



New York City Worker Cooperative Business Development Initiative

Final Report to
City Council

July 2014 - June 2015

Bronx Cooperative Development Initiative
Center for Family Life/SCO Family of Services
CUNY Community Development Law Clinic
Democracy at Work Institute
Federation of Protestant Welfare Agencies
Green Worker Cooperatives
ICA Group
Make the Road New York
New York City Network of Worker Cooperatives
The Working World
Urban Justice Center

2015 Funded Organizations

Executive Summary

A year in review

The Worker Cooperative Business Development Initiative is one of many tangible outcomes of the City Council, the Mayor, and the Administration's efforts to provide inclusive economic development in New York City, building an economy that works for all New Yorkers.

Thanks to this Initiative, 11 organizations collaborated through FY15 to provide workers, primarily un- and underemployed people of color, with the tools and skills required to develop workplaces they will own and operate. Worker cooperatives enable New Yorkers to achieve upward mobility by earning a better income, enjoy professional growth opportunities and accessing stable, quality employment.

The Initiative is already seeing its work flourish, as the profiles in the following pages demonstrate. FY15 saw the launch of 21 new cooperatives across the city, supporting 141 workers to simultaneously obtain employment and business ownership. In addition, 36 entrepreneurs supported in FY15 continue to work towards the start up of 19 worker-owned businesses, now set to launch in FY16. A further 26 cooperatives benefitted from the Initiative members' technical assistance services, ensuring the growth and strengthening of these fledgling businesses. Through its extensive outreach, education and training activities, the Initiative reached a total 1282 entrepreneurs and community members.

This year has also been one of consolidation and alignment for the Initiative members. As the year progressed, the Initiative's support activities demonstrated a shift towards natural collaboration and co-delivery of services, to the great benefit of New York's worker cooperatives.

New partnerships and collaborations were also built with City agencies and institutions. Meetings, presentations, engagement tours, and public events, provided Initiative members with the opportunity to increase awareness of worker cooperatives. These activities lay the groundwork for the development of a more supportive cooperative business ecosystem in the City.

The effervescence of New York's worker cooperative sector has drawn attention from audiences throughout the country, including Austin TX, Detroit MI, Madison WI, Philadelphia PA. New York's leadership in worker cooperative development featured prominently at the Eastern Conference for Workplace Democracy. High attendance in these workshops and plenaries is a testament to the imprint this has made in the collective imagination of many American cities.

new cooperatives

actual : 21
additional 19 in pipeline

target : 22

cooperatives assisted

actual : 26

target : 20

entrepreneurs reached

actual : 1282

target : 800

new worker owners

actual : 141
additional 36 in pipeline

target : 198

Coop Profile: A.C.T.O.

A.C.T.O. for Safety, an OSHA trainers cooperative developed by Make the Road NYC, has filed for incorporation. The members will begin contracts with clients shortly, delivering important occupational health and safety trainings for workers around the city.

Initiative Collaborations : Training

The Working World and the Center for Family Life held a training on business planning and finance for the new Handiwork Cooperative in Sunset Park. Ten members attended the training and learned how to draft preliminary financial projections for their business, in addition to discussing start-up financing and The Working World's services.



Reaching Entrepreneurs

Green Worker Cooperatives hosted its first Bronx 3-day start-up, bringing together 14 entrepreneurs to work on four different businesses. All four groups will further develop their business during the Coop Academy's fall session. GWC also confirmed its partnership with NYCHA-REES, further increasing the visibility of the Coop Academy and cooperatives as a viable business model in the South Bronx.

Initiative Collaborations for Growth

With the development work of Make the Road NYC and technical assistance provided by multiple Initiative organizations and cooperatives, Pa'lante Green Cleaning's income has grown substantially and the members have achieved much success in terms of wage increases, acquisition of new clients, leadership development, and skills development.



Progress on Key Metrics

Recent Successes

From July 2014 to June 2015, the Initiative supported a total of 66 cooperatives at various stages of development, tailoring assistance to their specific sectors and entrepreneurs' needs.

19 start-up cooperatives were in the early stages of their development at year end, engaging with Initiative organizations to organize and plan their business. The scope of these start-up services is described in Table 1.

Organizations accompanied an additional 21 cooperatives through the crucial first steps of their start-up on to the post-launch stages. These cooperatives currently count on the participation of 141 worker members who are building businesses that are poised to provide them with secure, sustainable, and dignified work. These cooperatives reached important milestones in FY15, including launch, operations, and earning revenue, thanks to the work of primary developers and technical assistance (Figure 1). These 40 nascent cooperatives will continue to be supported in FY16 with development and technical assistance services.

