Who we are

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

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

Citi
CitiCommunityDevelopment.com

W.K. Kellogg Foundation

Surdna Andrus
TOP 10 ISSUES OVER THE LAST FOUR YEARS

Number in parentheses indicates previous year’s rank.

2018
- Economic Development (1)
- Infrastructure (3)
- Budgets and Management (4)
- Housing (5)
- Public Safety (2)
- Health & Human Services (8)
- Education (6)
- Energy & Environment (7)
- Gov’t Data & Technology (10)
- Demographics (9)

2017
- Economic Development (1)
- Public Safety (2)
- Budgets (4)
- Infrastructure (4)
- Housing (6)
- Education (5)
- Health Care (10)
- Demographics (8)
- Data/Technology (7)

2016
- Economic Development (1)
- Public Safety (3)
- Budgets (4)
- Infrastructure (2)
- Education (5)
- Housing (6)
- Health Care (10)
- Demographics (3)
- Environment/Energy (8)

2015
- Economic Development (1)
- Infrastructure (5)
- Public Safety (2)
- Budgets (3)
- Education (4)
- Housing (8)
- Data/Technology
- Environment/Energy (3)
- Demographics (3)
- Health Care (8)
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
Twin Pressures: Racial Wealth Gap + Silver Tsunami

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

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

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

28 million small businesses in America account for 54% of all sales & 55% of all jobs.

Small businesses are valuable community assets rooted through local ownership.

The Silver Tsunami is forecast to be one of the biggest changeovers of privately held businesses in U.S. history.

$10 trillion in assets will be transferred in next 20 years.

Helping owners convert their business to employee ownership can tap this for the good of our employees and of our local economy.

Reproduced from The Demographics of Wealth, St. Louis Federal Reserve, 2015
A DEMOCRATICALLY EMPLOYEE OWNED BUSINESS

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

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

- **Equity Investment**
- **Board Governance**
- **Risk and Reward**
- **Participatory Management**
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.
Christina Cummings
Assistant Director, Economic Development
Department of City Planning

Randi Mason
Interim Vice President, Economic Development
Invest Atlanta

Reese McCranie
Deputy Chief Equity Officer
The Mayor’s Office of Equity, Diversity and Inclusion
City of Atlanta

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

Department of City Planning
Invest Atlanta
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

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
• 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
• 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.
• 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?
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

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
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
The neighborhoods we visited represented two types of business ecosystems:

<table>
<thead>
<tr>
<th>Currently Divested</th>
<th>Vulnerable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grove Park</strong></td>
<td><strong>West End (Beltline)</strong></td>
</tr>
<tr>
<td>Community redevelopment project</td>
<td>Sustain neighborhood momentum with older businesses</td>
</tr>
<tr>
<td><strong>English Avenue</strong></td>
<td><strong>Cascade</strong></td>
</tr>
<tr>
<td>Proposed anchor gathering/maker space</td>
<td>Retain legacy businesses in vibrant corridor with rising residential real estate prices</td>
</tr>
</tbody>
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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 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.
Thank you to the following people for assisting our panel: