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Posted August 11th 2010 at 2:39 pm by [Penn Loh](#)
 in [Cooperatives & New Business Models](#), [Mel King Community Fellows](#)

Reflections on Evergreen Cooperatives in Cleveland



Green washing machines at the Evergreen Cooperative Laundry in Cleveland, Ohio

For two days (July 22-23, 2010), I and the [Mel King Community Fellows at MIT CoLab](#) had the opportunity to visit a dream in action in Cleveland, Ohio. The [Evergreen Cooperatives](#) are pioneering a model for building community wealth and a green economy, based on a network of worker-owned cooperative businesses. We Mel King Fellows arrived in Cleveland fresh from a discussion on movement building for social change we'd just had at MIT, and we are all active in our own regions working on projects at the intersection of democratic participation, community wealth creation, and sustainability.

Knowing how difficult it is to build live examples at this intersection, we were awed to visit with [Evergreen's green commercial laundry](#) and solar installation/energy weatherization businesses. Each has been functioning since Fall 2009 and now has over twenty employees each. Another cooperative, a commercial hydroponic lettuce greenhouse has plans to break ground before the end of 2010. The network is supported by the Evergreen Cooperative Development Fund and secondary cooperatives that provide supporting services to the network, such as payroll and human resources administration and a neighborhood newspaper.

At the laundry we met two of the founding worker-owners, Keith Parkham and Medrick Addison. Both are from the neighborhood, where the laundry is based in a former torpedo factory. Keith shared how when they were first chopping down the weeds on the site, they got some skeptical feedback at first from the neighborhood. But when the same folks that came back to line up for a job when the facility opened, all of the workers are hired from seven lower-moderate income communities in Cleveland. The laundry offers wages about two dollars per hour higher than their large competitors, such as Sodexo. Cambridge, MA 02139

But more important than just local hiring and better wages, the cooperative model is about worker ownership. Medrick described how he emphasizes at the first interview with candidates that they need to think that they own the business. In fact, after the initial six-month employment period, workers are then voted to join the cooperative or are released. As worker-owners, they receive full health insurance coverage, a vote in the governance of the business (one worker, one vote), and a share

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Riding through Boston's central artery on game day, 1988. Pre-Big Dig, pre-Greenway. bit.ly/YIzL6w Amazing. cc. [@fkh](#) [@tpolitical](#) 4 hours ago

Historic Black n'hood in Indianapolis (bit.ly/Wf8ajZ), built on sweat equity, fights to save itself (bit.ly/VB0ATE). 22 Feb

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of the profits. All the Evergreen cooperatives share this worker-owner model and strive to have their owners accumulate \$65,000 in equity over eight years, which includes their \$3,000 buy-in share.



Green industrial-sized ironing machine at the Evergreen Laundry Cooperative in Cleveland, Ohio

Bob Harvey, the current CEO of the laundry, and Jim Anderson, an advisor from the [Ohio Employee Ownership Center](#) at Kent State University, stress the importance of the worker-owner culture as a key to the success of the model. The entire laundry staff meets every Tuesday to brainstorm and improve their process. Every other Thursday, workers receive training in worker ownership, beginning with managing personal finances to understanding business decision making. Jim noted that they are able to pay workers more than the industry average in part due to lower employee turnover and to the worker-owner 'dividend'.

When we visited the [Ohio Solar cooperative](#) the following day, we saw first-hand what it meant to live the cooperative culture. Workers were fixing an insulation job at a small single family home that they had originally botched. Too much cellulose insulation had been blown into the walls, which then blew out sections of the drywall. Steve Kiel, the CEO of the cooperative, was out driving the truck to get new drywall and bring back pizza for lunch. It was a hot, humid day and working on the second floor with no fans or air conditioning was a chore. They expected to spend a good part of the weekend getting the job right. For their work weatherizing low income homes, the cooperative is not paid until the home passes a final inspection. The time workers spent fixing the mistake was not compensated, so it was a literal example of sweat equity.

While many elements of Evergreen are homegrown, its networked cooperative structure is modeled on the [Mondragon Corporation](#) in Spain. Located in the Basque region and launched in the 1950s, Mondragon is a network of more than 100 worker cooperatives employing more than 85,000 people. Like Mondragon, Evergreen has a regional economic development focus, building a series of businesses that can capture growing opportunities in the green economy and that provide goods and services to the universities and hospitals that anchor the local economy. Similarly, secondary cooperatives have been launched to provide services to the primary cooperatives. Also like Mondragon, Evergreen is not shy about hiring the technical and management expertise it needs to launch and operate successful businesses. Each cooperative in the network contributes ten percent of its profits back to the Cooperative Development Fund to help seed more enterprises. Evergreen hopes to grow the network to ten cooperatives (with about fifty employees each) in the next five years and eventually to reach a total employment of 5,000.

One question we kept asking our hosts and ourselves was "how did all this get started?" The short answer is that there was a unique convergence of leadership in Cleveland about five years ago, centered by the [Cleveland Foundation](#). The Foundation had become focused on economic revitalization in the Greater University Circle area of Cleveland, which are the neighborhoods surrounding the universities and hospitals including [Case Western Reserve](#) and the [Cleveland Clinic](#). They convened the top leadership of these "anchor institutions" in a planning process for their corridor as a whole. This process got institutions that had previously been competing with each other to start sharing their master plans and to start considering their role in the future of the distressed neighborhoods that surrounded them. They identified education, housing, community engagement, and economic inclusion as areas they could work together on.

For the economic inclusion area, the Cleveland Foundation's India Pierce Lee brought on Ted Howard of the [Democracy Collaborative at University of Maryland](#), who she had met previously at a conference.

