



**Shared
Equity in
Economic
Development**
Fellowship



**Shared Equity in Economic Development (SEED) Fellowship
Technical Assistance Panel Visit**

October 2018

Who we are



The **National League of Cities (NLC)** is dedicated to helping city leaders build stronger, equitable, sustainable and inclusive communities.



Democracy at Work Institute
US FEDERATION OF WORKER COOPERATIVES

The **Democracy at Work Institute (DAWI)** was created by the U.S. Federation of Worker Cooperatives (USFWC) to expand worker ownership in a movement that is adequately supported, effective, and strategically directed

The SEED Fellowship is made possible with support from



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TOP 10 ISSUES OVER THE LAST FOUR YEARS

Number in parantheses indicates previous year's rank.



Atlanta legacy businesses

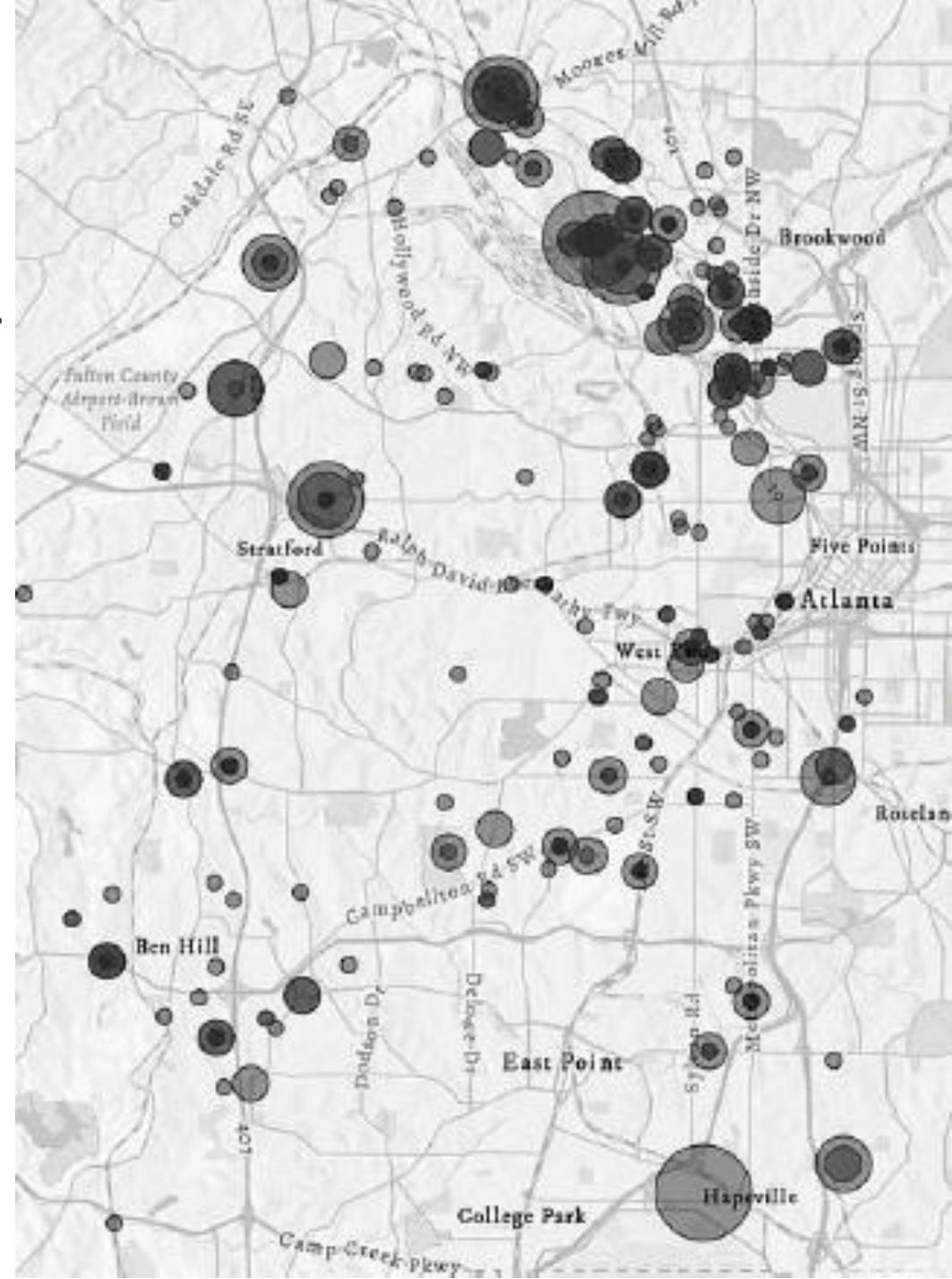
There are 429 legacy businesses in SW and NW Atlanta.

