

California Labor Federation Building Workforce Partnerships Conference 2010

First Response: Save the Jobs Workshop

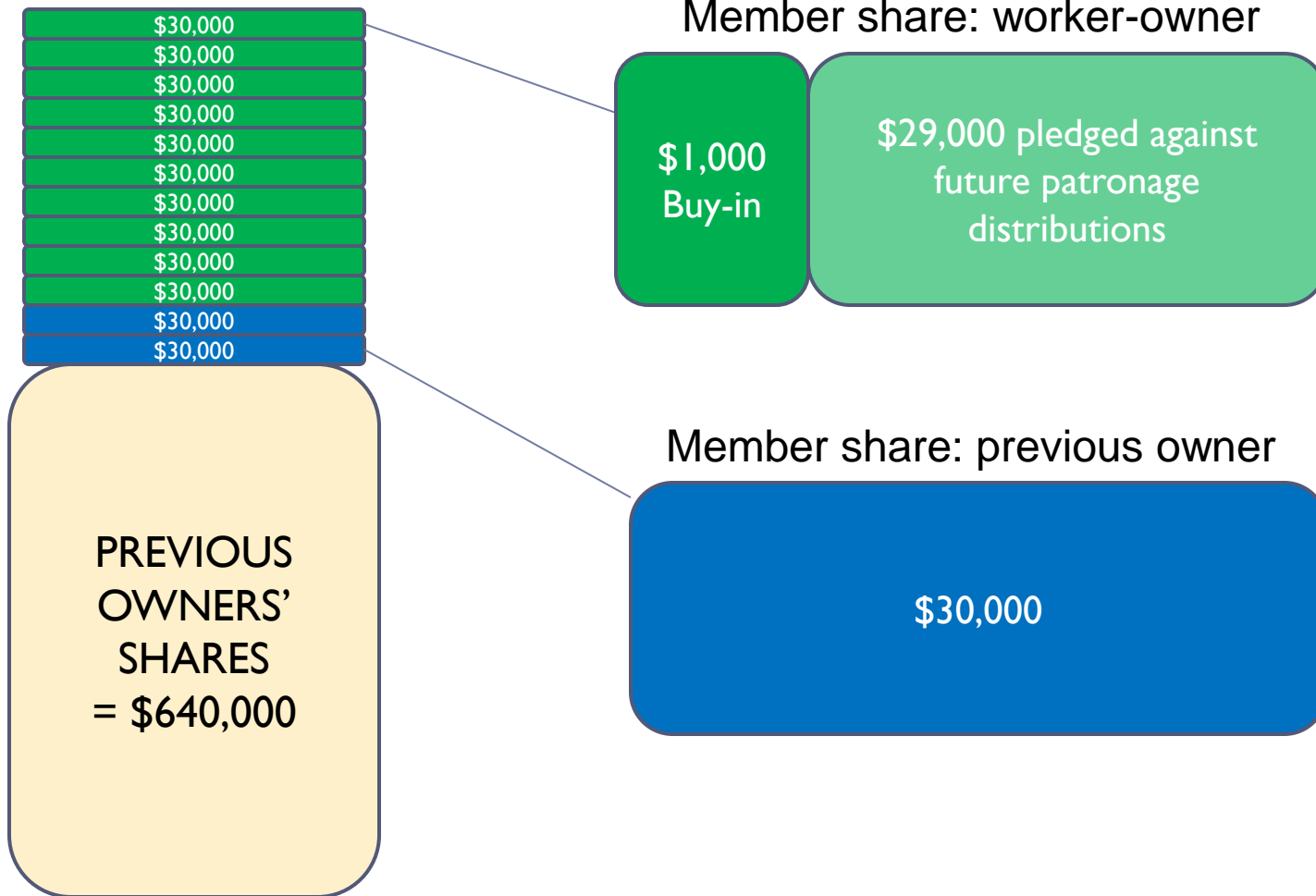
Presented by Melissa Hoover
US Federation of Worker Cooperatives



