

## **Evergreen Cooperative Corporation: Transforming Lives and Neighborhoods Through Community Wealth Building**

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### **Abstract**

Evergreen Cooperatives, based in Cleveland, Ohio, has pioneered a transformative approach to community wealth-building through employee ownership. By fostering a network of worker-owned cooperatives, Evergreen empowers employees to build wealth, strengthens community resilience, and addresses systemic social and economic inequalities. Since its founding in 2009, initiatives like the Evergreen Cooperative Laundry have demonstrated the resilience and potential of this model, generating significant financial benefits for employee-owners and revitalizing local neighborhoods. Expanding beyond start-ups, Evergreen's Fund for Employee Ownership focuses on converting existing businesses into employee-owned enterprises, creating sustainable models of shared prosperity. Through these efforts, Evergreen not only supports business succession but also promotes broader economic stability. By developing metrics to measure its impact, Evergreen advances the employee-ownership movement as a vital strategy for fostering equitable economies and strengthening communities.

### **Introduction**

Evergreen Cooperatives, located in Cleveland, Ohio, has been transforming lives and neighborhoods through employee ownership by creating a growing network of worker-owned cooperatives. This community-wealth-building initiative has created ripples of impact on Cleveland area business owners, employees, and the neighborhoods in which they live and operate. Employee ownership is a formative solution to today's social and economic inequalities, providing quality jobs, empowering workers to build wealth, and strengthening community resilience. It's not just a business model—it's a pathway to shared prosperity and lasting stability. It builds transformational tides, collectively creating a foundation for a more equitable economy.

A study by the Exit Planning Institute found that 75% of business owners plan to exit their businesses within the next decade. This wave of transitions, often referred to as the *Silver Tsunami*, exposes significant business and economic challenges. Half of the exiting business owners have no clear succession strategy, jeopardizing their legacy, employees, and the stability of their communities. These exiting business owners have led to a dynamic flow of opportunity for fund managers, developers, and consultants in the employee-ownership field to drive the conversion of businesses into employee-owned companies, highlighting the significant benefits of shared ownership and economic empowerment.

At Evergreen Cooperatives, we understand the challenges small businesses face, and we have integrated multiple strategies to create our network of worker-owned cooperatives. In 2007, the Cleveland Foundation brought together influential anchor institutions, including leading healthcare and educational organizations, to explore innovative ways to create wealth-building opportunities in the city's economically distressed neighborhoods. This collaboration sparked a powerful vision to drive economic opportunity for low-income residents while promoting community stabilization and revitalization. Between 2009 and 2013, several start-ups were launched, including Evergreen Cooperative Laundry, Evergreen Energy Solutions, and Green City Growers. These businesses were founded as worker cooperatives, giving employees in under-resourced communities the opportunity to own and profit from their work.

With a staggering number of startups failing, Evergreen has faced its share of challenges navigating economic shifts and market fluctuations. As such, Evergreen Cooperative Laundry (ECL) stands as the only operational startup remaining in our portfolio. Founded in Cleveland's Glenville neighborhood, ECL has experienced remarkable growth and now operates another larger facility nearby in the Collinwood neighborhood, owned by the Cleveland Clinic. Employing 200 workers, 100 of whom are employee-owners, ECL has built a thriving business processing over 20 million pounds of laundry a year for the Cleveland Clinic and other healthcare facilities. Over the past four years, the employee-owners have earned an annual profit-sharing of approximately \$9,000 and received comprehensive health benefits and access to a 401(k)-retirement plan. ECL's success not only demonstrates resilience but highlights the power of employee ownership in driving long-term impact and stability.

As Evergreen evolved, we sought innovative ways to encourage more business owners to embrace employee ownership as a viable exit strategy. In 2019, Evergreen Cooperative Corporation was one of only four national nonprofits chosen to receive a meaningful philanthropic donation from the Kendeda Fund. This initiative, known as the "BIG BET," aimed to advance awareness and adoption of employee ownership. Leveraging this opportunity, Evergreen strengthened its wealth-building mission by launching the Fund for Employee Ownership (the Fund). The Fund is dedicated to acquiring existing businesses, transitioning them to employee ownership, and supporting their success through financing, strategic planning, governance, and employee-owner training.

Shifting our focus from startups to converting established local businesses has enhanced our original anchor institution model. Leveraging \$10 million in social impact investments, we have converted six local businesses in Cleveland's low-to-moderate-income neighborhoods. The

Evergreen Network of worker-owned cooperatives are 80% majority-owned and democratically operated by their employee members. This dynamic network of cooperatives fosters mutual support and provides unique group benefits, strengthening each business while empowering its employee-owners. The Fund has converted businesses in many industries, from a multi-location coffee business to an electronics manufacturer. In all, these converted companies represent 100 employees, of whom 80% are employee-owners. They leverage similar benefit structures and boast annual profit sharing and patronage of over \$10,000 per employee-owner.

## THE EVERGREEN COOPERATIVES



The Evergreen Cooperative Network is comprised of employee-owned businesses. As of January 2025, the Evergreen Cooperative Network consists of six (6) businesses located in Northeast Ohio.

The Fund for Employee Ownership has achieved a self-sustaining model and reinvests its principal into new employee-ownership ventures. This approach is vital to our mission of strengthening the local economy by creating quality jobs through employee ownership.

Over the past five years, the flow of capital into employee ownership has been largely philanthropic, while efforts to draw support from government and private funders have remained a significant challenge— especially for funds focused on small businesses. In contrast, ESOP (Employee Stock Ownership Plan) funds, which typically target mid-market companies, have garnered more attention and support from funders. However, employee ownership can be transformative for smaller businesses, too, offering long-term, life-changing benefits to workers.

A key priority for organizations in the employee-ownership field is demonstrating the measurable impact it has on businesses, workers, and the communities they sustain. As a powerful tool for addressing social and economic inequalities, developing and collecting meaningful impact metrics is essential to highlighting the benefits of employee ownership. However, the field lacks standardized methods for data collection, resulting in inconsistent impact reporting.

At Evergreen, we are committed to addressing this gap by focusing on understanding and measuring our impact across core categories over time. As Evergreen grows its network of worker cooperatives—both through start-ups and conversions—we have the distinct advantage of access to these data points from our cooperatives. This enables us to track and report long-term impacts more effectively. As the field of employee ownership grows and access to capital remains competitive, we recognize the importance of consistent data to showcase our growth trajectory and highlight the vital role employee ownership plays in strengthening America's workforce.

To establish a meaningful comparison, it is crucial to understand the broader economic and labor landscape. To this end, we have identified existing reporting systems and organizations that analyze both the employee ownership sector and the general labor market. Building on the Aspen Institute's definition of a "Good Job," which emphasizes worker satisfaction in three core areas—Economic Stability, Economic Mobility, and Equity, Respect, and Voice—Evergreen seeks to establish additional metrics specific to the employee ownership sector to define a "Quality Job." These additional metrics will include areas such as democratic governance, economic inclusion, and generational wealth. Additionally, we will track community wealth-building separately to emphasize the role of employee ownership in driving community stabilization and revitalization.

Evergreen remains committed to its mission and takes pride in its expanding workforce. As we seek new businesses to join our network, we recognize the impact that quality jobs have on individuals and the broader community, driving positive change for our local economies. For employees, it offers a pathway to financial security, career growth, and a sense of pride in their work. Communities benefit as wealth stays local, fostering economic stability, job retention, and stronger connections among residents. For business owners, transitioning to employee ownership ensures their legacy endures while empowering workers to invest in the company's future. Together, these elements create a thriving ecosystem where businesses, employees, and communities grow and succeed in harmony.