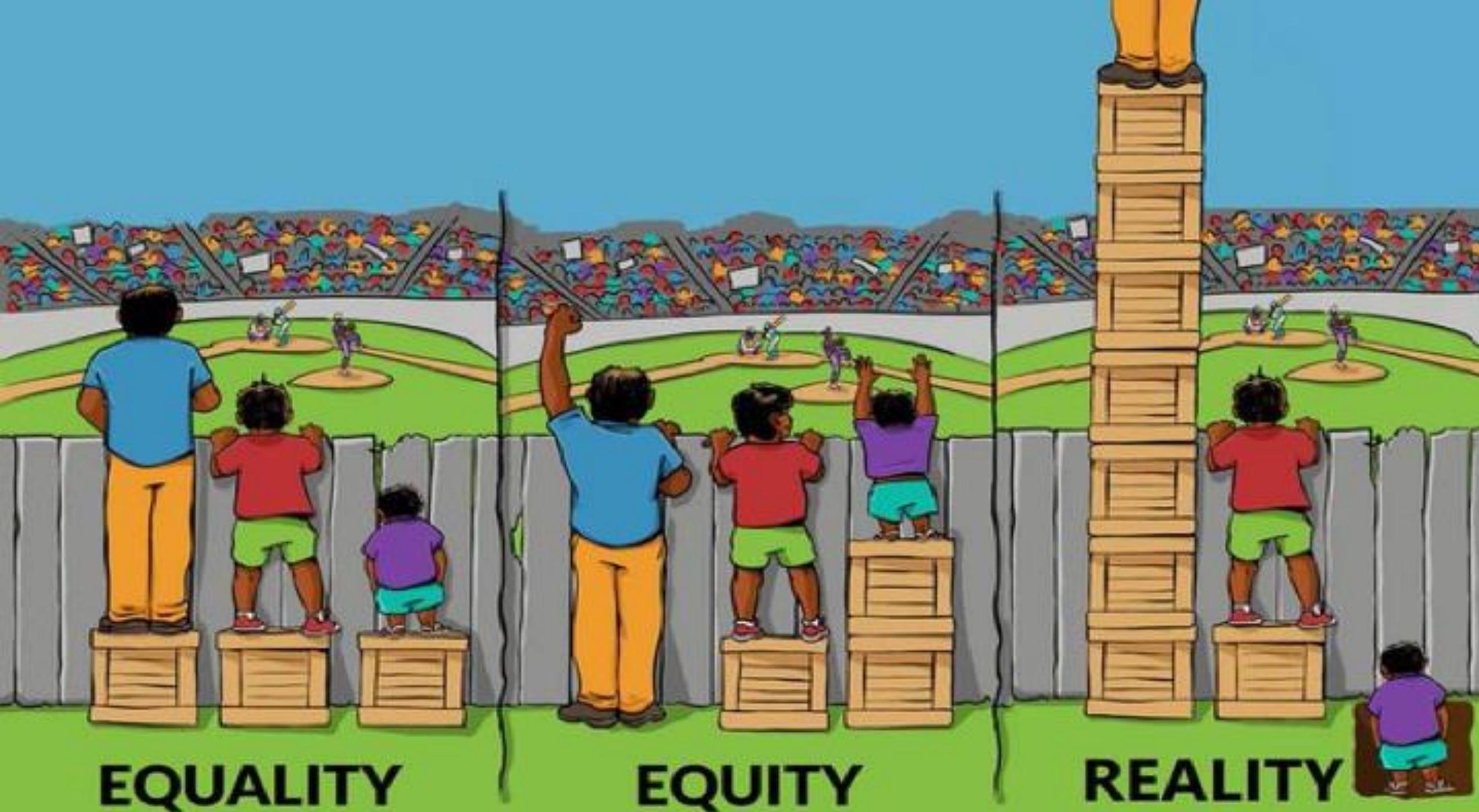
Legacy businesses in Atlanta are defined as businesses 20+ years old and locally owned.

The bubbles on the map correspond with the relative size of each of the 429 businesses represented.

