



## Employee-Owned Businesses a Tool for Equitable Growth



By **Carlos E. Delgado** on **October 22, 2018**

Income and wealth inequality, exploitative working conditions and displacement are critical issues faced by communities across the country. These challenges require strategies that create both stable employment and access to opportunities for building assets. Local governments have traditionally invested in the dual pathways of entrepreneurship and workforce development to

address these issues. Employee ownership of businesses is one approach for creating and preserving jobs with dignity and opportunities for wealth building.

While some cities are beginning to explore employee ownership as a tool for equitable growth, the strategy is largely underrecognized within the economic development sphere. To help cities and city leaders understand how to create and support pathways to democratic employee ownership for communities most affected by social and economic inequality, the National League of Cities (NLC) and the [Democracy at Work Institute \(DAWI\)](#) launched the [Shared Equity in Economic Development \(SEED\) Fellowship](#) program in June. This program responds to the growing interest of cities about this topic.

Similar to the other fellowships run by the [Rose Center](#), the SEED fellowship equips city leaders with the tools, resources and expertise to build equitable economies using democratic business ownership through a year-long program of technical assistance, leadership development, peer-to-peer learning and strategy design support.

### ***What is democratic business ownership or worker cooperatives?***

The U.S. Federation of Worker Cooperatives defines worker cooperatives as value-driven businesses that put worker and community benefits at the core of their missions. In contrast to traditional companies, members of worker cooperatives share profits as well as the oversight and often management of the enterprise using democratic practices.

The Democracy Collaborative's report, "[Worker Cooperatives: Pathways to Scale](#)," mentions that worker cooperatives are organized around seven cooperative principles (see table below) and are based on the common values of self-help, self-responsibility, democracy, equality, equity and solidarity. The cooperative principles and values are established by the International Co-operative Alliance, the global apex organization for cooperatives.

Table 1. The Seven Cooperative Principles

1	2	3	4	5	6	7
Voluntary and open membership	Democratic control (1 member, 1 vote)	Member economic participation	Autonomy and independence	Education, training, and information	Cooperation among cooperatives	Concern for community

## SEED Fellowship 2018-2019

The cities of Atlanta, Durham, Miami and Philadelphia were invited to participate in the inaugural SEED Fellowship cohort. The mayors of the participating cities serve as honorary fellows whose involvement includes selecting their cities' fellowship teams and project scope and hosting their cities' peer exchange and technical assistance visits. The fellowship team is comprised of two city fellows, a coordinating fellow and a community fellow.

Below is a summary of each the cities' project scopes and fellowship teams:

### ATLANTA, GEORGIA

**Christina Cummings**, assistant director, Economic Development, Department of City Planning

**Katrina DeBerry**, program officer, Community Foundation for Greater Atlanta

**Randi Mason**, director, Economic Development, Invest Atlanta

**Reese McCranie**, deputy chief equity officer, The Mayor's Office of Equity, Diversity and Inclusion

**Project Scope:** By 2030, the city of Atlanta will be home to over 1.2 million residents. This unprecedented growth within the city is an opportunity to explore innovative ways to uplift communities and address equity in economic development through employee ownership models. The SEED Atlanta fellows will undertake a conversion project for a legacy business that is geographically located in southwest Atlanta. This approach will help further the mayor's anti-displacement agenda and preserve much needed legacy businesses that add to the fabric and character of southwest neighborhoods.

## **DURHAM, NORTH CAROLINA**

**La-Tasha Best-Gaddy**, chief strategist, Infinity Bridges, Inc

**Chris Dickey**, economic development coordinator, Office of Economic Development & Workforce Development

**Deborah Giles**, director, Office of Equal Opportunity and Equity Assurance

**Andre Pettigrew**, director, Office of Economic Development & Workforce Development

**Project Scope:** Durham has a rich history of African American businesses that thrived during the Jim Crow Era. Since that time many of these businesses have declined and some have gone out of business. There are still legacy African American businesses that remain and are vital to the fabric of Durham. The SEED Durham fellows will intentionally look to preserve minority-owned legacy businesses and expansion of small business ownership through conversions to employee ownership. With this program, the city, in conjunction with its community partners, will be able to begin a conversation with local minority-owned legacy businesses.

## **MIAMI, FLORIDA**

**Santra Denis**, chief program officer, Catalyst Miami

**Sandy Lila**, contract compliance analyst, Department of Community and Economic Development

**George Mensah**, director, Department of Community and Economic Development

**Roberto Tazoe**, assistant director, Department of Community and Economic Development

**Project Scope:** Miami is an ethnically diverse city with businesses that are of great value to its communities. Businesses are at risk of disappearing due to gentrification and cost increases in specific neighborhoods throughout Miami. There is a tremendous need for a sustainable economic solution that would create opportunities for minority and low-income individuals. The city of Miami and current SEED Miami fellows seek to address this by assisting in creating a sustainable employee-to-owner conversion that supports owners in selling to their employees as their succession plan.

## **PHILADELPHIA, PENNSYLVANIA**

**Yvonne Boye**, director, Office of Neighborhood Economic Development, Department of Commerce, City of Philadelphia

**Miaya Darby**, business financial resources manager, Department of Commerce, City of

## Philadelphia

**Frank Iannuzzi**, legislative director, Councilman At-Large Derek Green

**Jamila Medley**, executive director, Philadelphia Area Cooperative Alliance (PACA)

**Project Scope:** The city of Philadelphia has over 88 commercial corridors within the city limits. The information the city has about the business owners' demographics, ages of businesses and primary industry sectors to which the businesses belong is incomplete. The SEED Philadelphia fellows will initially focus on promoting and supporting business conversion to employee ownership in three commercial corridors where there is a large density of businesses and where incumbent corridor managers already have relationships with business owners and, usually, intimate knowledge of business operations, potential succession plans and other critical information.

During the fall/winter, the SEED program staff will conduct technical assistance visits to each city to provide recommendations for how they can execute their projects. After the year-long engagement, the objective is that each city will have a locally tailored worker cooperative strategy with a pathway to implementation. We look forward to sharing our work with these incredible city builders – stay tuned!



***About the Author:*** Carlos Delgado is the senior associate for the Rose Center for Public Leadership in Land Use at the National League of Cities.

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