



Miguel Martinez rinses a basket of corn to make masa in the kitchen of El Compadre restaurant. This fall, restaurant workers will launch Masa Cooperativa, a joint co-op venture with workers who produce the masa and farmers who grow the corn.

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Worker Co-ops Catch on in Philadelphia

How grassroots study groups, nonprofit fellowships and municipal fiscal support conspire to seed the cooperative ecosystem, particularly for people of color.

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Last fall, Colombia native Luis Eduardo Lozano and four other immigrant day laborers, tired of the indignities of scant, irregular hours and wage theft from employers, formalized the PWA Handymen Cooperative in Philadelphia. Now the worker-owned LLC offers residential and commercial interior and exterior renovation services.

“To work in a co-op means higher rates and secure work. The contract is secure and fair,” Lozano says, speaking through a Spanish interpreter. “A percentage of the fees will be paid to the co-op, and at the end of the year members will earn extra. We all gain from the success of the co-op.”

In West Philadelphia, another new worker co-op launched in June. Formed by artists and social-justice organizers, **Bonfire Media Collective** provides video and design services — and operating as a collective aims to counteract the industry’s reputation for chronic underpayment, long hours and irregular work.

These new businesses are among a handful of diverse co-ops sprouting around Philadelphia, nurtured by a year-long study and training program offered in 2016 and 2017 by the Philadelphia Area Cooperative Alliance (PACA).

The worker co-op model — in which businesses are collectively owned and democratically governed by their workers — has gained broad recognition in some cities as an avenue for tackling income inequality, growing wealth and stabilizing neighborhood-based businesses. New York City legislated \$1.2 million in new co-op support funding in 2015. That funding has risen each year. The city has seen a quadrupling of co-ops — from about 20 to around 80 — generating more than 500 new jobs and an uptick in city contracts awarded to co-ops, according to the office of City Council Member Helen Rosenthal, who spearheaded the co-op law. **Madison, Oakland, Rochester** and other cities have jumped on the co-op bandwagon in recent years.

Momentum continues to build, with bipartisan action on the national level: In August, co-op advocates celebrated the passage of new **federal legislation** promising to make it easier for employee-owned businesses to access capital — often a major challenge for co-ops approaching lenders who are not familiar with the model. On the local level, Philadelphia’s city budget has funds earmarked specifically for co-op support.

PACA, founded in 2012 to catalyze co-op development in Philadelphia, has worked to bring the co-op concept in particular to historically marginalized communities. Now, with the confluence of PACA’s groundwork, the federal legislation and new interest from city government, Philly’s co-op scene appears poised to take off.



Philadelphia Area Cooperative Alliance (PACA) Executive Director Jamila Medley, in the alliance's co-working space.

Even with the promise of easier access to capital, co-ops still face a host of challenges. It's not easy to abandon familiar business hierarchies and proceed smoothly into collective management. A passion to open a co-op, a stellar idea and a ready team isn't enough without solid business savvy behind it. Among the greatest hurdles is how unfamiliar the model is to nearly everyone, from potential co-op creators to traditional lenders, policymakers and even the general public. Rosenthal notes that the hard part about advancing New York City's co-op legislation was not ideological disagreement from fellow council members or the small business services department, but a lack of awareness. "No one knew what a worker co-op was," she says. "It simply wasn't on their radar."

In particular, co-ops may not be the first business arrangement that springs to mind for people of color. "When people think of co-ops, the first thing that pops into their mind is a food co-op, often in a white neighborhood," says Jamila Medley, PACA's executive director. The most visible examples are consumer co-ops such as natural food stores and **REI** outdoor equipment store, or producer co-ops such as **dairy farm collectives**. But many worker co-ops are started by women of color and immigrant women, Medley says.

Jessica Gordon Nembhard, a scholar of racial wealth inequality, heard repeatedly that "Black people do not participate in co-ops," as she spoke about the model as a strategy for black community economic development. Her 2014 book, "**Collective Courage**," reveals just the opposite: a long and rich history of African-American cooperative economic practices, often arising as key methods for economic advancement in the face of oppression and poverty, and nearly always beginning with study circles.

TACKLING THE LEARNING CURVE THROUGH GROUP STUDY

In 2016, with support from a \$146,000 Knight Cities Challenge grant, PACA launched “**20 Book Groups, 20 Cooperative Businesses.**” Drawing inspiration from “Collective Courage,” the program — 20/20 for short — recruited 20 groups interested in forming co-ops and organized six months of study, reflection and discussion followed by six months of business training.

Medley led a discussion of the 20/20 program in June at the New Economy Coalition’s CommonBound conference, tracing the program’s long arc and describing the challenges and outcomes.