In 2017 these businesses:

- Avg: ~5 employees
- Avg: ~ \$1 Million in revenue
- 2000+ jobs created
- \$440 Million in total revenue





EQUALITY

EQUITY

REALITY

Twin Pressures: Racial Wealth Gap + Silver Tsunami

Figure 1: Median Share of Total Assets Invested in Financial and Business Assets

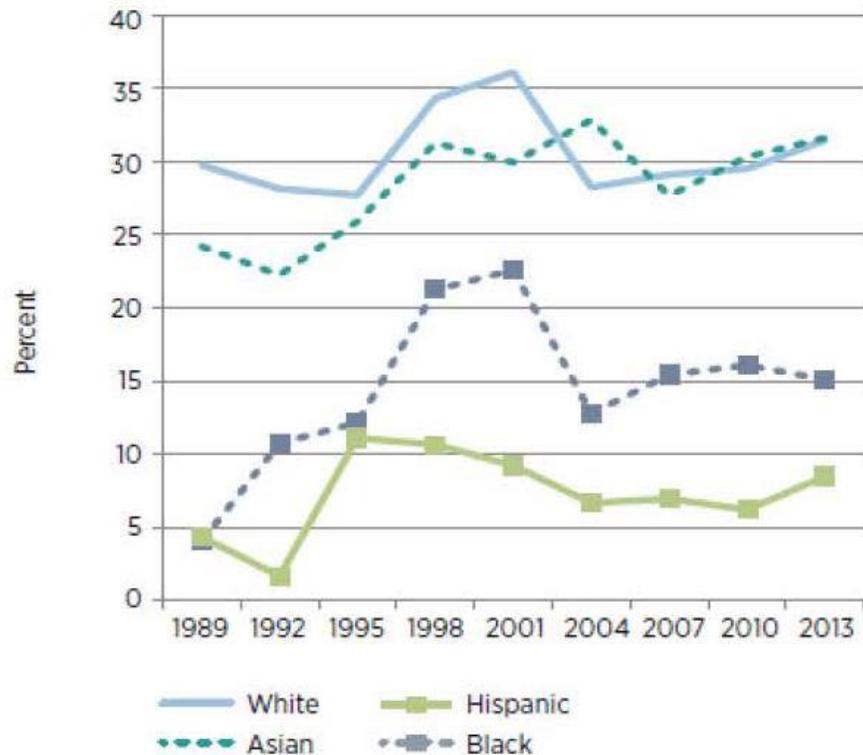
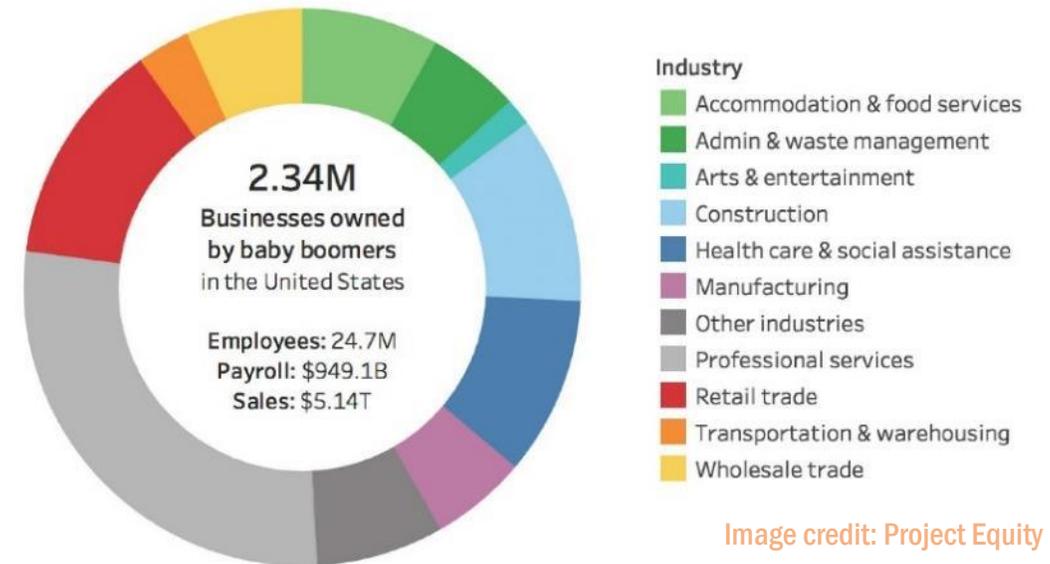


Image credit: *Bridging the Divide*, Aspen FIELD, 2017.
 Reproduced from *The Demographics of Wealth*, St. Louis Federal Reserve, 2015

Will transfer in next 20 years:
 \$10 Trillion in assets



Have succession plan: 17%
 Successful family transfer: <15%

A DEMOCRATICALLY EMPLOYEE OWNED BUSINESS

A business **owned** by its employees...

..and **controlled** by its employees.

