

## **Essential Characteristics of a Worker Cooperative**

### **12 July 2009**

- Worker-owners share a passion about the particular products and services they offer and organize their business to provide products and/or services that are of value to the people in the larger community. The profits generated by this business are used to benefit the worker-owners and the larger community.
- Only employees of the business are eligible to become owners. The key is that all members own the business EQUALLY, regardless of the number of shares issued. The business is structured to support EQUAL ownership.
- When a new employee comes on board, he/she is given a thorough introduction to the principles of worker-ownership.
- New employees are required to become worker-owners after an explicit period of time on the job. This time frame should be declared in a formal document and should be based upon the needs of the existing members. Financial, operational and other mechanisms are in place to facilitate this process.
- All information about the company's progress, its financial data and management reports are freely available to all worker-owners in a systematic and organized way. Time and resources are spent to educate worker owners in the intricate details of these matters.
- The worker-owners elect a Board of Directors. This Board is responsible to the worker-owners and to the larger community. The Board hires professional management to run the day-to-day affairs of the company. The management is responsible to the Board and the Board is responsible to the worker-owners and the larger community.
- Worker-owners and professional managers need to learn new skills and attitudes which serve this new paradigm and discard what does not work.
- Elections are conducted on the basis of one share/one vote with each worker-owner owning an EQUAL number of shares.
- A portion of the firm's profits are earmarked for the education and training of worker-owners in technical and management skills.
- Significant time is spent learning together the skills needed to run a business, the skills needed to create democracy in the workplace and cross-training in different job functions.

- Everyone understands that we are doing something radically different than the dominant paradigm and are committed to learning new skills and attitudes as well as discarding what does not work.
- Everyone is committed to learning both a communication process such as Nonviolent Communication and an interactive problem solving modality such as Feedback Learning in our adventure for positive personal and social transformation.
- It is critical that the Board of Directors tackle the set of issues associated with value, equity and business finances. This is the single most challenging issue facing worker-owned businesses and needs to be handled very carefully. It might be advisable for the Board to get expert help in this area. It is VITAL that ALL worker-owners understand all of the mechanisms, processes and procedures regarding value, equity and business finances and be in agreement about them.
- When an employee leaves or retires he/she sells the shares back to the worker cooperative; which in turn sells the shares to new worker-owners in accordance with the mechanisms, processes and procedures regarding value, equity and business finances. (See above)

## **Bibliography and Resources**

**Grassroots Economic Organizing Newsletter (GEO):** [www.geonewsletter.org](http://www.geonewsletter.org)

**Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex** by William Foote Whyte and Kathleen King Whyte. 1988, Industrial & Labor Relations (ILR) Press, Cornell University, New York.

**When Workers Decide: Workplace Democracy Takes Root in North America**, ed. Len Krimerman and Frank Lindenfield. 1992, New Society Publishers, Philadelphia, PA.

**Putting Democracy to Work: A Practical Guide for Starting and Managing a Worker-Owned Business, Revised Edition** by Frank T. Adams and Gary B. Hansen. 1993, Co-Published by Berrett-Koehler Publishers, Inc., San Francisco and Hulogosi Communications, Inc., Eugene, OR.

**Nonviolent Communication: A Language of Life, 2nd Edition** by Marshall Rosenberg, Phd. 2003, PuddleDancer Press, Encinitis, CA.

**Nonviolent Communication Companion Workbook** by Lucy Leu, Certified NVC Trainer. 2003, PuddleDancer Press, Encinitis, CA.

**We the People: Consenting to a Deeper Democracy A Guide to Sociocratic Principles and Methods** by John Buck And Sharon Villines. <http://www.sociocracy.info>

## **Other Resources**

**Complementary Economics and Sustainable Economies:**

<http://www.skaggs-island.org/sustainable/awcomplementaryecon.html>

**Jeff Gates – The Shared Capitalism Institute:**

<http://www.sharedcapitalism.org/>

**Paul Hawken – Natural Capital Institute:**

<http://www.naturalcapital.org/>