



*News of Maine's Coast and Islands*

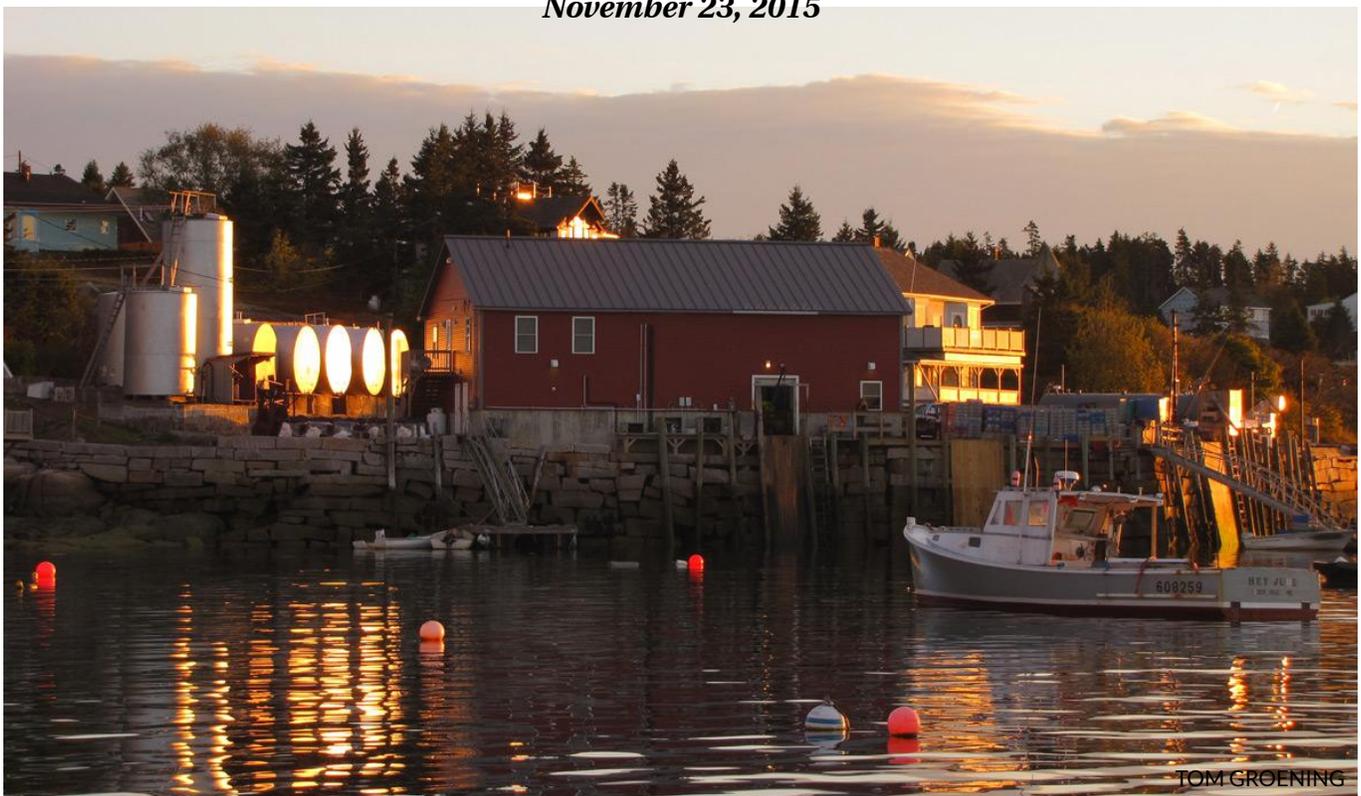
# THE WORKING WATERFRONT

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## Going coop—employee ownership sustains business legacy

**BABY BOOMERS SHOULD CONSIDER COOPS AS SUCCESSION MECHANISM**

*November 23, 2015*



*Stonington's harbor at dawn.*



BY **ROB BROWN (/STAFF/ROB-BROWN)**

**POSTED NOVEMBER 23, 2015**

**LAST MODIFIED NOVEMBER 24, 2015**

The effort to sustain our communities and their economic and civic life for future generations scored a significant victory recently on Deer Isle.