EQUITY INVESTMENT



RISK AND REWARD



EMPLOYEE OWNERS



BOARD GOVERNANCE



PARTICIPATORY MANAGEMENT



Shared Equity in Economic Development

Fellowship

The Shared Equity in Economic Development Fellowship (SEED) is a partnership between the **National League of Cities** and the **Democracy at Work Institute** that convenes and equips city leaders with tools, resources, and expertise to build equitable economies using democratic business ownership through a year long program of leaderships development, peer-to-peer learning, and strategy design support.







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Assistant Director,
Economic Development
Department of City Planning



Randi Mason

Interim Vice President,
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Invest Atlanta



Reese McCranie

Deputy Chief Equity Officer
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Katrina DeBerry

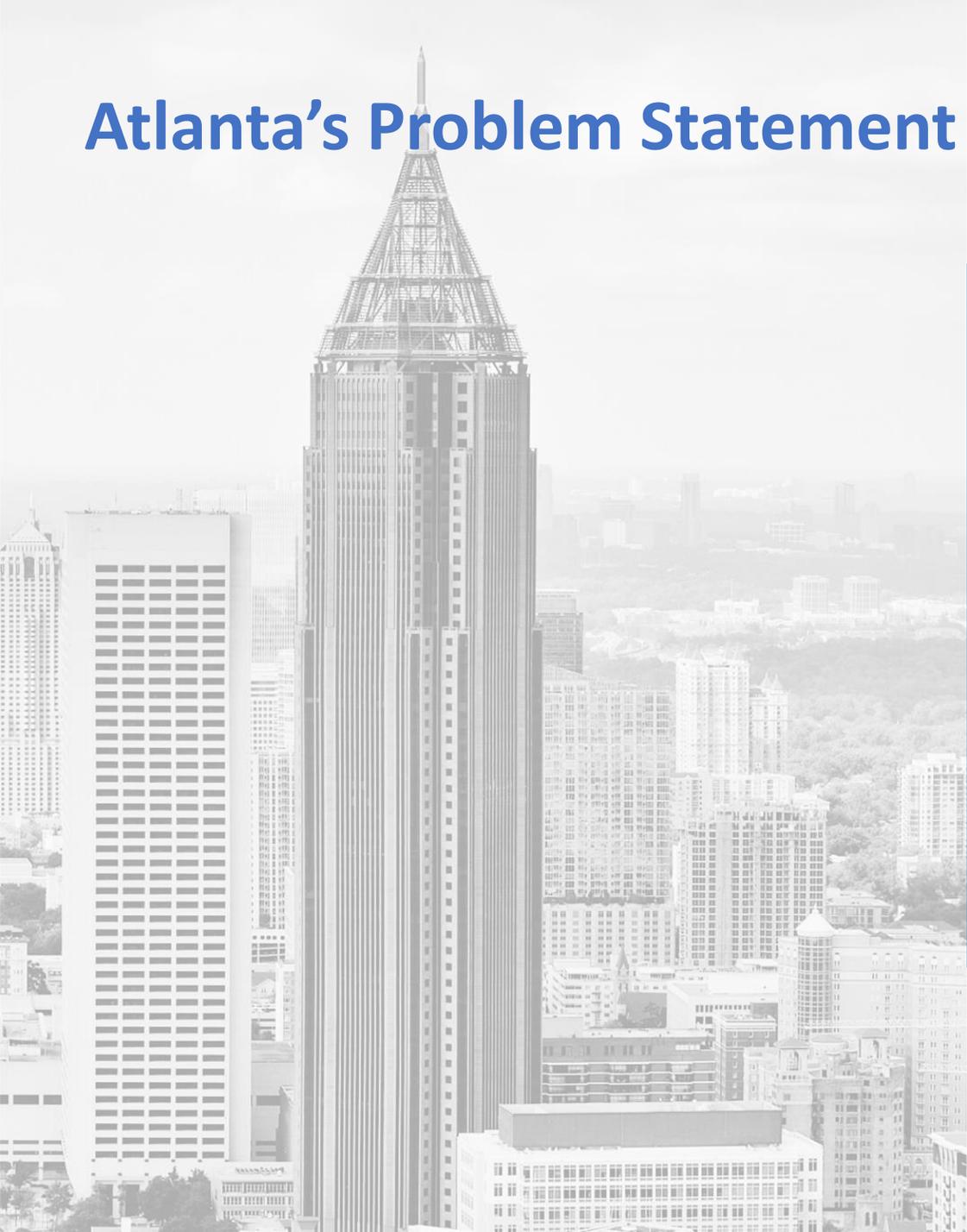
Program Officer,
Community Development Impact
The Community Foundation
for Greater Atlanta



