

Co-Operative Learning Brief

What They Are & What
We're Learning

An Introductory Conversation With Co-Operative Innovators



On December 16, 2020, The Workers Lab hosted three inspiring innovators in the co-operative space to share their experiences, lessons learned, and insights from working in this form of worker ownership. A recording of the webinar can be found [here](#).

What is a Co-operative?

The International Co-operative Alliance defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.”¹

Erik Forman underscored the importance of recognizing that co-operatives are focused on the needs of their member-owners. The interests of consumer-owned and producer-owned cooperatives often don't align with the interests of workers.

Why join a Co-operative?

In contrast to co-ops that put the interests of consumers or producers first, our innovators are focused on building worker-owned cooperatives that give workers more control over their working conditions and economic well-being, or multi-stakeholder cooperatives that fairly balance the interests of everyone impacted by the business.

“Workers are looking for something that is not given usually at their workplaces - their dignity and respect back, seeing it in their team, and as a way to advance in their industry they have expertise in.”

Flor Rodriguez



Flor Rodriguez

CLEAN Carwash Worker Center

Centering workers and creating co-ops to transform the car wash industry and improve working conditions



Erik Forman

The Drivers Cooperative

Creating a driver-owned alternative to Uber and Lyft

// The Drivers Cooperative



Lela Klein

Co-op Dayton

Creating a network of interconnected co-op businesses by and for blue-collar communities that meet their own needs



In the United States, there are about **400** worker-cooperatives.



Worker co-ops employ around **7,000 people**



And produce **\$400 million** in annual revenue

- National Cooperative Business Association CLUSA International



Statistically, people stay in co-ops longer, over time make more money, dividends aren't going to external stakeholders. Generally, co-ops tend to invest more in their communities, people tend to have more pride at work. Research has been done and co-op economics have lifted entire communities out of poverty, like Mondragon Corp² in Spain.



Lela Klein

How do you become a member of a Co-operative?

Worker cooperatives are often started based on the vision and hard work of people already working in a particular industry or sector and require a lot of education and organizing. Once a co-op is operating, each cooperative has its own hiring practices, but most require new workers members to participate in training to learn about the business.



"The workers took on the challenge and knocking on doors to figure out what model they wanted to pursue, i.e. LLC, etc.," explained Flor Rodriguez. "We got training and info from others."

The Drivers Cooperative is "investing heavily in member education, a team of drivers run online classes for other drivers to understand how to participate in the democratic process, workers don't have to invest upfront - every co-op is different, ours is to download the app and participate in the class," said Erik Forman.

Organizations like Co-Op Dayton help workers and business owners create co-ops. "For co-ops that are hiring staff, we prioritize peer-to-peer worker training," said Lela Klein, "You have to learn about your job, but also have to learn about how to be an owner, i.e. cash flow, financing pressures, how my role affects cash flow, etc. Our network allows businesses to come in wholesale, have requirements about being good employers, including union neutrality."



Your life can materially improve and change by being the owner of your job, in the driver seat when it comes to your economic reality.



Lela Klein

Why use a Co-operative structure?

The structure of a cooperative provides workers with greater determination over their work and work conditions as well as greater economic power and influence in their communities and industries.

"Workers were proposing starting cooperatives," explained Erik Forman, "The Drivers Cooperative emerged from a class, a participatory action research project funded by The Workers Lab. It was guided by workers from the start and rooted in solving the problems they face. This is what makes co-op development from the labor perspective different from general co-op development. We aren't just doing it because it's fun to create a business. We need to gain control over these businesses that dominate our lives. It's very context specific and worker-centered."

"The ability to build an ownership culture reconnects us all to our economic power," said Lela Klein, "We have seen the transient nature of shareholder-driven companies. People are looking for a new economic model that creates more accountability and rootedness. The reason we use the co-op structure is because it's a way to harness all the assets and talents in our community to make a better and stronger more resilient city."

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The big hypothesis is - it's possible for labor to start worker-owned enterprises and with those enterprises transform industries and for workers to transform their lives and society.

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Erik Forman

Flor Rodriguez noted, "There are many investors that buy the businesses and then hire workers to run it. This is an opportunity for workers to own, bring the dignity and respect they have been wanting. The [car wash] industry is predominantly Latinx and immigrant. The co-op creates an opportunity to expand and give opportunities to others."

"Co-ops should take over every industry and every workplace. They make sense everywhere," said Erik Forman. "They particularly make sense in the ride-sharing platform economy because the workers are putting in most of the capital to keep the industry running. It seems silly that some code is sitting in on a server somewhere that is controlling you and ruining your life," said Erik Forman, "That irony was very apparent to workers. The [rideshare] workforce [in New York] is 91% immigrant and many have been [members] in co-ops in the countries they were born in."



The [rideshare] workforce [in New York] is **91% immigrant**

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It is not about empowering workers, they already have the power, it's about unleashing that power.

