

Kent State University's John Logue was pioneer in economic development -- Karen Thomas

By Plain Dealer guest columnist

December 18, 2009, 3:00AM

By Karen Thomas

Kent -- Kent State Political Science Professor John Logue, who died earlier this month at age 62, two days after being diagnosed with a virulent form of cancer, was a pioneer of employee ownership as an economic development strategy for Ohio.

Starting in the 1980s, he worked with many others to pioneer a partnership-based model for cost-effective, sustainable economic development using employee ownership to avert the shutdown of otherwise viable firms and providing an ownership succession strategy in small business to retain good jobs for Ohio workers.

This strategy to promote employee ownership has had a positive impact on Ohio's economy and inspired others nationally and internationally.

Logue started the Ohio Employee Ownership Center at Kent State University in 1987 to provide information, initial technical assistance to business owners and employee buyout groups, and assistance in improving the performance of existing employee-owned firms.

By unanimous vote of the Ohio legislature in 1988, the Ohio Employee Ownership Assistance Program was formally established as one tool in Ohio's economic development toolbox. These tools are designed to develop and provide information to promote the establishment and successful operation of employee-owned companies; to assist in the evaluation of employee buyouts determined to be feasible, including assistance in obtaining financing; and to provide assistance and counsel in the operation of employee-owned firms.

Ohio's employee ownership toolbox now includes the Small Business Succession Planning Program, launched in 1996; Ohio's Preliminary Feasibility Assessment Program, part of Ohio's Rapid Response unit which responds to federal Worker Adjustment and Retraining Negotiation Act notices of facility closures with assistance in exploring whether a transition to employee ownership will keep the doors open and save jobs; and the Ohio Treasurer's Linked Deposit Program, which provides lending support to small businesses for stabilization and growth through employee ownership.

In 2005, the OEOC pioneered a new model for retiring owners selling small companies to their employees through a cooperative, allowing a tax deferral on the capital gains tax comparable to the tax break the seller would have obtained by a sale to employees through an employee stock ownership plan.

In 2008, the OEOC helped launch the Greater University Circle Initiative model, including the start-up of worker-owned cooperatives that employ low-income residents and provide goods and services to neighborhood hospitals and universities. The worker-owned Evergreen Cooperative Laundry and Ohio Cooperative Solar that Logue helped launch in October to employ inner-city residents were part of that initiative.

Kent State and the Ohio Employee Ownership Center have hosted international visitors and collaborated on international exchanges to further the work in employee ownership. In 1991, a technical exchange agreement was established between Kent State University and leaders of Russia's economic reform initiative to adapt the U.S. experience to their privatization efforts, which eventually supported business development centers at state universities in several regions of Russia.

With initial help from the Ford Foundation, the Ohio Employee Ownership Center helped launch the Capital Ownership Group, a global Web-based discussion center and electronic library, as one of the first international sources of information on employee ownership.

The OEOC has assisted groups in Vermont, New York and Indiana, among many other states seeking to develop employee ownership programs. A recent project, funded with the U.S. Department of Agriculture, provides help in using employee ownership in rural Ohio for business ownership succession.

Just last week, we received the news that the Australian Employee Buyout Centre in Sydney, which is modeled on and was

mentored by John Logue and the OEOC team, was officially established the day after his death.

Thomas is coordinator at the Ohio Employee Ownership Center of a network of 80 employee-owned companies in the state.

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