bakeries, a replication model is being employed).

*Technical assistance organizations:*

Late 70's-80's: technical assistance organizations help companies convert from traditional business to co-op or ESOPs (employee stock-owned plan). More often than not, ESOPs is a format that creates ownership without democracy.

Boston: ICA: industrial cooperative association: in co-op development. Trying to replicate home healthcare co-ops around the US, working with local non-profits in each case

New Orleans Food Co-op: why is there no great co-op movement in the south like there is in other places?

Black Star: college towns help.

WebHall: brings up Mondragon and South America co-ops. When there is an absolute life or death need for co-ops, people will do it.

Joe: interestingly enough, in the US, there is the reverse happening. There isn't an incredible economic need. It is more of a quality of life decision.

Nyc food coop woman: in response to the university=more coops idea. her coop is very diverse, and a lot of people shop there because it's cheaper.

Joe: that something you should think about when you're starting a cooperative: Is the coop you're developing based on meeting an economic need?

### *Immigrants:*

We can do it! : co-op model works well for immigrant community. Immigration policy says that you can't be an employee if you're an undocumented immigrant, but that you can be an owner. Her organization gets legal advice from the urban justice center (pro-bono).

### **Advantages of co-ops (specifically, the SF Arizmendi Bakery)**

- higher worker satisfaction
- less theft
- daily democratic process makes people feel pride, and produce better product
- low turnover, saves money because hiring costs money
- low turnover develops a loyal customer base
- workers are highly motivated because profit they make comes back to them at the end of the year with the profit-sharing.
- mutual supervision: no manager: if we see something that's going wrong, we'll tell that worker. Cuts costs on labor because you don't have to hire a manager.

Worker ownership: workers share risks and profits.

1. equity buy-ins. Everybody has a share
2. hybrid: workers have shares, community has some shares
3. community owned: community owns the co-op, but workers get to make decisions and earn profits.
  - a. Non profit owns the means of production
  - b. Coop rents the means of production from the non-profit.

### *Different ways to conceptualize a coop's orientation towards profit:*

Black Star: not non profit, but not for profit

Trixie: we're for profit, but not at the expense of our values

Justin/Brian: not *just* for profit

### **Profit sharing**

If you make a profit, it can be shared among workers at the end of the year.

From a tax standpoint, co-ops have an advantage with profit sharing because it is dispersed before taxes. Only the individual is taxed on patronage, not the firm as well.

Risk: If there is negative profit for the year, you need to distribute negative patronage according to hours worked.

### **Worker control: management**

What do people think of management?

Cinnamon: I'm a manager, and being on call and replacing workers who don't come in is frustrating. It is so much work. In addition, managing wages are lower than dancing wages, which is unfortunate.

### **Getting paid for going to meetings**

Joe: thinks it important to pay people for doing duties that are important to the business:  
For example, paying for employee evaluations

Nyc food coop: Self-management question. What to do when people slack off.

Joe: My bakery does daily check-ins about how the day went (bread quality, working the register). Also, bring stuff up at the general meeting.

### **Decision-making structure varies depending on every co-ops**

#### **Small Group Exercise: co-op formation**

##### 1. Fair trade coffee (60 workers)

- a. General policies: all 60 members decide on general policies
  - i. Policies are proposed by committee(s?)
  - ii. Committees: initially formed based on interests and skills, then ½ of the committee membership is rotated out each year.
- b. education: ??
- c. general membership meets every 3 months

##### 2. large grocery store (100 workers)

based it on experience with New Orleans food coop

everyone can shop there, even if they're not a member.

Policies: set by board of directors and membership

General manager deals with day-to-day operations

Everything is divided up into committees....

Hiring and firing is handled by the general manager, general manager is hired by a committee

Board does long term planning

Office administration: treasurer and an accountant.

Hernandez: difficult with 100 ppl. Who has the skills? Conversation around how to keep employees involved, while at the same time giving skilled people skilled jobs.

##### 3. cab company (60 workers)

board

rotate admin duties

shifts. How to do a general meeting when there is always a shift going on.

Manager-coordinator position

How to deal with people who don't care? One thing childcare co-op member does with her coop is to have a **social contract** that is their boss. Have a policy where people aren't allowed to criticize others' decisions if it is not a detriment to the business.

Difference between having access to decision-making power and using it????  
Alice: difficult to figure out shifts. How to motivate people to join?:

4. grocery store: 100ppl

everyone makes decisions on general policies

5ppl hiring/firing. Voted in by membership

30 ppl work each day

10 ppl long term planning

7 work in the Office

5. recycled building supply co-op

since we're so small, come to consensus on general policies

long term planning done by members, but also consult with experts to give guidance and direction.

Meet regularly to discuss ideas. Communication is key!!

Rotation of education of new members. Everybody gets to train someone at some point.

Allows members to revisit the reason why they joined the co-op in the first place.

Office administration: rotate office duties so that knowledge is shared. Cross-training