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Lela Klein

“One of the big problems of Uber/Lyft is racially-biased firings, algorithmic management that is channeling the white supremacist biases of our society,” explained Erik Forman. While at the Independent Drivers Guild, a union-affiliated group that organizes rideshare drivers in New York, “[w]e would have hundreds of drivers every month deactivated without any due process because a customer didn’t like the way they were talking to them, didn’t like their accent. In a workplace where you are an employee, it would be illegal to fire someone for these reasons. There needs to be a policy intervention to solve this problem at the industry level, but until that happens we can address the problem by creating our own app, where every driver is innocent until proven guilty, has due process rights, and we’re not going to let a complaint from one customer ruin a driver’s life and leave them with no job after they’ve invested \$25,000 of their life savings in to get. 30-40% of their pay is taken away to give to shareholders and the racial inequity of that is pretty obvious.”

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Your life can materially improve and change by being the owner of your job, in the driver seat when it comes to your economic reality.

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Lela Klein

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As soon as the worker wants it, they are going to make it happen and that’s what happened in our case.

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Flor Rodriguez

What pivots and innovations have been made in 2020 or due to COVID-19?

The innovators have seen a new openness to cooperatives, to developing them faster, and the deep commitment of co-op members to a cooperative structure because of the disruption created by the pandemic.

“The members have stayed focused and are using the time to get things done, get prepared, so they will be ready to hit the ground running when businesses start to open,” said Flor Rodriguez, “The responsibility to wash and sanitize is really important in the reopening and they’ve been thinking a lot about it.” It’s a new opportunity for them to secure public transportation and fleet contracts.

“The systems were disrupted and created an opening to start and build co-ops faster, an opening of possibility, and an increase in the necessity,” explained Erik Forman. “We’ve been looking at California to create an AB 5⁴ compliant alternative to ridesharing. It’s one pivot we have attempted, but haven’t been successful yet.”

Lela Klein added, “More disruption and openness, about 10 of the small downtown restaurants came to us and said they weren’t going to make it through the winter without indoor dining. GrubHub and DoorDash were taking 30% - 40% of their revenue. They asked us to help start a delivery co-op. It usually takes several years to create a co-op and within a month we had created a driver- and restaurant-owned delivery co-op. We launch just after Thanksgiving and are about to break even (as of December 2020).”

Recommended Practices

The innovators noted that many of the people working to support the creation of co-operatives have come to this work from being organizers, movement builders, and neighborhood leaders. Launching cooperatives can come with a steep learning curve. Here are a few key areas to pay attention to and tips from the innovators.

EMBED FINANCE EDUCATION

Co-op members need to understand financing mechanisms, sources of capital, and how they work. Not all capital works well depending on your structure. Be sure to include a learning component, including financial management and oversight, such as cash flow, payroll. Keep in mind that workers may have had negative experiences with financial intuitions, e.g. the foreclosure crisis with deceptive lending practices, and will need to build their understanding and comfort with lending requirements.

PREPARE TO SPEND TIME EDUCATING POTENTIAL FUNDERS AND LENDERS ABOUT COOPERATIVES

Most capital sources (funders and lenders) don't understand how decisions are made or how power and ownership is shared in a cooperative. As Lela Klein described, "Lenders are used to seeing a single person putting up collateral or being a guarantor, but for us there are 3,000 owners of the grocery store."

SLOW AND STEADY - GO AT YOUR OWN PACE

"Make sure every member is leading from within and are going to put their time and effort," Flor Rodriguez shared, "Taking the time, continuing to have respect. Spend time on mentorship on the mental shift from being a worker to an owner."

CO-OP ORGANIZING IS A LOT LIKE UNION ORGANIZING

"You will likely be trying to create something out of nothing or with very little resources," explained Erik Forman. "Most workers don't think it's possible at the beginning. You have to break a big task down into small pieces. Eventually, as you build power, the big things that seemed impossible on Day 1 suddenly are possible on Day 100. It's all about putting all the pieces together, reverse engineering how the bosses do it."

COOPERATIVE COHORTS LEVERAGE PEER-TO-PEER SUPPORT

"Everyone faces similar challenges, just a different flavor/stakeholder. We are building solidarity culture - one co-op at a time," said Lela Klein. "People don't wake up in this individualistic culture knowing how to live the practice of solidarity. By doing this all together and by learning together, we are building a more resilient economic model."

Resource List*

* Not a comprehensive list

- US Federation of Worker Cooperatives (USFWC)
- Project Equity
- The Working World
- L.A. Co-op Lab
- DAWI - Democracy at Work Institute
- CUNY graduate-level cooperative management class (led by Rebecca Lurie)
- UC Irvine - CooperAcción
- Columinate (Co-op Grocer Network)
- ICA Group
- The Bronx Cooperative Development Initiative
- Apis & Heritage Capital Partners
- Capital Impact Partners

¹ <https://www.ica.coop/en/cooperatives/cooperative-identity#definition-of-a-cooperative>

² <https://www.mondragon-corporation.com/en/about-us/>

³ California Assembly Bill 5 (AB5), popularly known as the “gig worker bill,” is a piece of legislation that requires companies that hire independent contractors to reclassify them as employees, with some exceptions. AB5 was designed to regulate companies that hire gig workers in large numbers, such as Uber, Lyft, and DoorDash.

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The Workers Lab strives to create a culture and environment of experimentation and learning. We do this in the service of creating a community that are creatively working to build a worker-centered field. We have the privilege of learning from thousands in our networks and from the innovators we have invested in.

The Learning Hub will allow us to continue to bring our community together to surface and share ideas, best practices and lift up experts so that we can all learn from each other. Do you have resources you are looking for or want to share? [Sign-up for alerts today!](#)





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