

{ Project **Equity** }

CREATING STRONG PARTNERSHIPS:
GROWING EMPLOYEE OWNERSHIP

2022

YEAR IN REVIEW

*Maria Sanchez, worker-owner
at Promotoras Activas SF*





Westbrae Nursery, transitioned to employee ownership in 2022

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As Project Equity approaches its 10th anniversary, we have been reflecting on the remarkable changes in the employee ownership field since we began.

Over the last decade, we've seen employee ownership evolve from a niche business model to a broader wealth-building strategy for Black, Brown, and low-to-moderate income workers.

This shift in narrative is the result of the combined efforts of many organizations across the numerous sectors that make up the employee ownership field. I am immensely proud of the work that Project Equity has done to help advance this movement. We've elevated employee ownership as a succession strategy for the Silver Tsunami of retiring business owners, a productivity strategy for small to middle market businesses, and an economic development strategy for localities nationally.

Over our past fiscal year, we've furthered our work through strong regional partnerships in areas across the country with densities of Black and Latiné workers. We've put employee ownership on the agenda for wealth-building, economic empowerment, business retention, and quality job creation in some of the largest cities in America, including Atlanta, Chicago, and Los Angeles.

We dreamed big: We helped to pass legislation to support employee ownership at the state and federal levels that has the potential to bring economic mobility to hundreds of thousands of workers. We co-led the country's first national employee ownership awareness campaign. We teamed with Morehouse College to publish groundbreaking research into the power of employee ownership to support Black wealth building. We held our inaugural Employee Ownership Equity Summit, bringing together leaders from across the country to make plans to build supportive regional ecosystems.

At the same time, we never lost sight of the power that employee ownership has to change lives, one worker at a time. Our dedicated team guided businesses through transitions to all three major forms of broad-based employee ownership—worker cooperatives, employee ownership trusts (EOTs), and employee stock ownership plans (ESOPs)—helping with everything from crafting bylaws to securing financing to make their transitions possible. And we kept supporting

these newly employee-owned companies after their transitions, because we know that ownership is a journey, not a switch to be flipped. We got to share in the personal joys of employee-owners becoming debt-free, buying homes, or simply enjoying the satisfaction of having a voice in their businesses' direction and a genuine stake in their success.

All of this progress is in service of our mission to foster economic resiliency by demonstrating and replicating strategies that achieve both deep impact for Black, Brown, and LMI workers and scale for employee ownership as a normalized part of the business ecosystem that maintains thriving communities.

We invite you to share in our successes of the past year and to join us in the years ahead as we, alongside our partners, strive to create 2 million worker-owners by 2026 through the Employee Ownership Accelerator Campaign in order to strengthen small businesses, create quality jobs, and close the racial wealth gap.

Warmly,



Evan Edwards
CEO, Project Equity



*Project Equity leadership team from left to right
Evan Edwards, Hilary Abell, Stacey Smith and
Alison Lingane*

At Project Equity, we envision a more equitable society where employee ownership is a preferred business model that strengthens small businesses, creates quality jobs, and builds wealth for Black, Brown and low-income workers.

We have a complex mission: to foster economic resiliency by demonstrating and replicating strategies that have deep and meaningful impact for workers and that help to scale employee ownership nationally. To achieve it, we must build strong partnerships with multi-sectoral stakeholders and trusted business advisors within communities across the country.

We're excited to share national highlights of our work from January 2022 through March 2023* and to lift up stories of impact in the West, Central, and South regions.

*We recently switched fiscal years from January-December to April-March. As such, this report includes our most recent fiscal year, and the quarter that preceded it.



Our impact at a glance

January 2022 through March 2023

5,045

Stakeholders
educated

255

Businesses
advised

48

Businesses
provided with
technical assistance

1,337

Workers at
these businesses

Position



*Pedro Campos,
employee-owner
at Westbrae Nursery*



Hilary Abell, Co-founder, Chief Policy and Impact Officer and Alison Lingane, Co-founder, Chief Innovation and Investment Officer
Photo: Joshua Franzos



HEINZ AWARD

“Hilary and Alison have catalyzed a movement that is having transformative, multigenerational impact for workers, their families and their communities. By significantly increasing awareness and uptake of employee ownership, they are helping to create resilient companies where employees have agency, economic stability and the opportunity to build wealth by sharing in the profits generated by their hard work.”