Finally, a further 26 existing cooperatives obtained technical assistance services from Initiative members. The scope of these technical assistance services, which are key to ensuring that our cooperatives develop and grow, is described in Table 2.

Challenges and Solutions

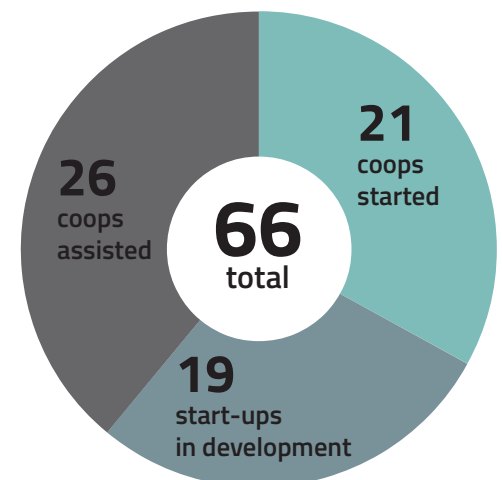
Over the course of the year, a dozen early stage groups chose not to move forward with starting a business or a cooperative. This represents an approximate "drop-off" rate of 17%.

Three key reasons guided groups' decision to not move forward with their business project. Group dynamics leading to inefficiency, lack of early cohesion and conflict are the most frequently cited reasons leading to project being abandoned. Lagging member participation and engagement in the early stages also leads to similar outcomes. In these cases, project abandonment is considered desirable. In many cases, individuals' entrepreneurial spirit brought them to engage with other cooperative projects.

NYC Coop Development Ecosystem Gathering

Systems Innovation and Ecosystem Overview
January 2015

**Status of Worker Cooperatives
July '15**

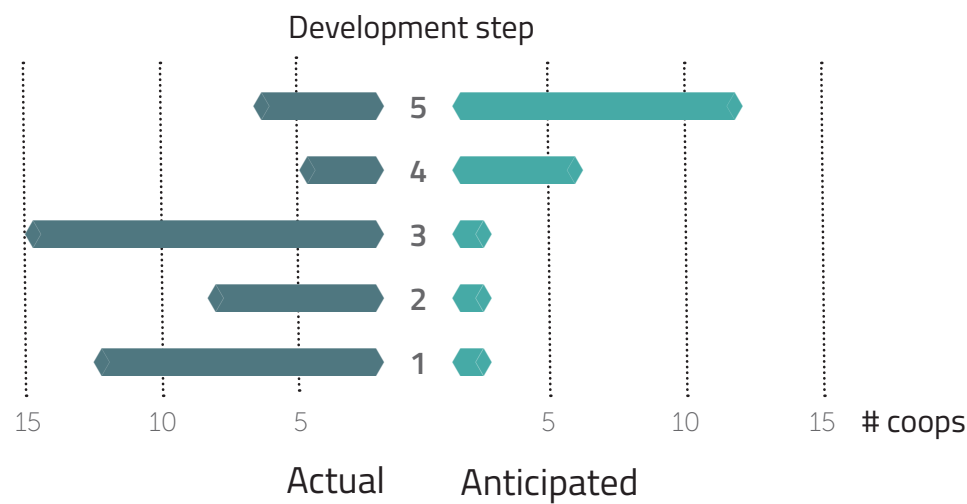


Lack of start-up capital was the second most cited reason for project abandonment. Finally, the third most cited reason for project abandonment relates to business conversions which, due to the complexity of the project and the multiplication of possible succession outcomes, tend to have lower completion rates.

Another key challenge in Q4 remained that of supporting start-up cooperatives to move through the development steps that require the support of external institutions. This challenge largely explains the discrepancy between the cooperatives anticipated to reach Step 5 and the actual numbers represented by year end (Fig. 1). These include: obtaining permits, financing and incorporation, and equipping groups to begin attracting customers. Start-ups are supported through these hurdles by various Initiative members. CUNY Law and the Urban Justice Center provide extensive help with incorporation; NYCNOWC, and increasingly SBS, help start-ups navigate city permitting processes; and numerous Initiative members provide trainings in marketing and loan-readiness.

The Initiative remains mindful of the challenges encountered throughout the year by the first cooperatives to emerge from this initiative, and have set the wheels in motion to develop strategic partnerships, notably with capital providers, that will ease the work, and the cooperatives’ first steps towards operations, in the coming year. In addition, it will increase its education and outreach efforts regarding conversions to increase public awareness of worker cooperatives as a business succession option.

