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A New Push For Employee Ownership in Chicago



Anne Field Contributor ⓘ
Entrepreneurs



High school juniors during a factory job shadowing visit in Chicago sponsored by Manufacturing Renaissance MANUFACTURING RENAISSANCE

Social entrepreneurs interested in ESOPs and worker owned cooperatives: Take a look at what's happening in the Chicago area. The [Cook County Commission on Social Innovation](#), which was formed in 2016 to foster initiatives related to underemployment, public health, education and a slew of other issues, is exploring a variety of ways to support such arrangements, according to Marc Lane, a lawyer and vice chair of the Commission.

According to Lane, not long ago he came upon research from the [National Center for Employee Ownership](#) about employee ownership and economic well-being. It found, for example, that household wealth of the median employee-owner was 92% higher than the household wealth for the median non-employee-owner. And that was true for everyone from single women to workers of color. “It made us start thinking about the importance of looking at wealth, not income,” he says.

With that, Lane began looking into backing or otherwise getting involved in a series of initiatives to encourage both employee ownership and worker-owned cooperatives. “We thought that would help people to be a whole lot better off than if we only thought about jobs,” he says.

With that in mind, the Commission so far is involved in three efforts, each with a somewhat different take on the issues:

Ownership Conversion Project. Five entities are coming together to form an enterprise with the goal of identifying manufacturing companies in the Chicago area owned by white boomers and approaching them about selling at a fair market value to employees, who would receive technical assistance. (The organizations include Manufacturing Renaissance, Safer Foundation, LISC-Chicago, Chicago Federation of Labor and World Business Chicago).

Called the Ownership Conversion Project, it will also provide or secure funding for the purchasing employees, most of whom will be women and people of color. They’re evaluating nonprofit and for-profit structures; according to Lane, they’ll likely use a hybrid.

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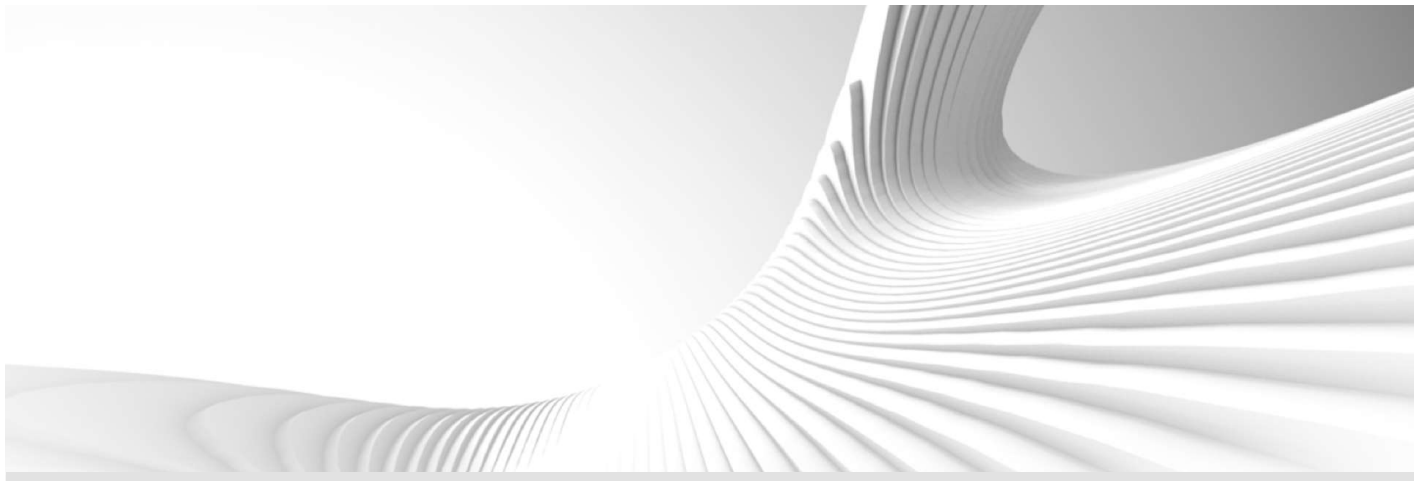
Getting ESOPs to scale. Through recommendations from Richard May, a partner with merchant bank American Working Capital, the Commission is looking at other ways to expand ESOPs in Cook County. That probably will include developing a long-term plan by tapping the expertise of universities,

banks, investment banks and law and accounting firms, as well as reaching out to local opinion leaders, like elected officials and community organizers.

Chicagoland Cooperative Ecosystem Coalition. According to Lane, this ad hoc group wants the Commission to support a three-year pilot to encourage development of worker owned cooperatives. (The participants include College of Urban Planning and Public Affairs, University of Illinois at Chicago; Business Enterprise Law Clinic at the John Marshall Law School and the Co-op Ed Center). The efforts would range from mapping the existing Cook County and Chicago ecosystem of worker cooperative enterprises and business support services to developing a protocol for documenting metrics for worker-owned enterprises and support service organizations.

“These efforts are all driven by the notion that when employees, particularly disadvantaged populations, become owners of businesses, that will lift them out of poverty,” says Lane. “They’ll be given a stake in the venture, self-respect and training that they otherwise wouldn’t have had.”

I'm an award-winning journalist with a particular interest in for-profit social enterprise, as well as entrepreneurship and small business in general. I've covered those areas for many many places, including The New York Times, Bloomberg Businessweek, Crain's New York Busine... MORE



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