

# 7 Cool Companies

*The Best Alternatives to Corporate Power*

## Employee Ownership

### W. L. Gore

Newark, Delaware and 45 locations worldwide

Founded: 1958 / Employees: 7,500

Annual Revenue: \$1.84 billion



EMPLOYEE OWNERSHIP and a highly egalitarian workplace culture make W.L. Gore very different from your typical corporation. A worker may be a team leader on one project and follow others on another. Compensation is not determined by “the boss,” but is tied to your contribution and decided by a committee, like many law firms. The firm regularly ranks on Fortune’s “Best Companies to Work For” list.

Gore is best known for its Gore-Tex fabrics, but also is an industry leader in other areas. Gore’s heart patches and synthetic blood vessels have been implanted in more than 7.5 million patients.

When Gore was founded, there were fewer than 300 employee-owned businesses in the United States. Now workers own a growing share of nearly 10,000 American businesses. All told, 10.5 million employee-owners own \$675 billion in business assets. This ownership stake is financed by workers’ pension contributions through Employee Stock Ownership Plans (ESOPs). Workers do not “run” most ESOPs, but federal law gives

them control over “major decisions” such as merger or dissolution, which leads ESOPs to keep jobs and capital anchored in home communities. Many ESOPs, like Gore, informally give workers considerable say. ESOPs also financially benefit their employee owners. The average value of an ESOP retirement account now exceeds \$64,000, far greater than most people’s 401(k) holdings.

### Gar Alperovitz, Steve Dubb, and Ted Howard

Restraining corporate power requires changing the way we think about business. This means changing who owns, controls, and benefits from it. Profits, for instance, can flow to workers, consumers, or the community—not just to outside investors. And these businesses succeed! Examples from outside the United States include worker-cooperatives in Argentina; Grameen Bank of Bangladesh (which, with its founder, Muhammad Yunus, won the 2006 Nobel Peace Prize); and the Mondragón cooperative in northern Spain, which employs over 75,000. In the United States over 120 million co-op and credit union members form the beginning point of a growing continuum of ownership forms that controls trillions of dollars in assets. The range is vast: from small worker- and community-owned firms to state pension funds, many of which are flexing their ownership muscle to force changes in corporate policy and target investment to meet public needs. What follows are seven of the best current models.



LESLIE BARBOUR FOR YES! MAGAZINE

Weaver Street Market, a worker- and consumer-owned co-op, produces its own artisan breads, each loaf shaped by hand. Baker Emily Buehler, right, also teaches breadmaking classes at the co-op.

## Social Enterprises

### Pioneer Human Services

*Seattle, Washington*

*Founded: 1963 / Employees: 1,000*

*Annual Revenue: \$60 million*

WE TEND TO THINK OF NONPROFITS and businesses as opposites, but Pioneer Human Services shows that the mission orientation of nonprofits can blend with the financial savvy of business with impressive results.

Pioneer, which offers drug- and alcohol-free housing, employment, job training, counseling, and education to recovering alcoholics and drug addicts, finances 99 percent of its budget through fees for services and earnings generated in the manufacture, distribution, and sale of products. Businesses include retail cafés, sheet metal fabrication, aerospace precision machining (it's a contractor for Boeing), wholesale food distribution, and contract packaging.

Not only do these enterprises stabilize funding for Pioneer's social services, the businesses themselves are central to Pioneer's mission of helping "people on the margins of society" stay out of prison and off the streets. Its businesses enable Pioneer to give jobs to more than 700 men and women drawn from the ex-offender, homeless, and drug-recovery populations that it serves.

Pioneer forms part of a growing "social enterprise" trend. Using IRS data, a National Center for Charitable Statistics researcher estimated that, in 2001, U.S. human service sector nonprofit commercial income totaled \$41.6 billion.

## Creative Cooperatives

### Weaver Street Market

*Carrboro, North Carolina*

*Founded: 1988 / Worker-owners: 92*

*Consumer-owners: 9,794 / Annual Sales: \$20 million*

WEAVER STREET MARKET IS A FOOD CO-OP that combines employee and consumer membership, with each group electing representatives to its board. The co-op has expanded greatly in recent years, adding a second storefront and a restaurant, with a third storefront in development.

Weaver Street illustrates a growing trend in the emerging community economy—businesses that meet a triple bottom line of economic, social equity, and environmental returns. Almost half the food it sells is produced locally, and it has invested in a local chicken-producing co-op. It estimates that 50 cents on every dollar spent at the co-op remains in the community versus 15 cents at chain stores.

The co-op hosts an average of four community events a week and has formed its own community foundation. Weaver Street fuels its truck with bio-diesel fuel from the Piedmont Biofuels co-op and purchases 10 percent of its electricity from green energy sources. It also recycles 15 types of waste.

Weaver Street is just one of the nation's estimated 21,840 co-ops and credit unions. Credit unions alone have over \$700 billion in assets. Nationwide, co-ops in 2005 generated \$273 billion in revenue and employed more than 600,000.



ANDREW WILLIS

ONE DC helps residents strategize to fight a development plan that would displace poor people in the historic Anacostia neighborhood.