Department of
CITY PLANNING



Atlanta's Problem Statement



1. **As the city grows**, we must secure broadly shared prosperity by exploring innovative ways to uplift and anchor communities using employee ownership models.
2. **Our goals:** preserve jobs, further the Mayor's anti-displacement agenda, foster economic inclusion, and increase employee ownership among small businesses.
3. Our target audience is as follows:
 - a) **Aspiring entrepreneurs and start-ups** – As a strategy for shared risk and ownership.
 - b) **Existing businesses owners** – As a strategy for successful conversion of healthy businesses for job retention and expansion.
 - c) **Legacy Businesses** – As a strategy for succession planning and job retention.

Advisory Panel



Advisory Panel

Andre Pettigrew, Director of the City of Durham Office of Economic and Workforce Development

Bill Generett, Vice President for Community Engagement, Duquesne University, Pittsburgh, PA

Frank Iannuzzi, Legislative Director for City of Philadelphia
Councilman At-Large Derek S. Green

Regina Dick-Endrizzi, Executive Director of the City of San Francisco Office of Small Business

Santra Denis, Chief Programs Officer, Catalyst Miami, Miami, FL

Scott Trumbull, Director of Programs, The Working World, New York City, NY



Agenda

1. General Observations
2. Challenges and Opportunities
3. Shared Equity Economic Development
4. Implementation Capacity
5. Focusing the City's Efforts
6. Conclusions
7. Homework

Observations: General

- The Atlanta economy is booming with unprecedented growth and private investment.
- Atlanta's economic success has not translated into equitable opportunities for all Atlantans.
- The increased cost of living has made it challenging for long-term residents to remain in the city.
- There is a renewed City focus on addressing these inequalities.

Risk

- The enduring effects of segregation and discriminatory policies are difficult to overcome.
- Demographic shifts affect community building.
- Lack of community trust around neighborhood redevelopment, shaped by decades of lack of transparency and inconsistent implementation.
- Rapidly rising real estate prices hamper efforts to preserve affordability.

Challenges

- Rising real estate values and rents are driving legacy businesses out of core neighborhoods.
- Target communities lack concentrations of legacy businesses.
- Understanding of legacy businesses is in early stages, including data collection on sectors, geographies, owner or workforce demographic traits, and support needs.
- Small business resources and technical assistance are fragmented.
- Current zoning, regulations and permitting processes create barriers to business development and retention.
- There is limited awareness among the public, business community and financial institutions of shared ownership models, and a small number of current local examples.

Opportunities & Strengths

- The City has renewed focus on addressing inequality.
- Efforts like the City Studio have built transparency and connections to the community.
- The City has existing connections to energized stakeholders including small businesses.
- The City and its partners bring a strong team with a collaborative approach and a commitment to embedding equity in business support systems.
- The City has strong existing programs for MWBE and procurement that can be leveraged for support.
- Legacy business focus on equity offers an opportunity to recalibrate the Beltline project and refocus equitable economic development efforts in the city.
- There are legacy business initiatives in other cities and a national ecosystem for employee ownership.



Shared Equity in Economic Development: Framework

Shared Equity Framework: Observations & Opportunities

- Business ownership is the second only to homeownership for building wealth.
- The focus on Legacy Businesses is a wealth equity strategy. It is place-based and is just one strategy in mitigating wealth inequality in the City of Atlanta (City of Atlanta ranks #1 in wealth inequality among US cities).
 - We focus on neighborhoods that are at risk for displacement of businesses.
- The focus on Legacy Businesses is more than securing income for workers. It's an opportunity for workers to become entrepreneurs, an opportunity for upward mobility.

Shared Equity Framework: Additional Considerations

- Legacy business initiatives create opportunities for an Inter-generational approach that includes Seniors, Working Adults, and Youth
 - Ex: Internships for Youth in Legacy Businesses, Ownership for Working Adults, etc.

Shared Equity Framework: Equity Partners

- Legacy business strategy connects and activates goals of other community partners addressing inequities:
 - Urban League, NAACP, Atlanta Business League
 - Atlanta Universities Complex
 - Work Force Atlanta 2.0
 - Workforce for Entrepreneurs
 - Layoff Aversion Strategies
 - Partnership for Southern Equity
 - Faith Based Organizations
- Co-brand legacy businesses with the Atlanta Beltline, that's linking old with new
- Consider who could be the best convener of all stakeholders at each stage
 - Characteristics: Agility, Flexibility, Trust, etc.
- Consider who would be the best boots-on-the-ground TA partner?