The employees of three retail businesses—Burnt Cove Market, V&S Variety and Pharmacy, and The Galley market—became concerned when word circulated that the owners were thinking about selling the stores and retiring. Potential buyers who were not part of the community may not have maintained the same level of jobs and services, and other employment options on the island are limited.

So the employees banded together to create the Island Employee Cooperative (IEC) and buy the stores. They are now one of the largest employers on the island, the largest worker cooperative in Maine and the second largest in New England. This is the first time that multiple businesses of this size and scope have been merged and converted into one worker cooperative, making this a particularly groundbreaking achievement.

There is good reason for state and community leaders to work together to make sure the successful example of the IEC is replicated many times over. Business succession planning may be the most challenging aspect of the baby boomer retirement wave that many observers have dubbed the Silver Tsunami.

In Maine, roughly 32,000 small businesses employ over half of Maine's workers, at least 75 percent of those owners are baby boomers, and research shows few of them have concrete succession plans for their businesses.

Conversion to employee ownership could provide the best chance possible to sustain those businesses. In many rural communities, it may be the only chance.

This strategy is an incredible win for everyone.

For current business owners, selling to employees frequently yields a better sale price, reduces their tax liability from the sale, and preserves the legacy they've built over many years. For the employees, they have the opportunity to become cooperative entrepreneurs, gain greater control over their work, and build wealth through ownership.

For the community, the ownership and profits of the business stay locally rooted and the jobs, products and services the community has relied upon are maintained.

Research shows that employee-owned firms are more productive, profitable and resilient than conventional firms. Nationally, they've generated over \$1 trillion in additional wealth for 13 million workers.

While the IEC is an impressive example of how one community was able to preserve essential jobs and the island's only source of groceries and other necessities, the model employed—worker co-op conversion—is neither new nor untested.

Forty years ago, John Abrams founded the architecture, design and construction firm South Mountain Company on Martha's Vineyard. In the 1980s, he realized he wasn't getting any younger, and he needed to give a meaningful stake in the ownership of the firm to keep his talent. So he converted to a worker coop and for three decades it's grown and thrived beyond their wildest expectations.

Baldwin Apple Ladders is a recent conversion in Brooks, here in Maine. The company makes about 1,600 handcrafted ladders per year and dominates the market from Maine to Michigan to North Carolina. Founder Peter Baldwin didn't have a plan to sustain this unique business and turned to the cooperative model to give an ownership stake to a new generation, who were great craftsmen but needed to step up and learn the business.

Business owners, workers and communities don't need to figure out how to do this all on their own. Business Ownership Solutions is a nonprofit program my organization, the Cooperative Development Institute, started to promote and perfect this uniquely beneficial model of development. We help business owners and their employees work through the design, execution, financing and education needed for a successful conversion to employee ownership. We are part of a group of advisors and lenders that can effectively and efficiently convert any viable business to worker ownership.

Right now, I'm working with businesses on conversion plans that would sustain nearly 100 jobs and transfer millions of dollars in value from retiring owners to a newly trained, younger generation of cooperative entrepreneurs.

For the IEC, the workers and our team of advisors and lenders achieved what we did with a lot of hard work and innovative thinking. Without that dedicated technical assistance and available capital, it is doubtful the IEC would be here today.

With the right help, any community can take advantage of this once in a generation opportunity.

*Rob Brown is a cooperative development specialist and the director of Cooperative Development Institute's Business Ownership Solutions program.*

**CONTRIBUTED BY**

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The key to success "is a single harvester, with fire in the belly, skin in the game and a sense of delayed reward."

[HEATHER DEESE, PH.D. \(/STAFF/HEATHER-DEESE-PHD\)](#)  
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Media, Marine Programs



Robin Alden recognized as  
innovator in fisheries work  
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Robin Alden is the recipient of the 2015 Innovator Award as part of the first SOURCE Maine Sustainability Awards presented on April 9 at Pineland Farms in New Gloucester. The award is one of seven given to Maine leaders, organizations and businesses.

**STAFF WRITER (/STAFF/STAFF-WRITER)**

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From among a field of 17 applicants, Powell was the unanimous choice of the search committee and the congregations of both churches after a year-long process.

**[TOM GROENING \(/STAFF/TOM-GROENING\)](#)**

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