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This partnership then resulted in investigating strategies for building community wealth, viewing the \$3 billion collectively spent by the anchor institutions each year as a potential driver. Their strategy included green because they saw it as an expanding sector and an opportunity to gain a competitive advantage. From the beginning, Evergreen's goals have been to create jobs, generate wealth, and stabilize neighborhoods. As they built the strategy, they also started to bring Cleveland leaders to visit Mondragon to see first hand the success of that model.

As top leaders became boosters, including the Mayor of Cleveland, the project was able to attract significant start-up financial support. Cleveland Foundation led with three million dollars to the [Evergreen Cooperative Development Fund](#). With other anchor institutions and other foundations, the fund now has almost six million dollars, which has leveraged more than six times that amount to help start up the first cooperatives.

Many questions remain for us.

- **Is it possible to replicate this model without the significant buy-in of high-level civic, business, and political leaders?**
- **How will the cooperatives maintain their culture as the number of members grows? (The laundry has four full members and the solar cooperative has seven, but those numbers will soon be multiplying quickly.)**
- **What happens if one or more of the cooperatives is unable to sustain itself after the startup period?**
- **To what extent will the management leadership in the cooperatives, which today are mostly white, non-community folks, transition towards people from the priority neighborhoods?**
- **Will this model lead to change in the politics of Cleveland, as it starts to change part of the economy?**
- **Does this approach help to build the conditions necessary for the mass social change movements that many of us are trying to work towards?**

Whatever the answers, Evergreen has shown us that it is worth pursuing a dream based on alternative ownership model. They are inspiring us and many more to try to develop integrated political and economic social change strategies. At the very least, Evergreen will help employ dozens if not hundreds for at least a few years. If the dream materializes at the scale envisioned, then there may be results that no one can predict now and that perhaps may even exceed Evergreen's own ambitious goals.

Penn Loh is a Mel King Fellow at the CoLab, former director of ACE, and a professor at Tufts Urban + Environmental + Planning Program.



3 Responses to "Reflections on Evergreen Cooperatives in Cleveland"



Carlos Espinoza-Toro says:

August 12, 2010 at 10:50 am

Dear Penn,

I have felt very inspired by your reflection, in particular by the clear-cut nature of your questions with regard to the Evergreen Cooperative in Cleveland. Even though most of these questions may elude concrete answers, I would like to offer an idea that could address issues raised such as model replication, influence on local politics and social change movements, among others.

This idea consists of bringing students and faculty interested in the cooperative model with the purpose of generating a productive and civilized dialogue around these questions. Moving beyond the Cleveland experience, this dialogue could explore other pioneering examples for "building community wealth and a green economy." Ultimately, this dialogue could inspire many more pioneering experiences based on the cooperative model.

Whether at MIT or TUFTS, this dialogue could begin through an academic format such as a study group

and grow into a broader format such as a webinar; or it could adopt many formats simultaneously. Furthermore, this dialogue could grow into a network of dialogues being held at other academic institutions such as Ted Howard's University of Maryland. In conclusion, the format possibilities are unlimited and flexible.

In sum, the Evergreen Cooperative in Cleveland is a new cooperative model experience that may inspire many more cooperative model experiences around the nation. Academic institutions such as MIT and TUFTS could support this effort by generating a productive and civilized dialogue that addresses challenges faced by this pioneering effort.



Nicholas Roberts says:

August 12, 2010 at 5:05 pm

hi, we've been researching sustainability worker-cooperatives, met Jim of Evergreen (but haven't visited site), but have toured Mondragon and other worker-cooperatives in France and UK.

- Is it possible to replicate this model without the significant buy-in of high-level civic, business, and political leaders?

if you mean "this model" as the public-private-partnership coop network development than no, you need "leaders". However, in a socially mobile society, leaders can emerge from the grassroots and recruit establishment supporters, champions etc. Mandela Marketplace in Oakland, Mondragon, Equal Exchange, Pachamama, even activist oriented Radical Routes in the UK

- How will the cooperatives maintain their culture as the number of members grows? (The laundry has four full members and the solar cooperative has seven, but those numbers will soon be multiplying quickly.)

keeping the basic unit a team i.e. 5-7 people, and build production lines around self-managing teams

- What happens if one or more of the cooperatives is unable to sustain itself after the startup period?

Mondragon has a solidarity fund that is paid-into by all coops. If one coop struggles it is supported, restructured and coop worker owners moved and retrained.

- To what extent will the management leadership in the cooperatives, which today are mostly white, non-community folks, transition towards people from the priority neighborhoods?

Peoples Grocery in Portland is a good example of this process

- Will this model lead to change in the politics of Cleveland, as it starts to change part of the economy?

hopefully so

- Does this approach help to build the conditions necessary for the mass social change movements that many of us are trying to work towards?

well, an interesting thing is the support the Gates Foundation is giving to EdVisions and the Tory / Conservative support for privatisation of public agencies to worker cooperatives. These two projects are a blend of some very free market oriented ideology with worker-coop principles. Compare this to Radical Routes in the UK. The worker-cooperatisation of public agencies such as US schools or UK public agencies could, via de-mutualisation to full corporate entities be a pathway to further neoliberalism and privatisation. Many of the coops of the world have de-mutualised and are barely cooperative ventures. See the CoopIndex

<http://permaculture.tv/?s=mondragon>

<http://news.workercooperatives.com>

Q&A With MIT's Community Innovators Lab « MIT GLOBAL CHALLENGE says:

January 10, 2011 at 5:21 pm

[...] a change-maker, to compare notes and lessons, to reflect and write about their experiences, to have those reflections distributed widely through CoLab Radio, and to take advantage of the resources that are here to [...]