## Community Development

### ONE DC

Washington, DC

Employees: 8 / Housing Units Organized: 1,000+

Annual Revenue: \$750,000

SPUN OFF LAST YEAR as an independent group after nine years of work in Washington, DC's Shaw neighborhood, Organizing Neighborhood Equity DC—or "ONE DC"—builds community equity and wealth through developing neighborhood businesses, including a worker-run temp agency, a bike repair shop, an ice cream store franchise, and an African-American heritage tour company. ONE DC combines these efforts with community organizing, focused in three areas: affordable housing, living-wage jobs, and community control over development. When a developer wanted to build a mixed-use facility above a local public transit stop, ONE DC helped residents leverage their political power and negotiate a "community benefits agreement" mandating that at least 25 percent of housing units would be affordable and 15 percent of the retail space would be set aside for local business. ONE DC also helps tenants buy their own buildings by taking advantage of a city law that gives renters the first right to purchase their apartments if the landlord chooses to sell. Executive Director Dominic Moulden proudly boasts that his small group has organized "1,000 units of subsidized housing in a gentrifying area."

ONE DC is just one example of the nation's 4,600 community development corporations (CDCs), nonprofit, neighborhood-based groups that play a key role in giving residents a voice in community planning and development in virtually every city. A 2005 survey found that nationwide CDCs help create 75,000 jobs per year.

## Community Land Trusts

### Champlain Housing Trust

Burlington, Vermont

In operation since: 1984 / Members: 5,000+

Annual Revenue: \$5.9 million

FORMED IN OCTOBER 2006 from the merger of two Vermont community land trusts that date back to 1984, Champlain Housing Trust is the largest community land trust in the country, providing affordable housing for 2,100 households. "Even though we work throughout [a] large region, we are still community-based," CEO Brenda Torpy says. "One-third of our volunteer Board of Directors are residents in our housing, and the Board also has representation from four municipalities and someone with a regional housing perspective."

A study of Burlington land trust's first two decades found that 61.9 percent of residents who sold their land trust home, after an average residency of six years, were able to "step up" to traditional homeownership. Meanwhile the equity gain the trust retains enables it to continue providing affordable housing to future generations.

These findings are important. The revival of inner-city neighborhoods often displaces long-time residents, leading to widespread gentrification. Community land trusts are nonprofits that hold land in trust and prevent gentrification by keeping land off the market. Instead, the trust sells houses using a restricted deed while retaining title to the land. This lowers prices, allowing lower-income residents to purchase the homes; in turn, the homeowner signs a deed agreeing to restrict the resale price and share the equity gain with the trust to preserve affordability for future buyers.

Large-scale community land trusts, drawing upon the lessons from Burlington and 150 others across the nation, are now being developed in cities ranging from Chicago, Illinois to Irvine, California. In Irvine, the city plans to develop 9,700 units of land trust housing by 2025.

**Gar Alperovitz, Steve Dubb, and Ted Howard** are leaders of the Democracy Collaborative at the University of Maryland. Gar Alperovitz's recent book, *America Beyond Capitalism*, is now available in paperback. For additional examples of alternative corporate models, see their website at [www.community-wealth.org](http://www.community-wealth.org).



PHOTO COURTESY JACOBS CENTER FOR NEIGHBORHOOD INNOVATION

Market Creek Plaza's ties to its community can be seen in its portrait wall, which honors local residents who have made significant contributions to this San Diego neighborhood.

## Public Pensions

### CalPERS

*Based in Sacramento, California*

*Founded: 1932 / Plan Participants: about 1.5 million*

*Assets: \$244 billion*

PUBLIC PENSION FUNDS in the United States hold approximately \$3 trillion in assets. California's Public Employees' Retirement System, better known as CalPERS, is showing that these assets can be managed for community benefit. CalPERS is the largest public pension fund in the nation, giving it significant leverage to challenge corporate practices.

And CalPERS uses its leverage, especially to push for limits on executive compensation and severance payments. For instance, it acted as sole lead plaintiff in a federal court lawsuit against UnitedHealth Group over its executive stock-option practices. It has also supported shareholder resolutions to require information disclosure, greater corporate attention to environmental cleanup, and better human rights practices in developing nations.

CalPERS' direct investment activity has been equally impressive. As of 2004, CalPERS dedicated 11 percent of its fund to in-state investments. Roughly 2 percent is targeted specifically for investments in California's low-income communities through organizations like Pacific Community Ventures (PCV), a group that identifies businesses in low-income communities that are likely to generate high-wage jobs. A typical example is Niman Ranch, an Oakland-based natural meat product distributor. With pension fund support, Niman now does about \$50 million a year in business and employs 110 formerly low-income workers at an average wage of \$14 an hour.

## Cutting Edge Ownership

### Market Creek Plaza

*San Diego, California*

*Initial Public Offering: 2006 / Number of Investors: 416*

*Project value: \$23.5 million*

WE USUALLY HEAR THE TERM "initial public offering" in connection with Silicon Valley, but in San Diego, community leaders came up with a new twist on the IPO concept: a local, community-based public offering linked to a new model of individual and community ownership.

The community is the diverse working-class Diamond neighborhood in southeast San Diego. With the support of the Jacobs Family Foundation, the community raised philanthropic and government funding to develop a commercial and cultural complex, anchored by a shopping center. A key element was the community public offering, which provided community residents and employees an exclusive opportunity to buy shares (valued at \$200 and capped at \$10,000) for a total 20 percent ownership stake in the project. As one community owner noted, "That we own stock, and that we have an opportunity to make a difference in what type of business goes in the community [is unbelievable]. We have some say-so in the community environment."

The new Neighborhood Unity Foundation also has a 20 percent ownership share that provides it with a sustainable source of funding for its community wealth-building efforts. The Jacobs Family Foundation, which retains 60 percent ownership, intends to turn over its share to community owners by 2018. Ultimately, area residents will own 50 percent of the project and the neighborhood foundation the other 50 percent, retaining the profits generated to benefit the community rather than outside investors.