

{ PARTICIPANTS *and* PURPOSE }

On June 13 and 14 in Washington, DC, many of the nation's leading experts in employee ownership, sustainable business and finance, community and economic development, and philanthropy came together in a Learning + Design session. Co-hosts for the meeting were Marjorie Kelly and Jessica Bonanno of The Democracy Collaborative and Camille Kerr of Democracy at Work Institute. The purpose of the session was to discuss how to achieve unprecedented scale of employee ownership by focusing on achieving an audacious goal: 50 million U.S. employee-owners by 2050. If achieved, it would make the U.S. the world leader in percent of worker owners – and fundamentally transform ownership of our economy, creating new wealth-building opportunities for millions of Americans.

Hilary Abell, Co-founder, Project Equity

Victor Aspengren, Director, Prairie Capital Advisors

Joseph Blasi, Distinguished Professor and Robert Beyster Professor, School of Management and Labor Relations at Rutgers University

Jessica Bonanno, Director of Strategy Development & Operations, The Democracy Collaborative

Keith Butcher, Founding and Managing Partner, Butcher Joseph & Co.

Ciara Coleman, Program Manager, W.K. Kellogg Foundation

Thomas Dudley, Ph.D. Candidate, Stanford University Graduate School of Business

Shawn Escoffery, Program Director, Strong Local Economies Program, Surdna Foundation

Susan Goldmark, International Development Economist, World Bank, retired

Michael Gonda, Vice President Corporate Communications, Chobani

Joe Guinan, Executive Director, Next System Project, The Democracy Collaborative

David Hammer, Executive Director, The ICA Group

Melissa Hoover, Executive Director, Democracy at Work Institute

Jason Jaffery, Director of Philanthropy, The Democracy Collaborative

J. Michael Keeling, President, ESOP Association

Marjorie Kelly, Executive Vice President and Senior Fellow, The Democracy Collaborative

Ron Kelly, Director of Impact Strategy, Capital Impact Partners

Camille Kerr, Associate Director, The ICA Group

David Levine, President, American Sustainable Business Council

Brendan Martin, Director, The Working World

Suzanne McDowell, Co-CEO and Chief of Human Resource, King Arthur Flour Company

Ian Mohler, Principal, Mosaic Capital Partners

Loren Rodgers, Executive Director, National Center for Employee Ownership

Ruth Rohlich, Business Development Specialist, City of Madison, Wisconsin

Carmen Rojas, CEO, The Workers Lab

Martin Staibus, Executive Director, The Beyster Institute

Tom Strong, Senior Program Officer, Hitachi Foundation

Aaron Tanaka, Director, Center for Economic Democracy

Jasmine Thomas, Senior Vice President of National Initiatives, Citi Community Development