- Teresa Heinz, Chairman, Heinz Family Foundation

Project Equity co-founders Hilary Abell and Alison Lingane were awarded the prestigious Heinz Award for their leadership in the movement to create better jobs and a fairer economy by advancing employee ownership.



EMPLOYEE OWNERSHIP EQUITY SUMMIT

“Project Equity’s Summit brought together an incredible group of practitioners from all sectors working to advance opportunities for employee ownership. It’s clear that there’s a lot of momentum building in the space and we’re proud to be a partner in this work.”

- David Estrada, Senior Manager, eBay Foundation

In February 2023, Project Equity hosted our **Employee Ownership Equity Summit** which brought together over 150 leaders from around the country to exchange ideas and create action plans that harness the power of employee ownership to transform their communities. The Summit generated excitement and momentum for education and regional collaboration, which has resulted in the creation and advancement of regional initiatives within localities across the country.



Hilary Abell, Co-founder, Chief Policy & Impact Officer for Project Equity, speaking at the 2022 TEA National Conference in Washington, DC. Photo: The ESOP Association



POLICY INNOVATION

National Legislation

Project Equity participated in a California delegation during The ESOP Association (TEA)'s advocacy day to share knowledge on employee ownership and encourage legislators' support. These efforts (and others by TEA and many field leaders) led to passage of the **Worker Ownership, Readiness, and Knowledge (WORK) Act** within December's omnibus bill. As a result, the U.S. Department of Labor recently **launched an Employee Ownership Initiative** to support outreach, technical assistance, and training carried out by new and existing state programs to foster employee ownership and employee involvement practices. The Act also authorizes \$50 million in grants to fund such programs. Employee ownership was also included in the 2022 CHIPS and Science Act, through efforts led by the U.S. Federation of Worker Cooperatives.

Job Quality Toolkit

We garnered support for employee ownership at the federal level by serving on a task force that created the first-ever Job Quality Toolkit for the U.S. Department of Commerce. Not only is employee ownership explicitly named in the toolkit, but also the concepts of employee voice, profit sharing, and ownership culture are represented throughout. This toolkit has particular implications for Manufacturing Extension Partnerships that are funded by the Commerce Department and utilize its business success framework.



EDUCATION AND AWARENESS

Laura Flores, Senior Client Services Manager at Project Equity

EO Equals

Project Equity is a Governing Partner of a national brand campaign for employee ownership, EO Equals. This campaign, which we created in collaboration with Evergreen Cooperatives, Nexus Community Partners, The ICA Group, and The Kendeda Fund, introduces employee ownership to business owners who are looking for succession strategies or to simply improve performance. In 2022, EO Equals messages were seen over 16 million times, driving 94,000 visitors to employeeownshipequals.com where over 14,000 signed up to learn more.

Outreach

Project Equity continued to gain visibility in 2022 while simultaneously lifting up the field of employee ownership. We accomplished this through webinars and events, storytelling, data visualization, advertising, social media and earned media.

Overall, Project Equity's messages were seen over 17 million times in 8 markets around the country. Viewers engaged with those messages nearly 20,000 times. We grew our number of followers and subscribers by 12%.





“It was important to us that the people who do the work to make Hummingbird successful, our coworkers, are entrusted to carry the company forward and reap the rewards of their efforts.”

- Charlie Tilt, Hummingbird Wholesale

After 20 years in business, Charlie and Julie Tilt, owners of the Eugene-based organic food distributor Hummingbird Wholesale, transitioned their company to an Employee Ownership Trust (EOT) by selling 49% of it to their employees. This move ensures that Hummingbird will be owned and governed in a manner that is beneficial to the 48 workers and that the business legacy is preserved in perpetuity for current and future generations. Project Equity assisted Hummingbird throughout the transition process, including obtaining forgivable loan financing through Accelerate Employee Ownership—a collaborative initiative of Project Equity and Shared Capital Cooperative.



*Ben Moe, employee-owner
at Hummingbird Wholesale*



Employee-owners at Westbrae Nursery, from left to right: Anthony Vigil, Pedro Campos and Justin Georganas



WESTBRAE NURSERY

“The idea of employee ownership was a pretty easy decision. We all believe in this place, and we want to be here for a long time.”