Figure 1 Progress of start-up cooperatives - End of FY15



- Step 1:** Organizing – have an idea for a business, identified group of potential worker owners, enroll in a coop academy (like GWC) or engaged training (SBS, etc.).
- Step 2:** Business Planning – Complete written business plan (or fully articulated business strategy), finished with coop training.
- Step 3:** Startup – Completed step 2 and active membership meetings or working towards operations (active and regular member participation, setting up operations, secured EIN, incorporated, registered with relevant government and regulatory agencies, engaging customers, marketing, raising capital, has entity bank account or insurance).
- Step 4:** Operating – Organization has 3 or more worker-members (or employees on a clearly defined track to membership). Members are actively pursuing customers, secured financing, secured a business location, secured business licenses and other regulatory requirements, members are securing income from business.
- Step 5:** Earned Revenue – has earned revenue, operating on a cooperative basis.

Table 1 : Start-up services

Studies & Peripheral Support

- Feasibility and market study
- Project management for successful launch
- Business plan review (feasibility, cooperative governance and management structures)

Legal Services

- Training and technical assistance needed by low-income New Yorkers to form and operate cooperatives, particularly worker cooperatives.
- Includes services in: entity-type counselling and legal formation; development of governance structures and documents; drafting and reviewing contracts; and compliance with employment, licensing, and tax laws.

Management & Business Development

- Improving management structures
- Business transfers and conversions
- Business planning & feasibility studies
- Education & training:
 - Hire, train and supervise office manager
 - Group dynamics
 - Phone calls & email
 - Site visits
 - Cooperative expertise liaisons
 - Workshop co-facilitation
 - Individual coaching
 - Curriculum development
 - Cohort webinars & meetings

Development of internal manuals including

- Member manual
- Operations manual
- Customer service protocols
- Record keeping (members and clients)

Research & Strategy

- Strategic Planning
- Program Evaluation
- Market Research
- Policy Analysis

Governance

- Improving internal governance

Financing

- Covering initial start-up costs;
- Loan readiness and expansion planning;
- Low-interest loans to worker cooperatives, coupled with on-going technical assistance;
- Types of loans include start-up capital and working capital

Coop sub-contracting

- Marketing, bookkeeping, digital media, graphic design

Table 2 : Technical assistance services

Education & Training

- Curriculum development for initial and specialized trainings
- Conduct 12-week training to prepare for business launch
- Hard skills training in the work of the business enterprise
- Startup Roadmap webinar - held monthly
- Introductory training on governance and management, including helping a group decide how it will manage and govern itself.

Interfacing with support systems

- Resource development/finding technical assistance partners
- Outreach/recruitment of members
- Vetting applicants for membership
- Pro bono legal services for start up businesses and nonprofits

Relationship building

- Establishing group norms for the cooperative
- Setting up leadership roles: defining, training and supporting founding members
- Establishing/creating policies
- Establish initial Job Roster protocol for job assignments

Financial Support

- Low-interest loans to worker cooperatives, coupled with on-going technical assistance. Types of loans include expansion capital and working capital.

Marketing

- Messaging and branding for the business
- Set up phone, website, email
- Develop publicity strategy

Activities Report

Building an Ecosystem of Support

This year has been one of consolidation and alignment for the Initiative members. As the rate of cooperative development increased, developers have been working more closely and intentionally with technical assistance providers to start, expand and grow new businesses. These partnerships have a multiplier effect on the quality and impact of services. Partnerships also ensure that cooperatives are introduced to the wealth of services at their disposal from the earliest stages of their business development. In addition, a number of organizations participating in the Initiative made a concerted effort to contract the services of local cooperatives in the course of developing cooperatives.

Education and outreach activities undertaken by the Federation of Protestant Welfare Agencies, the Democracy at Work Institute, and numerous Initiative members have further served to increase the City's agencies and institutions' understanding of worker cooperatives. This outreach by the Initiative has catalyzed new collaborations and resulted in the forming of new partnerships, leading to:

- Coop 101 sessions presented with NYCHA REES,
- Seven "10 steps to starting a cooperative" presentations at SBS' Business Solution Centers in Lower Manhattan, Harlem and the Bronx,
- The development of collaborative research with CUNY & Rutgers, and
- The development of programming with workforce development organization NYCET&C and SBS' Business Development Division.

This work built the foundation the Initiative's efforts will rest upon for the coming years. It began to forge the complementary business support networks and market connections, as well as essential policy and advocacy partnerships and cooperative education opportunities to continuously broaden the range of our audience and allies.

