

Brooklyn Grocery Proving Cooperative Business Works

BY OSCAR PERRY ABELLO | JANUARY 26, 2016



(Photo by Oscar Perry Abello)

Two years ago, through the [Exalt Youth](#) program for youth in the criminal justice system, Christina Thomas got a six-week internship at [Bed-Stuy Fresh and Local](#). She was 16.

The owners, Sheila Akbar and Dylan Ricards, liked her so much they offered her a permanent position at the end of her internship.

“I was like ‘wow, I did not expect this at all,’ Thomas says. “The job is pretty straightforward. I also recently got my [food handler’s license](#), so that helped me learn even more about the business and certain policies you have to implement.”

Sometime this summer, she’ll become a co-owner of the 100 percent organic corner grocery in the heart of Brooklyn. Bed-Stuy Fresh and Local is in the midst of transforming into a worker cooperative, one in which every worker-owner will have an equal share of a cooperatively owned and operated business.

“We already operate that way, but not officially, so it just makes sense,” Ricards told [DNAinfo](#). “We rely on our staff a lot for their opinions and input, and we’re in a good position to move forward with that.”

The journey started with a 10-week course from [The Working World](#), hosted in partnership with the [Northeast Brooklyn Housing Development Corporation](#).

“It’s been around a year and a couple of months since we’ve been talking about becoming a worker cooperative,” Thomas recalls. “I was open to it, and after the course I could definitely see myself doing it.”

There are five employees right now at Bed-Stuy Fresh and Local, plus Akbar and Ricards (plus an intern from Exalt Youth, which continues to rotate young people in and out every six to eight weeks). Not every worker is fully committed yet to becoming a worker-owner, but they’re all involved with the process, Thomas says.

The course was last spring, but the conversion process started in earnest last fall, facilitated by The Working World, which builds cooperative businesses in low-income communities through a combination of financing and customized business support. The conversion timeline is roughly 14 months.



Christina Thomas will soon be a worker-owner at Bed-Stuy Fresh and Local.

On one track, there’s the training and shared decision-making about how to run a cooperative business.

“We’ve been learning so much, everything from accounting and projections, looking at different scenarios like hiring and firing and talking through what should be a group decision or if somebody can make it by themselves,” Thomas says.

On the other track, there’s figuring out what pathway to take to form the cooperative and how much capital that might entail. Sometimes workers form a new entity, which then buys the whole business from the original owners. In the case of Bed-Stuy Fresh and Local, it’s looking more likely that workers will simply buy in as owners of the existing entity (which will in turn adopt new cooperative bylaws that come out of the conversion discussions). It makes the most sense for an existing business with a lot of suppliers like this one, according to Brendan Martin, founder and executive director of The Working World.

The Working World will finance the buy-in on behalf of the workers, taking a piece of each worker’s share of profits until they’re paid back with interest. The buy-in value and interest rate aren’t set yet, but will depend on projections based on the last few months’ performance since they began making decisions explicitly as a cooperative business.

They’ve made one change to the business model already. They weren’t 100 percent organic until the fall, after polling their customers and finding out that they’d prefer to pay more and not have to worry about

whether something is organic or not. Martin says they've already seen 40 percent growth in amount spent per customer.

Meanwhile, The Working World already started the buy-in process on behalf of the workers, **by purchasing \$60,000 of high-interest debt**, which also improves the bottom line by lowering the interest payments on that debt. Martin estimates it will be around \$150,000 to \$200,000 in capital to complete the transaction by the summer.

"The single biggest barrier is financing," says Martin. "We have an investment system mostly designed for the benefit of investors, not necessarily the public benefit."

Established in 2012, The Working World has been slowly building its loan fund through grants. They intend to become proof of concept that investing in cooperative businesses can be financially sustainable, if not exorbitantly profitable. They have a loan portfolio of about \$5 million right now, all grant-funded, with investments in Nicaragua and Argentina as well as the U.S.

"We're aiming to hit \$20 million in loans in the next two to three years, becoming self-sustaining within five years after repayments start to kick in," Martin projects.

The Working World is modeled largely after the **Mondragon Cooperative Cooperation**, the world's largest network of worker cooperatives (based in the Basque autonomous region of Spain). The Working World's first cooperative business in the U.S. was **New Era Windows**, in Chicago, which they helped convert with \$600,000 in capital. In the NYC area, they've already helped **two cooperatives get started**, and are in the process of starting or converting five more existing NYC enterprises into worker-owned cooperatives, including Bed-Stuy Fresh and Local.

Their NYC work is made possible in part by the city's \$1.2 million Worker Cooperative Business Development Initiative, which just wrapped up its first year, putting the city on the path to **triple the number of cooperative businesses since the start of the program**. NYC City Council allocated another \$2.1 million to continue and grow the initiative in the next year.

"The city's worker cooperative program is meant to be proof of concept," Martin says. (The Working World was the single largest recipient of funding from the initiative.) "There's so much at the city and also at the state and federal levels that exists to support small businesses, and that's a good thing, but why not the same for cooperatives?"

There's a special urgency to support cooperatives, according to Martin, because of the so-called silver tsunami. Four million businesses are owned by baby boomers who are near or beyond retirement age. Even if you take a conservative estimate of five employees each, compare 20 million lost jobs from retiring baby boomers to about 6 million lost manufacturing jobs **from 1995-2010**.

Those businesses are largely profitable, Martin says, but not profitable enough for Wall Street to be interested in keeping them going.

"So who is interested? Communities, and the workers in these businesses," Martin says. "If those businesses rather than closing were sold to their workers, it could usher in a new era of ownership in

the country. Ownership broadened, in the hands of people of color, of women. It would help tackle the crisis we face of inequality and exclusion.”

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Oscar is a Next City 2015-2016 equitable cities fellow. A New York City-based journalist with a background in global development and social enterprise, he has written about impact investing, microfinance, fair trade, entrepreneurship and more for publications such as Fast Company and NextBillion.net. He has a B.A. in Economics from Villanova University.

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