Cindy Turcot, COO, Gardener's Supply Company

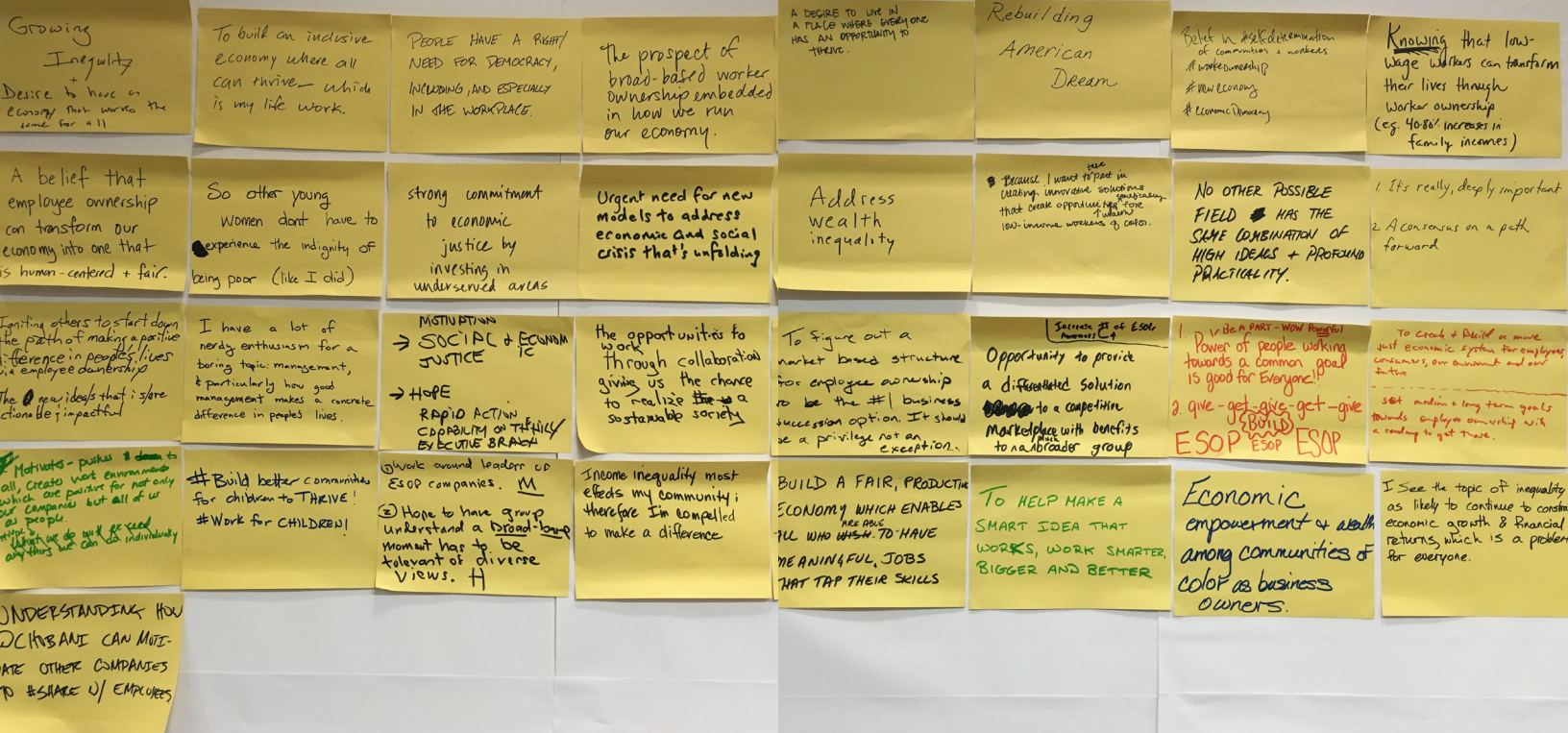
Halisi Vinson, Executive Director, Rocky Mountain Employee Ownership Center

Karla Walter, Director, American Worker Project, Center for American Progress

Jeanne Wardford, Program Officer, W. K. Kellogg Foundation

Senator Dan Wolf, Co-founder and CEO Cape Air; Massachusetts State Senator





{ WHY WE CARE about this work }

Participants were asked "What are your motivations for doing this work?"

Creating a new economy...

- An inclusive economy where everyone can thrive
- An economy that is human-centered and fair
- A democratic economy as a more just economic system
- A revitalized American dream
- An economy without such drastic wealth inequality
- A society and economy built on broader values, drawing from collective wisdom and voice

...one that alleviates poverty

- Where no one experiences the indignity of being poor
- Social and economic justice for underserved communities
- Transforming the lives and increasing wealth among of low-wage workers and workers of color
- Too many children and families living in poverty
- Creating economic power and wealth among communities of color through business ownership
- Prevent another loss of wealth in communities of color

Spreading employee ownership as an effective, practical solution

- Embedding it in how our economy runs
- It combines ideals and practicality
- It should be the #1 succession planning option
- It can help people be their best
- It is an essential part of creating a just, democratic, sustainable economy

- Meaningful wealth accumulation has to be generated by inclusive ownership
- How a company is managed can have an impact on people's lives

Building local, thriving communities

- A stronger economy in my home state
- Stronger communities where children thrive
- Prevent inequality from damaging communities
- Self-determination of workers and communities

We were also asked "What are your hopes for our work today?"