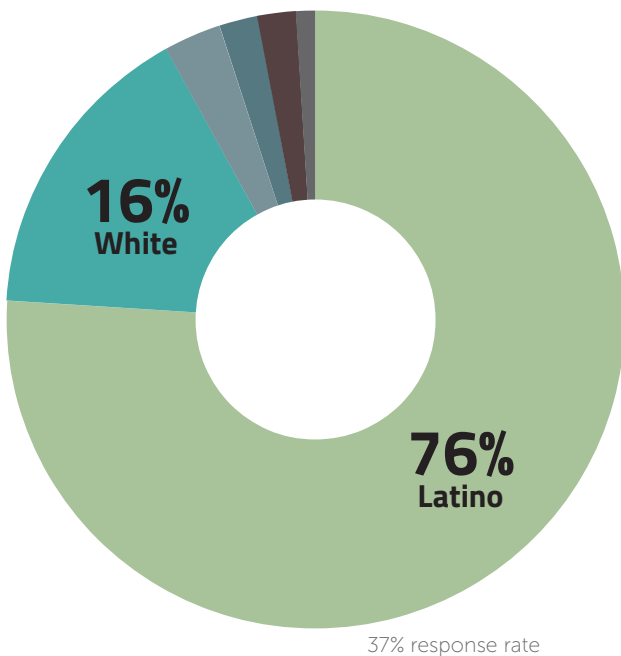
Local Impact of the Initiative

Over the course of FY15, the Initiative supported 21 startup groups through to the beginning of their operations. These new cooperatives will, over the course of the following years, grow the number of quality jobs in 11 industries (Table 3).

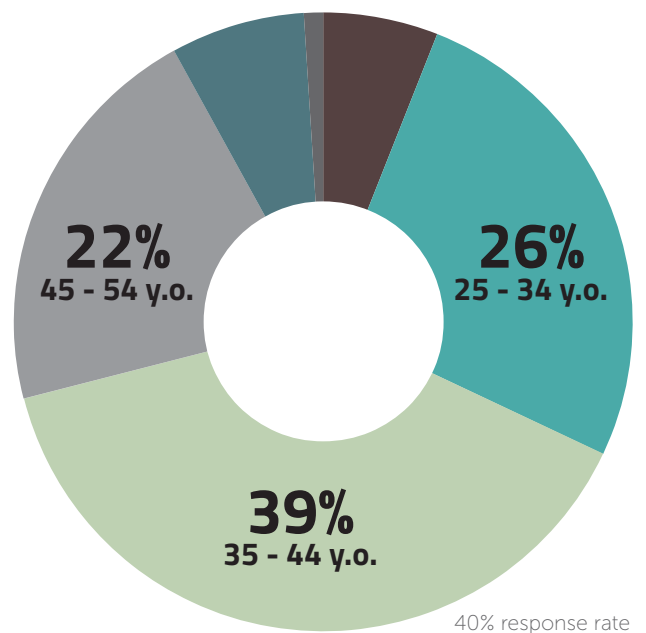
In April 2015, the Initiative undertook an extensive survey of cooperative members and entrepreneurs who had received training from Initiative organizations. 455 individuals provided geographic data resulting in the per-district breakdown of cooperative members and members-to-be in Table 4.

The information shared by respondents confirmed that our work is reaching those for whom worker ownership can have the highest impact. 77% of the entrepreneurs and cooperative members we reached in FY15 are women, 76% are Latino.