- Justin Georganas, Senior Horticulturist and employee-owner

Project Equity has a long history of working with the City of Berkeley, California and assisting businesses in the area with employee ownership transitions. Westbrae Nursery first opened its doors in the 1930s. Over 90 years later, we helped owner Jeff Eckart transition the business to a worker cooperative to give staff the opportunity to own this community treasure. Project Equity assisted the Westbrae team to develop a clear roadmap, outlining the legal and financial steps required for the transition. This included conducting a financial feasibility study, creating new internal structures and establishing governance systems that ensure democratic participation.



PROMOTORAS ACTIVAS SF

“We could not be where we are and in the position that we are in right now without Project Equity.”

- Mercedes Garcia, worker-owner at Promotoras Activas

Project Equity continues to support businesses after their transitions to employee ownership through our **Thrive** program. This is typically a two-year process that focuses on ensuring that both the company and its employee-owners thrive.

One such organization served through this program last year was **Promotoras Activas SF** (PASF), which expands opportunities for affordable housing, health care, employment, scholarships and more to the area’s Spanish-speaking community. Project Equity worked with Mission Economic Development Agency to establish PASF with a cooperative structure that distributes profits equitably among all worker-owners. This has enabled many of their worker-owners—all immigrants and mostly women—to earn a regular paycheck for the first time since coming to the U.S., and to do it by helping their community.



Worker-owners at
Promotoras Activas SF



Hilary Abell of Project Equity with Ra Criscitiello and Bernadette King-Fitzsimons of SEIU-UHW / WORC Coalition and Garrett Jensen, then with Senator Josh Becker's office, in Sacramento in support of SB 1407



CALIFORNIA EMPLOYEE OWNERSHIP ACT

We recognize that engaging and activating policymakers is a key strategy for expanding employee ownership.

In 2022, Governor Gavin Newsom signed **SB 1407**—the California Employee Ownership Act—into law, making California the second state, after Colorado, to have a dedicated office of employee ownership, or a “hub” as it is called in the California bill. Project Equity was part of the Worker-Owned Recovery California (WORC) coalition that met with Senator Josh Becker and participated in a nine-month effort of drafting bill language, testifying at committee hearings, and engaging legislators and grassroots supporters. At each stage, the bill received unanimous bipartisan support.

California: IBank

The U.S. Small Business Administration (SBA) loan guarantee programs have opened up bank lending for small businesses writ large. However, SBA loans are inaccessible to many employee-owned businesses due to a personal guarantee requirement: which of the 20, 50 or 100 employee-owners should personally guarantee the loan? In contrast, the **California Infrastructure and Economic Development Bank (IBank)** does not require a personal guarantee—as long as the originating lender does not require it. We are proud to showcase the IBank guarantee’s potential for opening up employee ownership lending through our **Employee Ownership Catalyst Fund**, which successfully utilized it for a loan supporting an employee ownership transition in Berkeley, California and will do so for future California loans.