PACA organizers weren’t sure they could fill the 20 slots they had proposed, but interest was strong, Medley says, and 30 groups applied. Acceptance criteria included whether the group’s proposed business filled a community need and whether participants were members of a group historically exploited or excluded from economic opportunity. The **20 selected** groups, comprising some 185 people, varied widely in how long they’d been working or planning together and in the types of co-ops they envisioned. Besides media production and renovation services, business ideas included solar installation, urban farming, construction, food, wellness and healing, and bookselling.

“The study circles served to slow down the process,” Medley says, “to keep them from jumping straight to ‘Where do I find a lawyer, how do I get a permit?’”

For the first six months, the study circles met twice a month, drawing on a budget of \$650 per group to pay for study materials, childcare, field trips and supplies. Most groups began by studying “Collective Courage;” they also tapped articles, videos, internet searches and guest speakers as they dug into how and why to start a co-op. A group looking to start a tool-sharing co-op visited Home Depot together; the PWA Handymen group traveled to New York City to confer with co-op worker-owners there.

“They wrestled with foundational conversations,” Medley says, “asking, ‘Is this even a good idea for a co-op?’ They worked on defining their cooperative structure – would it be a worker co-op? A consumer co-op? And on building skills in teamwork, decision-making and consensus-building.”

Annette Griffin, a Philadelphia native and a bookkeeper for more than 30 years, participated in 20/20 with her daughter, sister and nephew to explore forming a bookkeeping cooperative.

For her, the “Collective Courage” findings struck a chord.

“It was kind of like the principles I grew up on,” she says. “I didn’t realize how much of that was already in me.” She sees now that during her 1960s childhood, her mother was working cooperatively with other mothers. “I thought they were just getting together to have a good time,” she recalls, “but they actually had a mutual fund where they were pooling their money to spend on trips or summer activities for their kids, or helping someone pay a bill.”

The study period helped the Bonfire Media team build relationships, deepen trust and understand the potential of co-ops, says Maddie Taterka, one of Bonfire’s seven worker-owners. They also learned plenty in the business training. “The business planning process showed us just how much we still needed to figure out in terms of operations,” she says. “Business financing, revenue models, budgets,

cash flow. I have a bachelor's in women's studies, so this is not where I've been. I think a lot of business details surprised us all."



Maddie Taterka (left) and Emily Zeitlyn (behind) work on a film in the editing lab at the office of Bonfire Media Collective.

Medley speaks candidly about challenges along the way. When PWA and MexCon, an immigrant construction worker group, needed more Spanish-language materials and assistance, PACA joined the **Hispanic Chamber of Commerce** to link them to resources. When interpersonal tensions arose across groups in the large, diverse cohort PACA brought in **AORTA**, itself a worker-owned co-op, to offer anti-oppression training. When the midpoint came and some groups were still not completely clear on what a co-op was, the curriculum was adjusted.

At the program's midpoint, PACA hosted a daylong teach-in featuring Gordon Nembhard as a speaker. As anticipated, Medley says, not all groups were ready to proceed with their vision. About half continued to the business development portion, which included daylong sessions delivered by Elysian Fields (now **Wanderwell**) and **CultureWorks**.

A MIXED BAG OF SUCCESSES, WITH LASTING INFLUENCE

"Of the 20 groups, a staggering variety came out of this," Medley says. Some groups realized a co-op was not the best plan for them. Seven of the 20 groups are "in business" now, according to PACA, with a few — such as Bonfire Media Collective and PWA Handymen Cooperative — already formalized as co-ops. Others are operating less formally as democratically managed businesses or are works-in-progress.

Bonfire Media has landed at least five video and design projects as a co-op, and thanks to PACA's connections with a network of co-op friendly lenders, they are close to securing needed loan funding, Taterka says.

PWA has ramped up marketing efforts and recently won a demolition contract with a nonprofit organization that is building a community center in the city's Kensington neighborhood.

Griffin's group has yet to form a co-op, but she is proud to say that as of February, she is supporting herself as an independent bookkeeper. Her business name, A & Associates, reflects a continuing hope to bring her family on board, perhaps with other bookkeepers or CPAs, and form a co-op.

Griffin's experience illustrates the ripple effect of programs such as 20/20. She's grown as an activist and a leader, attending city council hearings and becoming a PACA board member. She credits 20/20 and the anti-oppression training for enhancing her family relationships and deepening her understanding of unfamiliar groups.

"They talked about how to embrace diversity, how to talk to one another, to get your point across without being so harsh, and to agree to disagree. It helped, even within our family," she says. "And we learned about other people. For me, it opened up my mind to the LGBTQ community. If I see you as a woman, but you want to be called 'him' then I call you 'him.' So for me, it helped in that way."

TORTILLAS FOR THE GREATER GOOD

This fall, restaurateur Ben Miller, along with immigrant restaurant workers and Lancaster County corn farmers, will launch the worker/producer co-op Masa Cooperativa to produce and sell masa and tortillas. The new co-op will employ immigrant workers, operate a market for specialty corn growers and supply authentic, locally produced ingredients to Mexican restaurants.