A black and white photograph of a train on an elevated track, with a blue diagonal overlay in the bottom left corner containing the text 'Implementation Capacity'.

Implementation Capacity

Implementation: Data Needs

- Identify legacy businesses in target communities
- Identify legacy businesses outside of target communities that employ people in target communities
- Choose legacy businesses that could make good candidates for conversion based on:
 - Profitability
 - Size
 - Workforce demographics
 - Sector (i.e. custom manufacturing, caring industries, food production)

Implementation: Technical Assistance Needs

- Identify legacy businesses who can benefit from TA and who may also benefit from coop conversion
- Survey legacy businesses to determine
 - Business assistance that has been provided in the past
 - Business assistance that is needed
 - Potential for cooperative conversion
- Identify TA providers who are successfully providing services to legacy businesses. Areas of business TA might include: Marketing, legal support, finance and accounting, management, succession planning
- Identify local TA providers who have capacity to provide conversion assistance to legacy businesses
- Enlist support from national TA providers, such as:
 - Workers to Owners Collaborative
 - SBA and SBDCs (Main St Employee Ownership Act)

Implementation: Capital Needs

- Meet with **microlenders** to identify needs and opportunities for the financing of worker buy-ins
- Engage **local CDFIs** with support from more experienced coop lenders to invest in a conversion pilot
- Raise risk capital for the project from **City government** or **foundations**
- Leverage **federal funding opportunities** through the Main Street Employee Ownership Act
- Explore more **conventional Atlanta-based lenders**

Implementation: Ecosystem Needs

Ecosystem Capacity Needs

Social Movement Allies

Economic & Workforce Development

Educational Institutions

Philanthropic Organizations

Worker Cooperative Businesses

Don't do it alone. Learn from previous efforts

Build Essential Ecosystem elements, including worker cooperatives themselves.

Collaborate strategically by understanding your best role in the ecosystem.

Think “ecosystemically.”

See Ecosystem Tips:

[The Cooperative Growth Ecosystem](#)



