**WORKERS EQUITY (W.E.) FUND**

With the W.E. Fund framework, people can invest in an asset with an intention of giving the equity back to the workers of the investment.

### What is a private equity fund?

A private equity fund is a vehicle for private investors to pool together money in order to purchase a business, property or a revenue producing asset to create a return for themselves. It’s a private equity fund because the return is going back to the private investors.

In a worker’s equity model, the return goes back to the worker, hence the name — Workers Equity Fund.

### How the Workers Equity Fund Works

#### Abiodun needs to figure out how to get funded.

Abiodun Henderson is the founder of Gangster to Growers (G2G), an Atlanta based company that makes Sweet-Sol hot sauce and aims to help employ formerly incarcerated youth. Abiodun works with the Village Micro Fund to acquire capital that will be used to pay a consistent team and to purchase necessary equipment.

Most small businesses can’t just go and get a bank loan and you have to pay a loan back. That’s where equity investments come into play.

#### Private Equity Fund

- **Corporation (Small Business)**: Produces and consumes products, provides income and creates jobs.
  - Equity: Owned by shareholders.
  - Debt: Owned by creditors.

- **Buy Side (Private Equity Fund)**: Creates liquidity. Gives people who have assets cash in exchange for the asset.

- **Sell Side (Investment Bank)**: Connects buyers and sellers. Underwrites value to create markets. Acts as trusted 3rd party.

#### Limitations

- **For Small Business Owners**: 
  - Investors only care about short term profit.
  - You could lose control of your company.
  - Your perceived value is greatly influenced by investor bias.

- **For Employees**: 
  - A private equity fund goal is to maximize profits and cut losses.
  - A lot of times those losses refer to employees.

- **For Investors**: 
  - This is an unsustainable model.
  - Only 3 out of 20 businesses that you invest in will produce a return.

### Workers Equity Fund (WE Fund)

#### 1. The Workers Equity Fund purchases a share of the business

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  - Equity: Owned by shareholders.
  - Debt: Owned by creditors.

- **Employee Union**: An employee union for the purchase of equity, successfully forming a worker-owned co-op.

- **Community**: A sustainable way of investing.
  - Healthy ecosystems that you can continue to invest in the long term.
  - Businesses that you invest in have a higher likelihood of surviving.

### Benefits

- **For Small Business Owners**:
  - Get the money that you need.
  - Have employees that care more about your business.
  - Succession planning.

- **For Employees**:
  - Get equity in the company and an opportunity to build wealth.
  - Feel like your business cares about you and you in turn care about your business.

- **For Investors**:
  - Sustainable way of investing.

Abiodun decides to use a Workers Equity Fund. Within 5 years, G2G scales and sells its products in Kroger, Whole Foods, and other grocery stores nationwide. Investors are ecstatic because they see a return on their investment; they did a good thing and did well. The youth who are employed by G2G own a portion of the company.

The Workers Equity fund is a standard practice in the finance world, as private equity funds are today.