**Coop Members
Ethnic Background**



**Coop Members
Age Range**



**Coop Members
Gender Distribution**

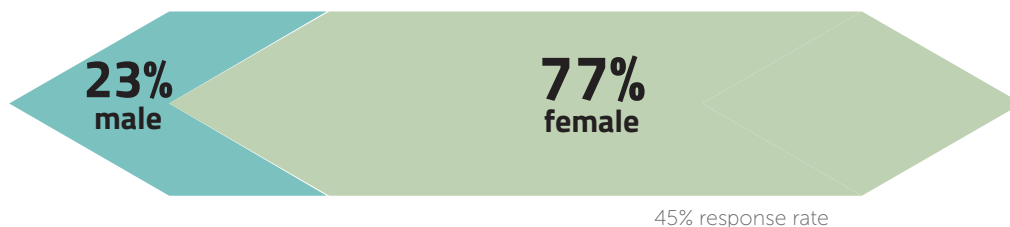


Table 3 : Cooperatives Created by Industry - July 2015

#	Industry*	Start-up Cooperative
4	Management and Remediation Services	Damayan Office Cleaning Coop
		On Point Security
		Thoroughbred Pest Control
		Vokashi
4	Manufacturing	7th Bone
		La Mies Cooperative Bakery
		POLIDO
		Syllable
2	Other Services (except Public Administration)	Bio Classic Cleaning
		Diaspora Destination
2	Accommodation and Food Services	B'klyn Burro
		Bits and Bites
2	Construction	Handiwork Coop (United Handymen Coop)
		Technum Refrigeration Services
2	Educational Services	A.C.T.O. for Safety
		Sunset Scholars
1	Arts, Entertainment and Recreation	Samamkaya Back Care and Scoliosis Yoga
1	Professional, Scientific and Technical Services	KALUK Services
1	Real Estate and Rental Leasing	Gabel Consultants
1	Retail Trade	Voces Latinos Manos Unidos y Creativas
1	Wholesale Trade	Milk Not Jails

*North American Industry Classification System

Table 4 : Cooperative Members per District - May 2015

District #	# coop members	District #	# coop members
1 Manhattan	11	27 Queens	0
2 Manhattan	4	28 Queens	6
3 Manhattan	7	29 Queens	5
4 Manhattan	3	30 Queens	3
5 Manhattan	0	31 Queens	14
6 Manhattan	4	32 Queens	9
7 Manhattan	13	33 Brooklyn	15
8 Manhattan	0	34 Brooklyn	23
9 Manhattan	3	35 Brooklyn	20
10 Manhattan	13	36 Brooklyn	15
11 Bronx	1	37 Brooklyn	1
12 Bronx	1	38 Brooklyn	101
13 Bronx	0	39 Brooklyn	34
14 Bronx	4	40 Brooklyn	11
15 Bronx	3	41 Brooklyn	8
16 Bronx	2	42 Brooklyn	3
17 Bronx	0	43 Brooklyn	6
18 Bronx	15	44 Brooklyn	14
19 Queens	1	45 Brooklyn	3
20 Queens	4	46 Brooklyn	7
21 Queens	10	47 Brooklyn	6
22 Queens	4	48 Brooklyn	2
23 Queens	0	49 Staten Island	3
24 Queens	7	50 Staten Island	5
25 Queens	17	51 Staten Island	0
26 Queens	14		
		Total # coop members	455
		Total # districts represented	44

Where Our Worker Cooperatives Are Located



District #		# coops created
2	Manhattan	1
3	Manhattan	2
10	Manhattan	1
14	Bronx	1
15	Bronx	1
18	Bronx	4
22	Queens	1
25	Queens	2
31	Queens	1
33	Brooklyn	1
34	Brooklyn	1
38	Brooklyn	2
39	Brooklyn	1
43	Brooklyn	1
Total # coop members		20
Total # districts represented		14

District #		# coops created
10	Manhattan	1
14	Bronx	1
15	Bronx	1
18	Bronx	1
21	Queens	1
25	Queens	2
31	Queens	1
33	Brooklyn	6
35	Brooklyn	2
38	Brooklyn	5
39	Brooklyn	2
40	Brooklyn	2
41	Brooklyn	1
Total # coop members		26
Total # districts represented		13



Looking Forward

Renewed by the announcement of the Initiative's enhancement to \$2.1M, the New York City Worker Cooperative Coalition convened its first annual strategic planning retreat on July 15 & 16. The group discussed how they could capitalize on the strengths of this inaugural year and learn from its challenges. Productive conversations lead to planning those key work areas that will allow the Initiative, now 14 groups strong, to have a deeper impact during this second year. This includes:

- working to secure sustainable streams of funding for the Initiative organizations' ongoing work,
- increasing the quality and intensity of communications and outreach, notably to galvanize new allies, members and leaders,
- engaging in more intentional collaboration between Initiative members, and
- strengthening the responsiveness and coordination role of the Initiative's co-lead organizations.

These four core areas of work will allow the development work to be couched in a stronger network of support, thus enabling the long term success of the cooperatives the Initiative develops.

The Initiative is also working to grow the partnerships it initiated in FY15. Groups will continue to collaborate with organisations around the City who can leverage their work and guide them as they build a stronger worker cooperative economy. These include CHCA, a cooperative beacon in the NYC landscape, NYCHA-REES, NYCET&C, SBS Business Development Division and the numerous groups who have expressed interest in aligning with our work.

We look forward to a second year focussed on consolidation, growth and partnership-building with the numerous allies the Initiative has connected with in this inaugural year.



New York City Worker Cooperative Initiative

Prepared by Stephanie Guico
July 31 2015