Focusing the City's Efforts

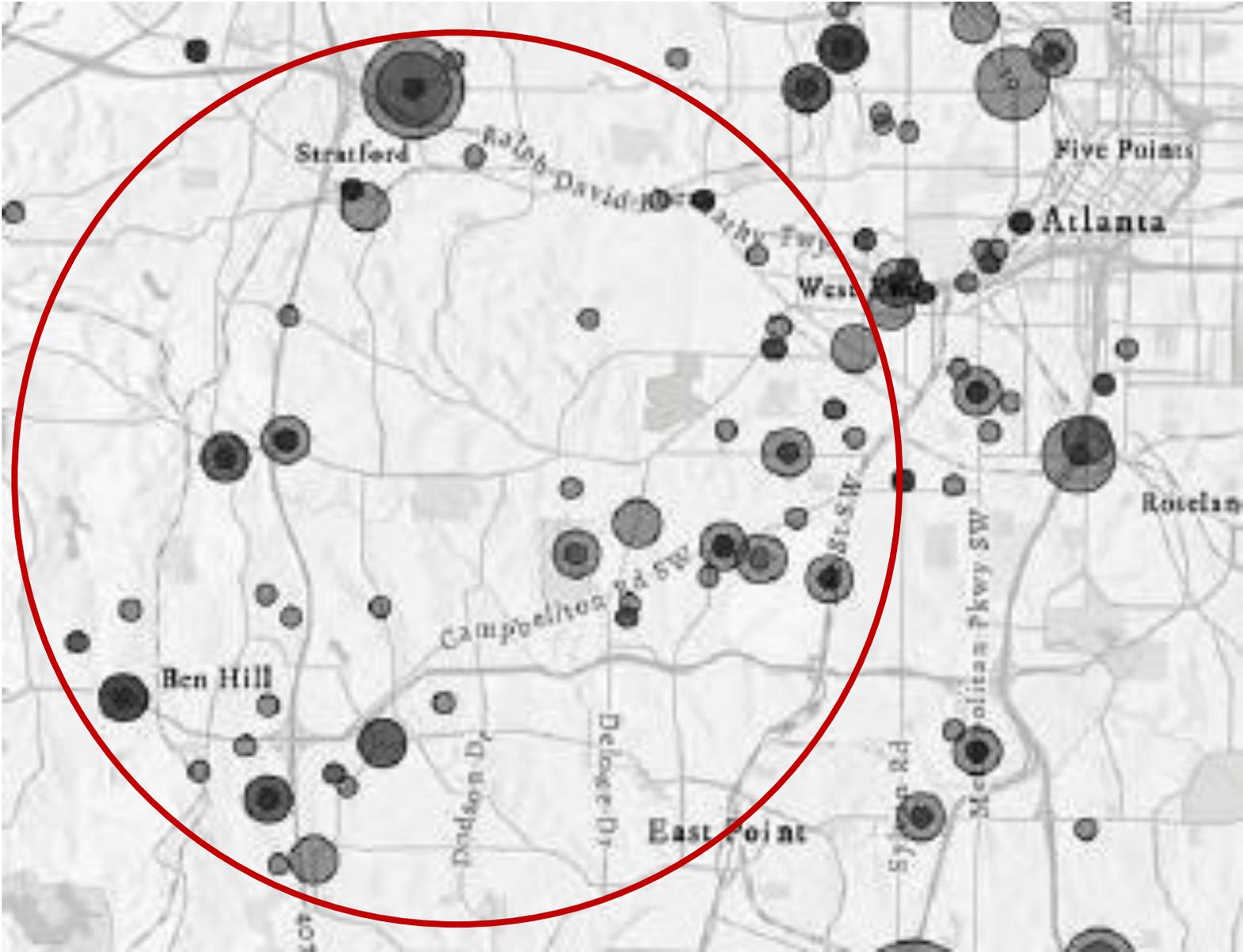
Focusing City Efforts

- The City of Atlanta has an equity strategy that emphasizes retention in communities of existing residents, businesses, jobs.
- Business displacement is an equity issue.
- That strategy by default must include addressing the needs of existing businesses and ensuring succession planning.
- The City can help secure ownership transition of existing businesses:
 1. Identify and track Atlanta's legacy businesses.
 2. Assist in traditional succession models – sale or family succession.
 3. Support conversion to worker ownership.

Focusing City Efforts

- Worker coops can help achieve Atlanta's equity goals:
 - Preserve legacy businesses
 - Protect viable neighborhood corridors, industries and jobs
 - Preserve availability of existing products, goods, and services
 - Owners able to plan for succession
 - Workers build financial equity

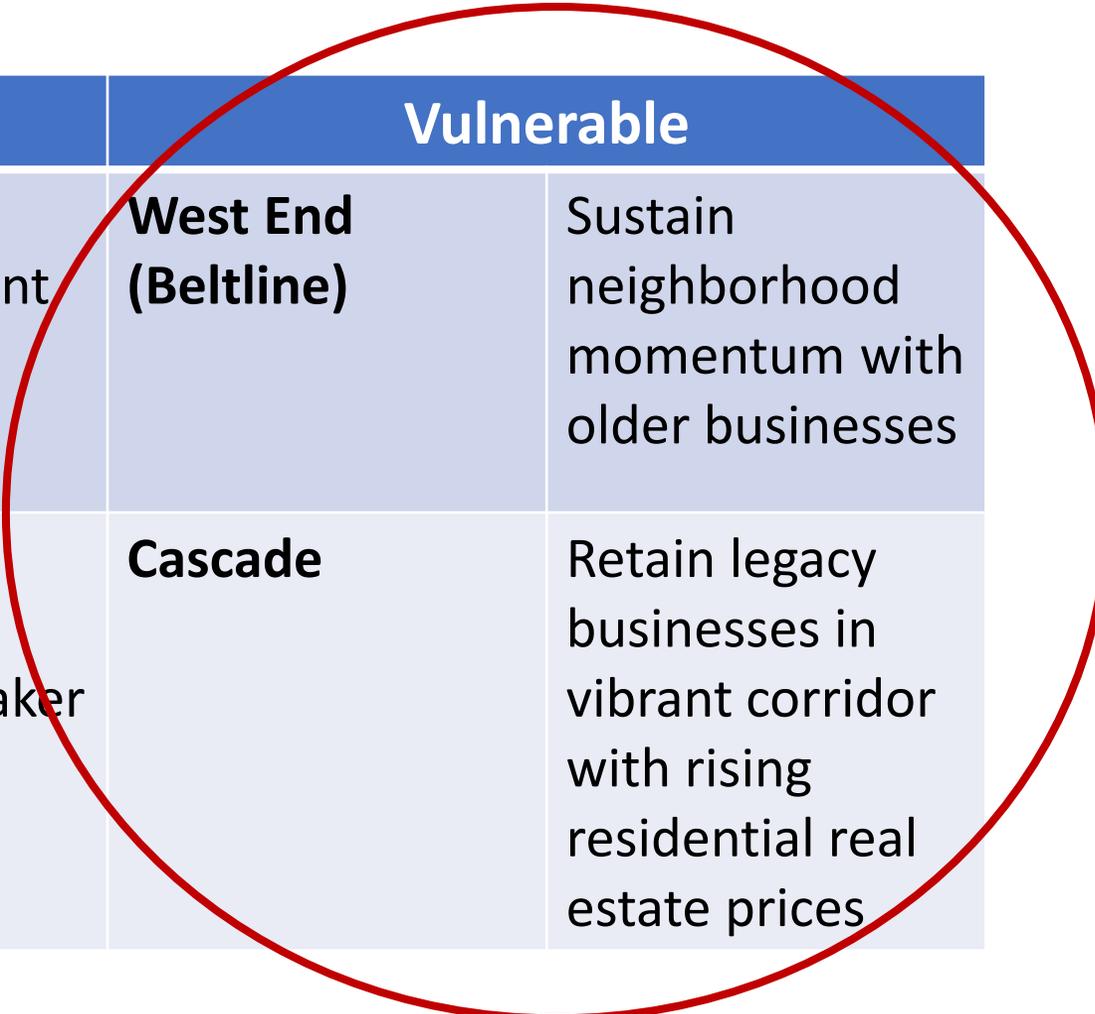
Focusing City Efforts: Legacy Businesses and the West Side