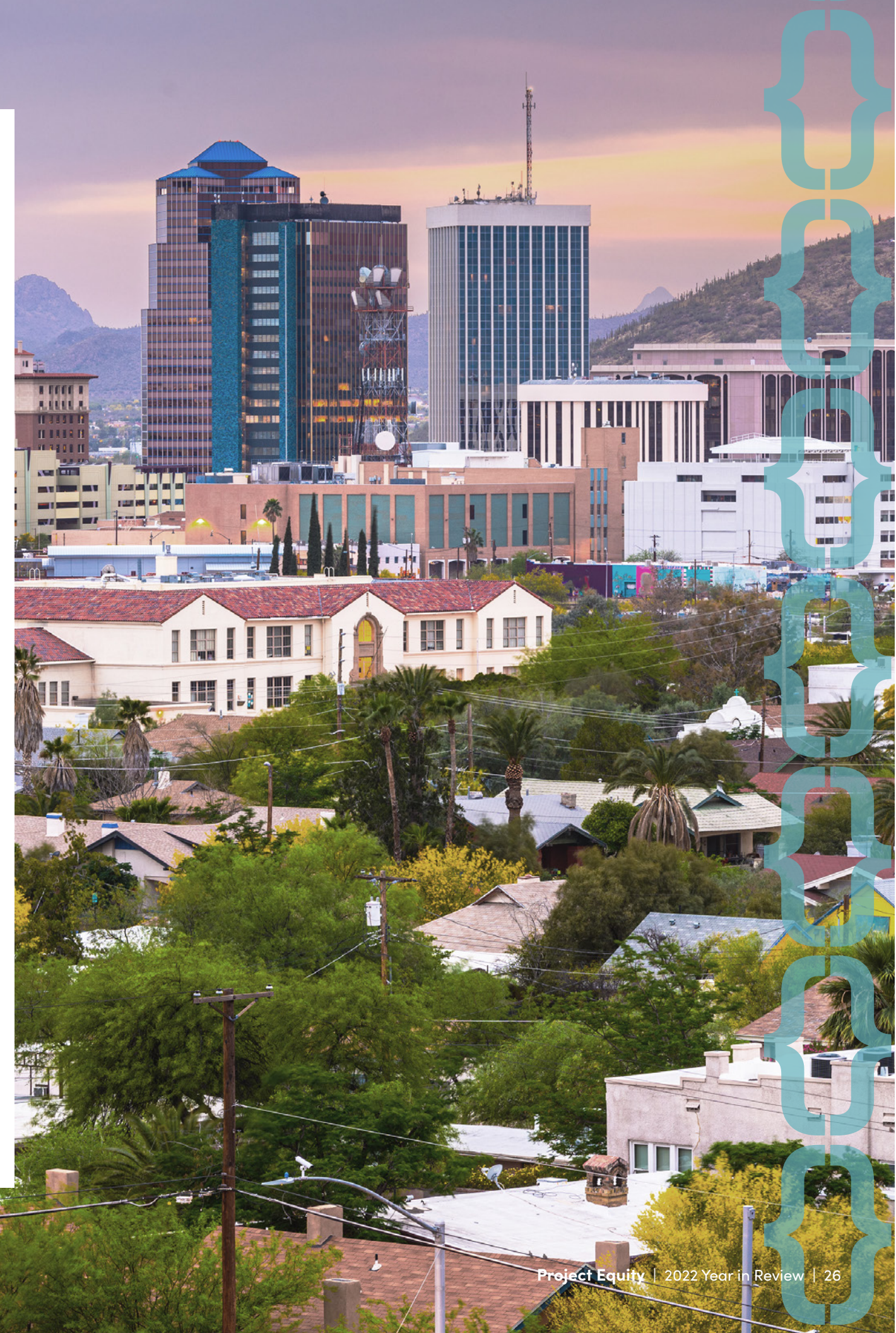
Arizona: Partnerships

We accelerated our work in Arizona in partnership with Local First Arizona (LFA)—presenting at the 2022 Good Business Summit to raise awareness of employee ownership and welcoming nine LFA members at our Employee Ownership Equity Summit in Oakland, California to generate ideas from stakeholders across the country on how to advance employee ownership in Arizona.

We also launched a partnership with the City of Tucson, our first contract **funded through the American Rescue Plan Act (ARPA)**, wherein we performed a data study of legacy businesses, hosted educational events for business owners, and conducted marketing activities. This resulted in multiple 1:1 consultations, 3 feasibility studies, and expanded work with the City to update their Small Business Enterprise program to be more accessible to employee-owned businesses.

Washington: Partnerships

Project Equity was instrumental in developing sustained, long-term infrastructure in the state of Washington. We helped the **Whatcom Community Foundation** convene and facilitate a group of organizations over a nine month period to create a plan for launching a state center for employee ownership. We also assisted this group with advocacy regarding state legislation to support employee ownership, which was unanimously passed with bipartisan support as **SB 5096** in May 2023. The next phase will be capitalizing on the momentum to launch the state center and inform implementation of the bill.





Our Black Employee Ownership Initiative is a cross-programmatic effort to reduce the racial wealth gap by supporting Black-owned businesses and businesses with Black workers to explore and transition to employee ownership.

