



AMERICAN MUNICIPAL POWER-OHIO GREEN MOUNTAIN ENERGY WIND FARM NEAR BOWLING GREEN. PHOTO | BEN FRENCH

features



EVERGREEN COOPERATIVE LAUNDRY IN NORTHEAST OHIO. PHOTOS
JANET CENTURY

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DOUGLAS TRATTNER

THURSDAY, DECEMBER 03, 2009

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"Compared to all the different community development programs we've tried over the years," says India Pierce Lee, Program Director with the [Cleveland Foundation](#), "Evergreen Cooperatives leaves me more optimistic about opportunities for change than anything else I've seen. This is a paradigm shift in how to create community wealth in a way that will have a real effect on employees."

What is already being referred to nationwide as the "Cleveland Model," [Evergreen Cooperatives](#) seeks to create living wage jobs by launching a network of employee-owned businesses that will leverage the procurement power of the city's largest medical, educational and cultural institutions. Not only will these new businesses help prevent billions of dollars from leaving the city, they will do so using the latest "green" practices in construction, production and operation.

Despite being home to the region's premier hospitals, universities and museums, University Circle is surrounded by desperately poor neighborhoods. Programs designed to revitalize these adjacent neighborhoods have included job training, mortgage assistance, and infrastructure improvements. But without quality jobs, real progress is unattainable. The average household income in places like Hough, Fairfax and Buckeye is a woeful \$18,000.

"Preparing people for \$8 an hour jobs as a strategy is not enough," says Lillian Kuri, also with the Cleveland Foundation. And neither, it seems, is attempting to attract large private corporations with the promise of tax breaks. "We needed a new model, and we believe we've come up with one that over time not only can stabilize Cleveland, but serve as an example for other regions to adopt."

Asked to help develop a strategy, Ted Howard, executive director of [The Democracy Collaborative](#) at the University of Maryland, zeroed in on the aggregated budgets of Cleveland's largest institutions. Anchor institutions like the Cleveland Clinic, Case Western Reserve University, and University Hospitals spend over \$3 billion per year on

goods and services. Almost none of that money stays in the community.

"The leaders of these institutions were very eager to do business locally," Howard notes. "But there were no

Almost none ever manage to turn a passion for home brewing into a viable enterprise. Matt Chappel appears to have bucked those odds.

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suitable businesses present. We uncovered dozens of possible business opportunities that could be developed to prevent the money from leaking out."

Once those opportunities were identified, the team focused on the form those businesses might take. Employee-owned companies, they decided, would allow workers to accumulate real life-changing wealth and equity, while providing the added benefits of traditionally higher productivity and lower turnover. The project team was tremendously fortunate to receive assistance and expertise from the nearby Ohio [Employee Ownership Center](#) at Kent State University, the leading expert in employee ownership.

Making these companies "green," adds Howard, would prove to be much more than just a feel-good proposition. "These large institutions have all made serious commitments to shrink their carbon footprints," he explains. "It is a competitive advantage to be able to say to them that by choosing an Evergreen company, not only will you get a competitive product and price, you will immediately shrink your carbon footprint."

Suitable businesses not only have to be green, they have to be good.

Potential ideas were vetted to determine marketability, profitability and viability. Each needed to employ at least 50 workers, and, over the course of seven or eight years, earn that person about \$65,000 of equity in the company. The intent is to create profitable businesses that not only pay back their start-up loans, but also contribute to a fund that seeds additional startups in the cooperative.

Offering the perfect illustration of the plan in action is the [Evergreen Cooperative Laundry](#), which opened in October. When it was learned that the new Cleveland Veterans Administration Medical Center would need to find a commercial laundry facility, a feasibility study was conducted to evaluate the opportunity. It revealed that not only was demand for laundry services strong, but that these businesses generate healthy profits for their owners, making it a suitable business plan.

Next to open will be Ohio Solar Cooperative, which will perform large-scale solar panel installations on the roofs of Cleveland's largest nonprofit institutions. In winter, the company will perform weatherization services on area homes and businesses. Then, by early 2011, Green City Growers hopes to harvest five to six million heads of lettuce per year from its five-acre hydroponic greenhouse, netting cash that otherwise would be outward bound.

Within five years, Evergreen hopes to have 10 businesses providing approximately 500 living-wage jobs. And down the road? It isn't unrealistic to imagine a future network of 75 companies employing close to 4,000 people.

It wouldn't be unprecedented. This entire model is inspired by the Mondragon Cooperatives, an

interconnected web of employee-owned businesses in the Basque region of Spain. What began some 50 years ago with one business and a handful of workers has mushroomed into a network of hundreds of companies employing over 120,000. To say that the cooperatives of Mondragon turned around an entire region of Spain would be an understatement.

"That area of Spain 50 years ago was poorer than Cleveland is today and had lower education rates," explains Kuri. "Much like they did in Mondragon, Evergreen is a long term proposition designed to stabilize an entire region."

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