On a sweltering August morning, Miller was in the throes of final preparations on a new site for **South Philly Barbacoa**, the Mexican eatery he owns with his wife, chef Cristina Martinez, who has gained fame both as an **acclaimed chef** and an **outspoken advocate** for undocumented immigrants. Barbacoa was sharing space with their other restaurant, El Compadre, nestled nearby among the dense cluster of Mexican and Asian businesses in the Italian Market area.

Conversing amid the clamor of staple guns securing brightly-colored oilcloth covers onto tables, Miller explained that the co-op model ties in with his desire to legitimize the work of undocumented immigrants.

He and his employees initially joined the 20/20 program to explore turning the thriving restaurant into a worker co-op. While undocumented residents are denied legal employment, there's no reason they can't own businesses, he noted. But Martinez, whose secret family recipes have made the restaurant what it is, wasn't ready. "In the end, I was not able to convince my wife to 'give over the keys to her house,' figuratively," Miller said. "And it is hers. So at the end of the 20/20 program we decided to keep the restaurant going the way it is now."

Still, the 20/20 education spurred a new idea of creating a multi-stakeholder masa co-op with both worker-owners (Miller and several immigrant workers) and producer-owners (the farmers).



Handymen Cooperative is an LLC founded by day laborers that offers residential and renovation services. (Photo courtesy of Handymen)

Barbacoa makes masa in-house already, grinding specialty Mexican corn grown by two Lancaster County farmers into soft dough for the restaurant's tortillas. The co-op will expand that operation substantially. The farmers are putting up the initial investment for the larger machinery needed to produce more and sell in bulk to other restaurants, Miller said.

Miller is passionate about making immigrants' labor legal, sharing the wealth, buying good corn ("Imported corn is irradiated at the border – it has the life taken out of it") and supporting local farmers. He lobbies other restaurants to use good masa, which he said will raise the quality of Mexican food and increase community well-being, cultural pride and business success. If Masa Cooperativa succeeds, he might just bring Martinez around to converting the restaurant to a co-op.

"Many, many restaurants across the country have been built through the work of undocumented workers. We don't want to be just another restaurant that accepts the status quo, 'Let me see your fake social security card,' and all that. We want to legally staff our business, and also provide stability and dignity for the workers," he said. "So a co-op is the best option."

THE CITY STEPS UP ITS CO-OP GAME

Philadelphia City Council Member At-Large Derek Green, elected in 2015, is a champion for the co-op cause. Green says he owes his co-op enthusiasm partly to the influence of his forebears. In the 1940s, his grandfather and other farm owners pooled resources to help pay for their kids' school transportation. "They purchased a bus together. All of my uncles drove that bus at some point," he says. "So that cooperative concept has been ingrained in me — using entrepreneurship for the common good." More recently, his son attended daycare at one of Philadelphia's longest-standing worker cooperatives, **Childspace**, started by three women in 1988 to improve childcare options in the Mt. Airy neighborhood.

Green was instrumental in securing a \$75,000 commitment in the city's FY 2018 budget for the commerce department to fund a program for co-op outreach and technical assistance. After an RFP process in fall 2017, that money was awarded to PACA earlier this year.

"This is one more tool in the arsenal to achieve equitable growth," says Frank Iannuzzi, Green's legislative director, of the new funding. "This seemed like a reasonable first investment, and if it succeeds, we'll continue to reinvest in it."

In addition to this municipal funding, in spring 2018 Philadelphia was selected along with Atlanta, Durham and Miami to participate in the **Shared Equity in Economic Development (SEED) Fellowship**. The program is organized by the Democracy at Work Institute (DAWI) and the National League of Cities, and funded through grants from the Surdna Foundation, W.K. Kellogg Foundation and Citi Community Development. For SEED fellows, the year-long program includes city-to-city visits, peer information exchange and leadership development around boosting employee ownership, particularly for low-wage workers, women, immigrants, people locked out of the job market and communities of color

Selecting Philadelphia for SEED stemmed partly from the rich co-op ecosystem already growing there, says DAWI executive director Melissa Hoover. “Philadelphia had a lot of things going for it,” she says. “They had called DAWI, asking what they could be doing to increase equity and employee ownership, and there’s been a long history of organizing in Philadelphia — a lot of grassroots organizing.”

Iannuzzi is also one of Philadelphia’s three SEED fellows. Their project will focus on creating tools for the city to help with co-op conversions, he says, particularly for small businesses that might typically shut down or be scooped up by investors and “sold for parts” upon the owner’s retirement or illness. Co-op conversions would not only save jobs, but would help preserve the small businesses and diverse character of Philadelphia’s commercial corridors, Iannuzzi says.