To advance this strategy, we are expanding the available data about Black entrepreneurship and workforce density, forming critical partnerships with organizations that have deep roots in communities with significant Black workforces, and seeking to make employee ownership a fundamental part of the Black wealth building agenda. With almost 60% of Black workers concentrated in the South, expanding our impact in localities throughout the region is a cornerstone of this initiative.

JUST SOUTH

Angelica Benton Molina, Equity and Inclusion Program Manager, City of Austin



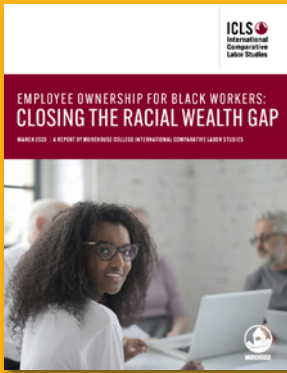


MOREHOUSE PARTNERSHIP

“To change the situation of low-income people is to empower people to have control over capturing some of their returns. I would like to see another method of income generation and eventually wealth accrual come about in Atlanta.”

- Dr. Cynthia Hewitt, Ph.D., Morehouse College, Roadmap to Black Employee Ownership

Project Equity collaborated with the International Comparative Labor Studies (ICLS) at Morehouse College in Atlanta, Georgia to produce two groundbreaking studies that explore how employee ownership can close the racial wealth gap.



*Special thanks to the Delta Fund and Prudential Foundation for making this work possible



BELLEGARDE BAKERY

“Without Project Equity and the forgivable loan program, this whole thing would’ve taken ten times as long as it did. Their commitment to the process streamlined everything for us and felt like a real investment.”

- Alex Valore, Bellegarde Bakery bread lead and worker-owner

Project Equity was proud to assist **Bellegarde Bakery** located in New Orleans, Louisiana, with its transition to employee ownership in 2022. Founder Graison Gill was passionate about selling the business to his employees as a worker-owned cooperative, but professional advisors in Louisiana lacked cooperative experience. Gill needed a partner to help guide him through the process. After reading about another Project Equity client, **Proof Bakery**, Gill reached out to our organization to assist with the transition. We helped Gill overcome challenges along the way and utilized the **Employee Ownership Catalyst Fund** to provide both a forgivable loan to defray extra costs and a transition loan to finance the sale.

*Molli Sciacca, employee-owner
at Bellegarde Bakery*





ATLANTA EXPANSION

We completed our first feasibility study in Atlanta for a bakery with multiple locations whose owner was inspired by the story of Proof Bakery in Los Angeles.

The owner was driven by the desire to create the best opportunities to reward her diverse workforce, many of whom had been with the business from the start, and to share in the decision making process. As part of our assessment, we engaged a subset of the employees in sessions to educate on employee ownership and ensure that there was shared buy-in. While a worker cooperative model was a great financial and structural fit, the timing is not quite right yet for the owner to make a transition from the business. We look forward to helping them again in the future.



“Equity has to be about participation in the economy. Equity has to be about ownership of transferable and appreciable assets. And if we want to get there, equity has to be about inclusive decision making processes.”

- Melvin Carter, Mayor of St. Paul, Minnesota

One of the featured speakers at our **Employee Ownership Equity Summit** was **Mayor Melvin Carter** of St. Paul, MN. Mayor Carter has been a champion of employee ownership as an economic equity strategy and announced the **Locally Owned Cooperative Assistance Loan (LOCAL) Fund** in 2022, which will use shared-ownership models to retain and grow businesses and jobs while increasing local ownership of businesses and properties in Saint Paul.



Evan Edwards, Chief Executive Officer, Project Equity and Melvin Carter, Mayor of St. Paul, Minnesota



CHICAGO EXPANSION

As a part of the City of Chicago's Recovery Plan, the Mayor's Office of Equity and Racial Justice is partnering with the Department of Planning and Development to design and launch a Community Wealth Building (CWB) Program.

This historic \$15M commitment will catalyze a sustainable economic recovery and advance economic and racial equity by investing in organizations that start, sustain, and scale CWB models. Project Equity was selected to join a network of 17 local and national organizations and advisors to provide technical assistance to businesses as part of this program. We hope that this initiative will both create impact within Chicago and serve as a model for other cities.