- Creating a coherent employee ownership field that cuts across differences, pulling in the same direction
- Working together toward goals we could not achieve on our own
- Steps toward spreading employee ownership, such as a plan to increase awareness, increased access to financing, taking advantage of legislative opportunities, and thinking about new forms of employee ownership
- Learning more about employee ownership and its benefits for different fields
- Concrete next steps (marching orders!)
- Connecting employee ownership to other fields including good business, wider cooperative field, civil rights organizations, and more

"I want to one day look back on this event as the spark that lit the fire."

{ MAPPING *the current* LANDSCAPE }

The hosts compiled insights about the current state of our field from dozens of interviews, and participants were asked to fill in additional insights not captured on the board. Here are some larger themes that emerged:

Current political and economic climate

- (+) There is a unique opportunity for employee ownership right now given the current socio-political climate.
- (+) The retirement crisis, decline of labor, criticism of the gig economy, and other economic conditions are conducive to employee ownership as a solution.
- (+) We have the opportunity to hitch our wagon to other movements with significant traction.
- (+) We have some natural allies in promoting employee ownership, including socially responsible business, racial equity movements, and organized labor.
- (-) To address inequality at a systemic level with employee ownership, we must face difficult power dynamics and structural barriers.

Awareness and perception of employee ownership

- (+) Employee ownership is an intuitive and attractive concept.
- (+) Employee ownership has bipartisan support and resonates across the ideological spectrum.
- (+) We have some great stories and vocal advocates.
- (-) We lack visible spokespeople and employee ownership is not a household concept.
- (-) Negative perceptions of employee ownership are holding us back.

(-) Funders and change leaders don't recognize employee ownership as a tool for positive social change.

(-) The business community is not very aware of employee ownership as a viable option.

(-) The field lacks messaging and language that resonates consistently.

Structural opportunities and barriers

- (+) Public policy and funding could catalyze significant growth.
- (+) Other forms of employee ownership (beyond ESOPs and co-ops) present a great opportunity.
- (-) More capital and different forms of capital are necessary for the field to scale.
- (-) There are not sufficient funds available for employee ownership technical assistance and advocacy work.
- (-) Policies and activities of some government agencies (e.g. SBA and DOL) create barriers to more widespread employee ownership.

Cultural opportunities and barriers

- (+) Millennials are open to new, flatter ownership and organizational structures.
- (+) There is a deep history of cooperativism in the African American community.
- (-) US culture is more individualistic.





After mapping the current employee ownership landscape, we were asked to identify what changes are necessary to achieve our goal of 50 million employee-owners by 2050. In small groups, we came up with “key shifts,” each of which involved a brief description of the current state of the issue and the future state if we were successful.

Public Co's: No framework currently exists for employee ownership in publicly traded companies (there is no publicly traded company with an ESOP that holds more than 3% of company stock).

EO Field: The employee ownership field lacks a common strategy and feels fragmented.

Succession: Employee ownership is the tool of last resort in business owner succession planning.

Partnerships: The employee ownership field lacks sufficient strategic partnerships and alliances.

Awareness: There is a lack of awareness and misconceptions about employee ownership, and the field cannot yet communicate its value to various stakeholders including business owners and employees.

FUTURE STATE

{ Prioritizing short- and long-term SOLUTIONS }

The key shifts gave us a framework to brainstorm ideas that would move us from the current state to the desired future state. From that list we identified the solutions—both short and long term—that we found most promising.

