

Maine solar business pursues conversion to worker-owned co-op to sustain business, create more jobs

By Rob Brown

Editor's note: Brown is director of Business Ownership Solutions, a program of the Cooperative Development Institute in Northport, Maine.

CO-OP MONTH

Much has been made of the oncoming wave of baby boomer retirements — dubbed the “Silver Tsunami” — and the opportunity for retiring business owners to convert to employee ownership as a business succession strategy. Particularly in rural areas, where the population is much older than average, selling any small business is often difficult. For the smallest and most rural businesses, the default retirement plan is frequently liquidation and closure.

However, conversion to a worker cooperative is also an appealing option for many younger business owners, albeit for different reasons.

Such was the case for Vaughan Woodruff, an eighth-generation Maine resident who was raised with a strong commitment to his community. His mother, the first woman mayor of his hometown of Pittsfield, was a huge influence on him, as was his grandfather, a widely known large animal veterinarian.

Like many of his peers, he left town following high school graduation to seek opportunity. In 2008, while living in Bozeman, Mont., Woodruff started a small contracting firm that specialized in solar energy and energy efficiency. When he and his wife decided that a return to Pittsfield provided the best opportunity for their growing family, Woodruff relocated his business there. His expectations for the business were modest.

“Our move was about our family. We saw any success the business might have as a luxury,” Woodruff explains. “My engineering degree and teaching credentials provided fallback options in Pittsfield. I hoped to be able to make a living

working in the solar industry, but I also recognized there might be some significant challenges with running a solar business in central Maine.”

Early success for business

Within a year, the company was able to sustain Woodruff and his family, but his hometown was facing significant challenges. A manufacturing facility was closed due to outsourcing, leaving the town with three empty mills. The local nursing home was shuttered, and the town's once-vibrant Main Street was now home to many empty storefronts and deteriorating buildings.

Recognizing the significant shift taking place in the country's energy sector and the role that his business could play in it, Woodruff rebranded his company as Insource

workers who were eager to take younger colleagues under their wing.

“Insource Renewables has provided a unique opportunity in the area for a number of young people,” says Rick Parkhurst, a retired millworker who is now working with the company. “They have really come together as a team and are seizing that opportunity. Otherwise, they probably would've left town, like a lot of other kids do.”

Sole proprietorship becomes unsustainable

As the company grew, Woodruff recognized that his own workload, as a sole proprietor, was becoming unsustainable. He needed a solution that would balance his commitment to growing the company and creating quality jobs with the

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An Insource Renewables crew installs rooftop solar panels. The business is in the process of converting to a worker-owned co-op. Photo courtesy Insource Renewables

Renewables. He committed himself to creating quality, living-wage jobs that would attract and retain young workers that might otherwise leave the area.

“Since my childhood, outsourcing has impacted almost every facet of our communities — our economy, our traditional jobs and our identity,” says Woodruff. “I believed that renewable energy could in-source good jobs back to our region.”

By 2016, the staff had grown to 11, including an eclectic mix of hardworking young people who wanted to stay close to home, experienced solar professionals who had cut their teeth in larger companies around the country, and some older

needs of his young family, so he contacted the Cooperative Development Institute.

As the director of CDI’s Business Ownership Solutions program, I work with business owners and their employees to facilitate conversions, which often means the business owner is looking to retire and exit the business at some point in the near future.

When Woodruff contacted us to discuss his business and his goals, we realized this was a perfect opportunity to show how employee ownership can also be a strategy for restructuring a company to facilitate sustainable growth. He wasn’t leaving town. This was about his deepening commitment to the business he was building and the team of workers he’d pulled together.

As Woodruff explains, “Ultimately, I was surrounded by a team of hardworking professionals who cared about the reputation of their work and their company. If we are going to grow in a manner that stays true to our mission and maintains that level of quality, the best way to do it is through a cooperative ownership structure that aligns our responsibilities and our rewards.”

Now that Insource Renewables’ workers, including Woodruff, have incorporated their cooperatively owned corporation, they are ready to complete the buyout of the company within the next few months. As of this writing, the co-op is lining up financing to buy the business and preparing to execute the transaction later this fall.

The next chapter then begins, not just in creating good-paying, high-skill jobs, but also in creating a greater sense of freedom and security that can result when workers own their work.