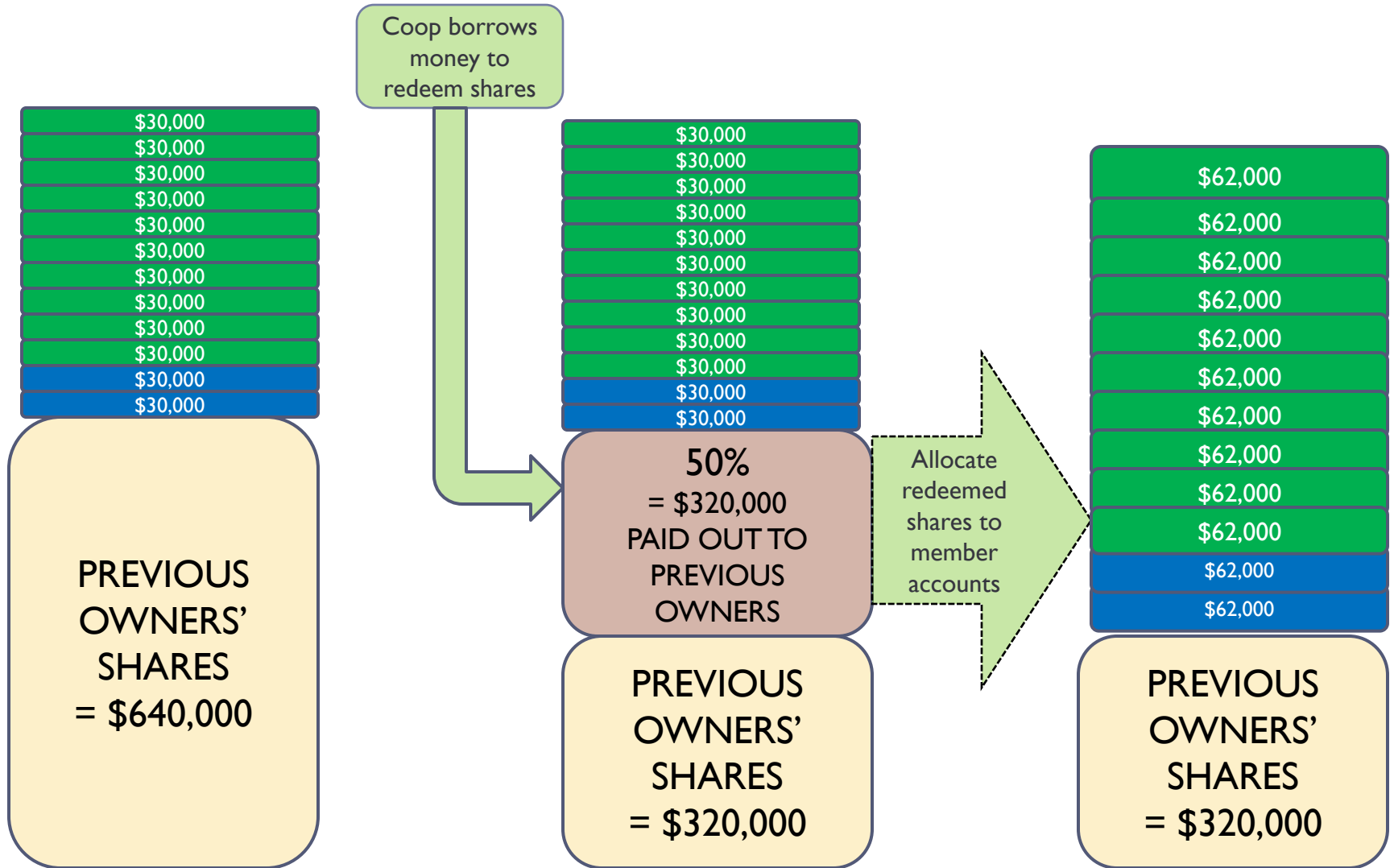
FARTHER · FASTER · TOGETHER



Previous owners are now worker-owners



3-7 years: Buy out the Remaining Shares



Result: long-term buyout relationship

- ▶ Worker-owners buy at least 30% of the business at initial buyout.
- ▶ Previous owners own less and less of the business as buyout proceeds.
- ▶ Previous owners eventually own only worker-owner shares.
- ▶ Cooperative gradually takes on feasible amounts of debt to finance buyout.



What you need to do an Employee Cooperative Buyout using 1042:

- ▶ Friendly owners
- ▶ Healthy business
- ▶ Committed, empowered group of employees



What ELSE you need:

- ▶ Lender for the 30%+ share redemption
- ▶ Good attorney
- ▶ Technical assistance providers



Challenges for labor:

How do you do a buyout when there is:

- ▶ Oppositional relationship between owner(s) and workers
- ▶ No owner commitment to stick around
- ▶ Workplace larger than 25 workers
- ▶ A business that may not be healthy and strong
- ▶ No obvious lender

What is the role of the union in the buyout and ongoing management?