Public Co's:

- Short term: Create a publicly traded CEO council on employee ownership
- Long term: Pass tax advantages for public companies to share ownership broadly with employees
- Long term: Policy measures that ensure governance accountability to workers

Awareness:

- Short term: Create a set of shared narratives that we can all use
- Short term: Film on employee ownership to reach a wide audience
- Long term: Old fashioned marketing campaign around employee ownership
- Long term: Establish local, state, and regional employee ownership centers to spread the word about employee ownership

Succession:

- Short term: Task force to identify alternatives to seller financing to make employee ownership more appealing to sellers
- Long term: Create new tax-advantaged structures that overcome limits of cooperatives and ESOPs

Partnerships:

- Short term: Partner with the Urban League local affiliates to have an impact on national dialogue
- Short term: Have initial conversations and host workshops with labor leaders, community organizations, and clergy
- Long term: Create a real coalition with labor, community organizations, and clergy around employee ownership

Short Term Solutions

#1
Create a publicly-traded CEO's Council on employee ownership
Scotiabank (Canada)

#2
Partner w/ the Urban League locally to impact Nat'l
Urban League

SHARED NARRATIVES
USE narrative center

Task force to identify cost alternatives to seller financing
(SBCs, public, PE)
Wells Fargo

Have the conversation with labor leaders
Workshops
(network w/ local + state leaders)

Creating a real collaborative coalition with labor, community + clergy

overlay of industry or regional focus on other ideas

Long Term Solutions

#1
Tax advantage for public cos. for ee ownership introduced + passed in Congress
2018

SUB NATIONAL EO CENTERS
Urban League

R+D-Creates new EO structure that overcomes limits of coops + ESOPs



{ *Developing* **PROJECT PLANS** }

In the next phase of our work, we turned each short and long term solution into a project concept that could serve as the basis for workplans moving forward. Each project concept was presented to the full group by one of the team members. The group was then prompted to provide positive feedback, followed by questions the team should consider when developing the project further. The project concepts included: Concept Name, Team Members, Describe How the Concept Works, What Key Shift Will the Concept Contribute to?, Key Metrics: How Will We Measure Success?, Biggest Challenges and How to Address, Who Do We Need to Succeed?, Alternatives (Better, Easier, Faster), Key Resource Needs, First Steps (Date and Task). Below is the list of project concepts with first steps identified:

1. Public-Private Investment Pools:

- Form the team with the expertise, including nonprofit actors, government agency representatives, and the financial team

2. Publicly Traded CEO Council:

- Create an agenda for the council meetings
- Host the council at the ESOP Association conference in Las Vegas this fall

3. National Urban League/ Employee Ownership Partnership:

- Present at NUL conference in August
- Get a list of their entrepreneurship centers and chapters and start outreach to them
- Research on market for African-American owned business succession

4. Creating Shared Narratives:

- Outline process, needs, deadlines, success indicators

5. Grassroots Coalition for Employee Ownership:

- Look into policy initiatives that would align with organizing groups
- Develop curriculum and collateral for outreach
- Initial research interviews with key stakeholders

6. State and Local EO Centers:

- Compile resources on non-ESOP forms of EO for state center websites / collateral
- Recruit champions to build out EO centers

7. Tax Incentives for Publicly Traded Companies to Do Employee Ownership:

- Press article on the importance of this
- Initiate a bill in Congress next January

8. Structures Beyond ESOP and Co-op

- Draft a publication on the different potential structures for employee ownership in the US and how they would work

9. Film/Major Motion Picture:

- Draft concept note or proposal
- Conversations with prospective funders and creators

10. Online Portal/Clearinghouse for Resources/ Map of Field

- Convene interested collaborators to develop idea and test appetite through a conversation

11. Marketing Campaign:

- Working call to discuss audience segments, identify funders, and sketch the workplan

{ NEXT STEPS }

We heard a clear interest from participants in continuing this work together, as well as a request for “marching orders” to keep the momentum going. With that in mind, we will be reaching out to you each individually about what role you would like to play moving forward. If you are interested in continuing to be part of this work, we will ask which of the identified short and long term solutions you would be willing to dedicate capacity to, and any additional issues you would be interested in working on. We will compile this information for you all to access, and then put people in touch who are interested in working on the same issue areas. This may include people who were not present at the event who demonstrated an interest in the network. We will help shepherd the different groups to ensure there is some backbone support for the work. Please reach out to us if you have any questions!

Your hosts,

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