EMPLOYEE OWNERSHIP EXPANSION NETWORK

“As we expand our state-by-state presence, Project Equity and their data analyses assist in getting the word out about baby boomer business owners in a succinct and engaging way.”

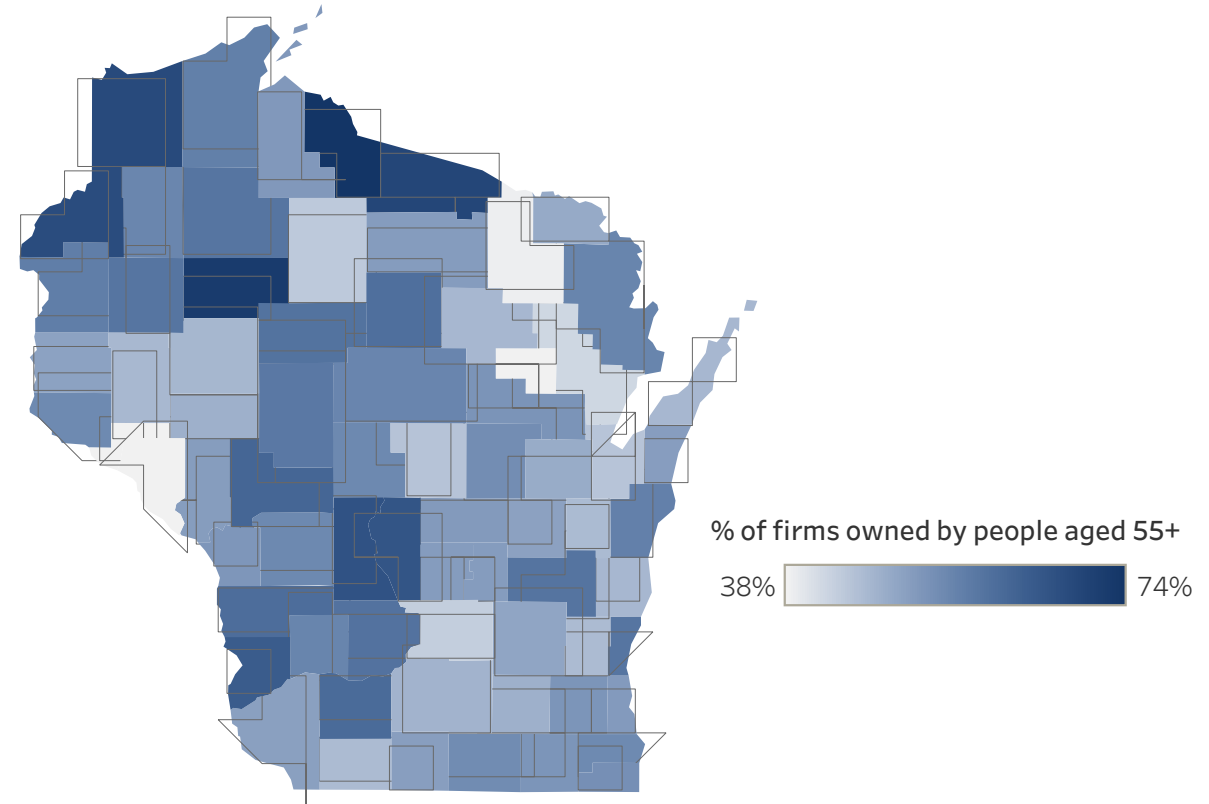
- Steve Storkan, the Executive Director of the Employee Ownership Expansion Network (EOX)

Project Equity partnered with the Employee Ownership Expansion Network (EOX) to accelerate the growth of its new state centers in Illinois, Wisconsin and Connecticut.

We provided the Illinois Center for Employee Ownership, the Wisconsin Center for Employee Ownership and the Connecticut Center for Employee Ownership with data-driven presentations illustrating the impact of the Silver Tsunami, as well as other ready-to-deploy marketing and PR tools. These resources help advance the dialogue around employee ownership with key stakeholders in their state’s business ecosystems.