Focusing City Efforts: Choosing a Place

The neighborhoods we visited represented two types of business ecosystems:

Currently Divested		Vulnerable	
Grove Park	Community redevelopment project	West End (Beltline)	Sustain neighborhood momentum with older businesses
English Avenue	Proposed anchor gathering/maker space	Cascade	Retain legacy businesses in vibrant corridor with rising residential real estate prices



Focusing City Efforts: Recommendations



- Make a firm **city commitment**
 - Internal, not a public, campaign
 - Administration, Council, Gov agencies
- To determine project area:
 - Use legacy business data.
 - Focus on **vulnerable neighborhoods** with high income disparities but also some existing business capacity.

Focusing City Efforts: Groundwork Steps

- Internal and external **mapping of resources**
 - Identify resource gaps (TA and funding)
 - Identify City point person and agency to manage start to finish pilot project
 - Identify point person in each Government agency
 - Identify where barriers can be removed and existing assets leveraged (MWBE, etc.)
- Structure a pilot project as **proof of concept**:
 - Specify prime candidate(s)
 - Build model for conversion with partners
 - Learn from pilot, pivot as needed, build capacity
 - Once success achieved, make public announcement, tell the story and plan to replicate for scale.

Next Steps: Homework

**Next Check-In: Mid-Year Retreat
February 2019**

Homework

1. Refine project scope to be actionable as a pilot.
2. Gather more granular data on legacy businesses.
3. Conduct informational interviews with partners to identify how legacy business preservation fits into their existing equity initiatives.
4. Host a focus group of select legacy businesses to test level of interest and needs.
5. Convene an informational gathering session with capital providers to understand what would be needed to develop a pilot project.
6. Conduct an asset inventory of local TA capacity as well as national TA capacity that can be brought in.
7. Mayor's Office convenes inter-agency meeting to build buy-in from city, county, and state agencies
8. Identify a primary point of contact for design and implementation of the pilot project



Shared Equity in Economic Development Fellowship



Thank you to the following people for assisting our panel:

Audrey McGhee Griffin, Wegner CPAs | Charles Walker, Urban League of Greater Atlanta | Kara Cooper, The Atlanta Beltline | Theo Pace, Office of Research and Policy | Dorian DeBarr, Rebuilding Together Atlanta | Bem Joiner, Center for Civic Innovation | Raeha Kim, Millennials Chamber of Commerce | Ray Pennie, Access to Capital for Entrepreneurs | Leida Speller, The Piedmont Group | Anna Staddon, Rebuild Together Atlanta | Stephen Causby, Atlanta Regional Commission | Doug Hooker, Atlanta Regional Commission | Rodney Strong, Griffin & Strong P.C. | Camille Love, City of Atlanta Cultural Affairs | Lucy Sims, Beautiful Restaurant | Shea Embry, Floshea at the Point | Shonda Laws, Live Fresh Cascade | Kim Anderson, Atlanta Wealth | Christina Szczepanski, The Reinvestment | Khaliff Davis, The Reinvestment | Mark Crosswell | Yonina Gray, Atlanta Neighborhood Development Partner | Phillip Ruppel, Advantage Capital Partners | Kim Evans, TruFund | Heather Alhadeff, DCP Office of the Commissioner | Tom Strong, Open Book People LLC | Alena Green, Central Atlanta Progress | Kara Cooper, Atlanta Beltline |