A PATHWAY OUT OF POVERTY?

Co-op developers and new economy advocates are quick to recount the benefits co-ops bring in terms of dignity, pride of ownership, greater community rootedness, and, in some cases, newly legal employment. Mo Manklang, communications director for the U.S. Federation of Worker Cooperatives, stresses that worker co-ops create stability in sectors where employment is known to be insecure and volatile, such as health care, transportation and social assistance. In addition, co-ops create more stable jobs, given the relationship-building so intrinsic to this business model.

Specific economic gains can be elusive to pin down, but some details emerged from interviews with co-op developers and worker-owners

At the long-established Childspace daycare co-op, founder and Childspace West center director Teresa Mansell and staff members Angela Peace and Anyea Sanders, all worker-owners, attest that that while wages are not necessarily higher, the co-op brings benefits not often seen in the child-care sector, such as paid vacation and sick days as well as steady, predictable schedules — no lost hours on days when fewer children show up, for example. In addition, Childspace offers paid training and further education, a voice in organizational policies and a faster track to leadership. Chatting for a moment in a room full of lively toddlers, Peace mentions that, at 60 years old, she recently completed her bachelor’s degree with support from Childspace, where she’s been a teacher for 18 years. Sanders says that during her eight years there, she’s saved significant money by not having to pay for daycare for her two children, and has benefited from opportunities to continue her education, rising quickly from assistant teacher to assistant director.

And workers with MexCon — a construction group operating democratically while considering co-op formation — start at \$15 per hour, well above the \$7.25 minimum wage, according to PACA Finance and Development Director Peter Frank, one of MexCon's close advisers.

LOOKING AHEAD: EXPAND THE CO-OP PIPELINE, SPREAD THE WORD

Medley acknowledged some “fuzzy” outcomes of the 20/20 program, but listeners at the CommonBound session enthusiastically affirmed the program's value. “You're improving the process. So this is a success, even if it doesn't feel like it,” said Jim Johnson, a co-op development consultant. “That pre-learning is so, so important, so needed,” added Rebecca Kemble, a worker-owner at a taxi cooperative and a member of Madison's city council. “You allowed people to make their own decisions,” said another.

Making acquaintance with so many interested local residents and experts has expanded Philadelphia's co-op development pipeline, Medley says. Now, with additional funding this year from the Catholic Campaign for Human Development, PACA has hired two Co-op Developer Fellows, one an African-American urban farmer and one with a Mexican immigrant background. This fellowship program helps PACA walk the walk on tackling racial wealth inequities and fostering power within communities.

“If we're going to be working with communities of color, poor folks, immigrants, refugees, we have to have people from those communities who are knowledgeable about co-ops,” Medley says. PACA's staff had been all white until Medley, who identifies as black American, shifted from board member to executive director during the 20/20 program. “We're examining, what are the ways we can not be ‘gatekeepers,’ but instead really imagine how to build up those skills in the communities?”

Building an infrastructure to nurture co-ops is a slow and iterative process, and PACA continues to work with the former 20/20 participants in their myriad stages. The group also fields calls every day from people with new co-op ideas. Now that they've tested the study-plus-business-training method and accumulated a sizeable array of resources and partner connections, Medley envisions repeating the process on a smaller, informal basis, perhaps self-directed with facilitation by PACA's co-op developer fellows.

PACA plans to focus the \$75,000 it recently received in city funds on educating and assisting minority business owners on co-op conversions. With the collective potential of that project, the city's SEED project, and PACA's co-op developer fellowship program, Medley believes co-op development has a strong chance of narrowing the racial wealth gap.

Referring back to the influence of “Collective Courage,” Medley says, “It helped provide a grounding, and an inspiration — a reminder that this is not brand new. We're following steps of others here. This model has been around for a long time, and it doesn't go away. People keep coming back to it, because it works.”

BROKE IN PHILLY

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Simon • a month ago

Good morning, perhaps you should also write a story that gives credit where it is due. When the 20/20 program started there were four employees of PACA. Ms. Medley had not yet started there. It was Mr. Frank and three women. Those three women did most of the work on these programs, especially with MexCon and Childspace and the Hispanic Chamber of Commerce all while Mr. Frank lost a bunch of their funding, brought Ms. Medley in to become the new E.D. and then made sure that the other three women lost their jobs, and saving his own. These three women were responsible for getting the Knight Foundation Grant, the Catholic Charities Grant, and doing the public advocacy and advocacy in City Hall. All while the board that Ms. Medley was a part of looked the other way and failed in their duties to keep the then E.D. Mr. Frank, on task.

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Mark Phillips • a month ago

This is fantastic coverage of fantastic work. Very exciting to see that the city is catching on the worker ownership and making tangible steps towards supporting it.

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