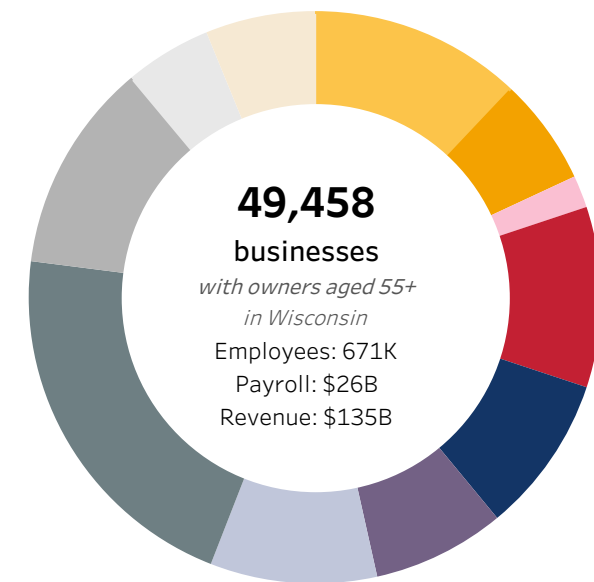
The Silver Tsunami of retiring business owners in Wisconsin

Project Equity produces interactive data studies that bring to life the challenges for small business owners and the opportunities for employee ownership. Below is an example of our Wisconsin Silver Tsunami study.



Industries

- Accommodation & food services
- Admin & waste management
- Arts & entertainment
- Construction
- Health care & social assistance
- Manufacturing
- Other industries
- Professional services
- Retail trade
- Transportation & warehousing
- Wholesale trade



OUR 2022 COLLABORATORS & SUPPORTERS

Thank you for working with us to drive the employee ownership movement to scale

INSTITUTIONAL SUPPORT

Bank of the West
Conrad N. Hilton Foundation
CTBC Bank
eBay Foundation
Goldman Sachs
Kaiser Permanente
Kauffman Foundation
MUFG Bank
New World Foundation
Prudential Foundation
Social Entrepreneurs for Economic
Development (SEED)
The California Wellness Foundation
The Delta Fund
The James Irvine Foundation
The Kendeda Fund
The San Francisco Foundation
Wells Fargo Foundation
W.K. Kellogg Foundation
Y&H Soda Foundation

INDIVIDUAL SUPPORT

Hilary Abell
Anastasia Bacigalupo
Peter Brantley
David Abell
James Caponigro
Franzi Charen

Cynthia Chavez
Aron Roberts
Amanda Fasenmyer
Gwyneth Galbraith
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Hanna Layton
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Eric Leenson
Alison Lingane
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Katherine Ogburn
Heidi Phan
Havell Rodrigues
Mike Sanderson
Capt. Rosie Sennett
Derek Shiels
Stacey Smith
Joel Steiker
Sean Tamba-Matthew
Samuel Test
Andrew Tulchin
Alissa Wilson
Denise Yamamoto & Josh Hannah

PARTNERS

National

America's Small Business
Development Center
American Sustainable Business Network
Certified Employee-Owned
Colmenar Cooperative Consulting
Connecticut Center for Employee
Ownership
Democracy at Work Institute
Employee Ownership Expansion Network
Evergreen Cooperatives
Healthcare Anchor Network
ICA Group
Kaiser Permanente
Mission Driven Finance
Montgomery County
National Center for Employee Ownership
Obran Cooperative
Ownership America
Shared Capital Cooperative
Sustainable Economies Law Center
U.S. Federation of Worker Cooperatives

West

A Slice of New York
California Center for Cooperative
Development
City of Berkeley

City of Tucson
Local First Arizona
Los Angeles County
Mission Economic Development Agency
North Coast Small Business
Development Center
Northern California Regional SBDC
Network
Philanthropy California
San Diego Workforce Partnership
SEIU United Healthcare Workers West
Whatcom Community Foundation
Worker-Owned Recovery
California Coalition

South

Atlanta Wealth Building Initiative
Florida Center for Employee Ownership
Georgia Center for Employee Ownership
Morehouse College
North Carolina Employee
Ownership Center
Western Washington University Small
Business Development Center

Central

Michigan Center for Employee Ownership
Minnesota Center for Employee Ownership
Missouri Center for Employee Ownership
Nexus Community Partners
Tennessee Center for
Employee Ownership
Texas Center for Employee Ownership
Wisconsin Center for Employee

2022

YEAR IN REVIEW



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