

# Ohio Employee Ownership Center

## Annual Report, FY2008

July 1, 2007 - June 30, 2008

# OEOC

The mission of the the Ohio Employee Ownership Center (OEOC) is to “To promote employee ownership in order to broaden capital ownership, deepen employee participation, retain jobs locally and increase living standards for working families and their communities.” To achieve this mission during FY2008, the OEOC

- Provided assistance in considering whether employee ownership makes sense to 41 groups/companies employing 9,127 in Ohio. Two companies we worked with established ESOPs during the year with 65 new employee owners, one more was completed in August with a 100% ESOP and 85 new employee owners, and a fourth was reopened in October. The last will eventually reemploy 300.

- Additionally nine partially employee-owned Network companies increased their employee ownership percentage on average by 15%, increasing assets for their employee owners.

- Administered the Ohio Rapid Response feasibility program, approving 8 grants to 5 companies for various aspects of feasibility studies. Two of the companies assisted became employee owned in FY08 or so far in FY09.

- Provided technical assistance on plan administration to 19 existing Ohio ESOP companies employing 5,501.

- Started a new contract from the Ohio Department of Job and Family Services to expand the business ownership succession planning program state-wide. The initial expansion in FY08 included webinars for retiring owners, additional programs in Northeast Ohio’s smaller cities, a new edition of *An Owner’s Guide to Business Succession Planning*, a pilot training program on business ownership succession for economic development professionals, and a DVD of *Business Succession Planning: The Movie*.

- Did training for 105 employee owners in 6 existing employee-owned companies.

- Ran 3 employee-owner retreats with the Employee Ownership Foundation which provided 2 ½ days of training for 133 employees from 55 companies.

- Held 18 programs and 6 panels at the annual conference for the 80 member companies of Ohio’s Employee-Owned Network with 534 employee owners and managers participating.

- Completed our “social accounting best practices” template for employee-owned companies. (It’s on our website.) And we published another social accounting case study – “Minding the Planet: Sustainability Reporting at YSI” – in the Winter issue of *Owners at Work*.

- Made two loans totaling \$120,000 from the Common Wealth Revolving Loan Fund (CWRLF) for employee ownership and low income housing. Three employee ownership loan applications for \$1.3 million were pending at the end of the fiscal year.

- Published two issues of *Owners at Work* (circulation is now over 18,000); were featured in 20 articles, 1 radio show and 2 TV shows; and spoke on employee ownership at 17 workshops and meetings organized by other organizations.

- Our annual conference attracted 430 participants – the 2nd year in a row we’ve had over 400!

- Conducted a seminar for US Department of Agriculture’s Washington rural development staff on using employee ownership in business succession in rural areas; this will be followed up by a one-day training session for the 20 USDA cooperative development centers in FY09.

- Obtained additional state support for employee ownership through the expansion of the Treasurer’s linked deposit program for employee ownership from a \$300,000 to a \$1,000,000 cap per project.



Dave Baird of Select Machine in Brimfield OH hits the big time!

The Employee Ownership Foundation’s Employee Owner Retreats (staffed by the OEOC) continue to draw good crowds.



## Greater University Circle Project: The Evergreen Cooperatives

The December 2006 Cleveland Community Wealth Roundtable which we helped the University of Maryland's Democracy Collaborative organize has had far-reaching consequences: The Cleveland Foundation added an employee-ownership component to their broader community-asset creation strategy in the "Greater University Circle" area. This is an area with some large and very wealthy institutional actors – such as the Cleveland Symphony, the Cleveland Art Museum, Case Western Reserve University, University Hospital, and the Cleveland Clinic – surrounded by some of the poorest urban neighborhoods in the country.

We are now in the midst – with the support of the Cleveland Foundation – of establishing the Evergreen Cooperative Laundry, an employee-owned cooperative, to serve the health-care laundry needs of area hospitals and nursing homes; Ohio Cooperative Solar to install and own solar electric installations in the University Circle area; and the Evergreen Cooperative Development Fund (ECDF) to provide equity for these and subsequent worker-cooperative start-ups in this area of Cleveland.

Evergreen Cooperative Laundry will be the first off the blocks. Its name reflects both its employee ownership and its "green" components; it will be the only genuinely "green" laundry facility in NE Ohio. Our business plan indicated that a new employee-owned laundry would break even with 2% of the healthcare laundry within a 30-mile radius of the University Circle area; despite paying \$2 higher wages than the regional laundry industry norm and paying significantly better benefits. With support of the Cleveland Foundation and in partnership with ShoreBank, we have begun to implement that business plan, including leasing a facility, hiring a sales staff in May and ordering equipment at the end of June. We hired an operations manager in September and we expect the equipment to be installed in late winter and for the laundry to begin operations in Spring 2009. As a one-shift operation, the laundry is expect to employ about 25 by the end of 2009 and we hope to go to a two-shift operation with about 40 employees in 2010.

The Greater University Circle project offers the opportunity to go to scale quickly using the purchasing power of anchor institutions and the backing of the Cleveland Foundation. Moreover, it can be replicated in other Ohio industrial cities and throughout the nation where anchor institutions such as hospitals, colleges, churches, museums, and other cultural institutions reflect the industrial legacy of the past but are surrounded by low-income neighborhoods where jobs are few and far between.

### Impact of OEOC on Asset Creation

Since 1987, 85 of the companies we have provided technical assistance to have become employee owned, creating 14,400 new employee owners.

The OEOC studies its impact on asset creation every 2nd year. The 2008 study covered 64 of the 85 companies we have worked with which became employee owned and which reported on their ESOP plans in the latest available filings (generally 2004 or 2005). These companies had created \$421 million in total current assets for their employee owners, up from \$349 million in our 2006 study and \$300 million in our 2004 study. Net assets (net of acquisition debt) grew to \$344 million, up from \$267 million and \$121 million, respectively.

Current assets don't include payouts to retirees and others. Those payouts ran \$6.4 million annually for the companies we had worked with in the 2008 study.

### OEOC Financial Report - FY2008 (July 1, 2007 - June 30, 2008)

