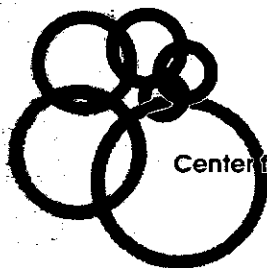
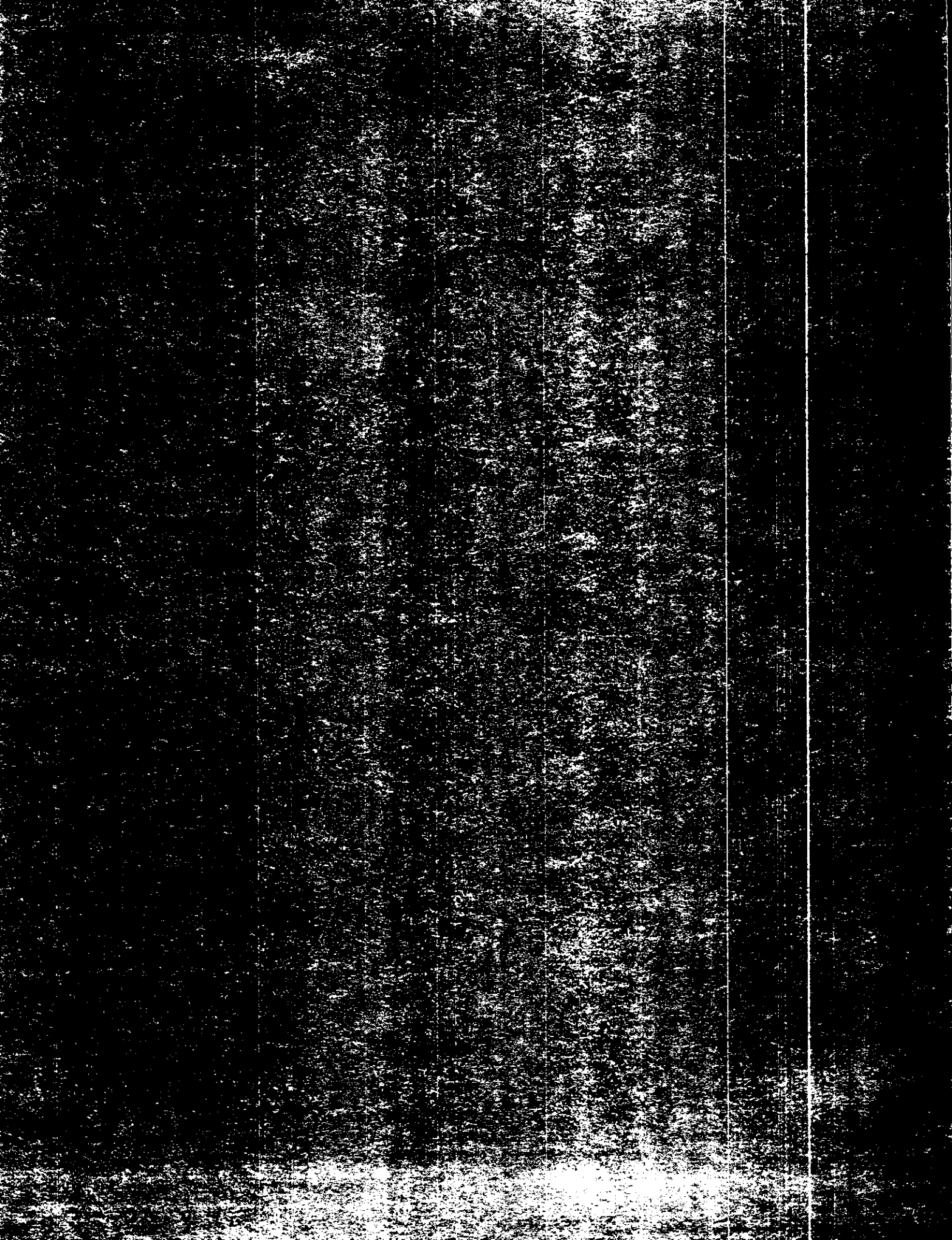


**Creating Jobs Through  
Cooperative Development**

by  
The National Economic Development & Law Center



Center for Cooperatives • University of California, Davis



# **Creating Jobs Through Cooperative Development**

by

**Nancy Conover, Frieda Molina, Karin Morris**  
*The National Economic Development & Law Center*

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## EXECUTIVE SUMMARY

Over the last decade, nonprofit community-based organizations and social-service agencies in California have launched economic development initiatives aimed at providing jobs to hard-to-employ population groups, such as low-income Latino immigrants. The organizations investigated for this study developed cooperative businesses in order to address the employment and service needs of their low-income constituents.

The purpose of this study is to highlight these economic development cooperatives in an attempt to analyze those factors most influential in creating and sustaining ventures that are both economically viable and member-governed. More specifically, this study had three basic objectives: 1) To uncover and document the goals of both the founders and the members of California cooperatives in the service sector, and to determine to what extent these goals have been realized; 2) To identify particular organizing strategies and other factors which influenced the success of these ventures and; 3) To offer recommendations and case studies regarding the incubation and operation of cooperatives in order to assist the work of practitioners—organizers, business developers, and cooperative members—as well as funders committed to increasing job opportunities in low-income communities.

A total of fifteen service-sector cooperatives in California were investigated. For the purposes of this study, economic development cooperatives are defined as business ventures which have the dual goal of creating jobs for low-income workers and giving workers the skills and opportunity to exercise leadership and democratic control of the venture. Success is defined in terms of the cooperatives' financial viability and the extent to which self-governance and leadership have been realized.

The survey found that cooperative ventures in the service sector have been effective in improving employment opportunities, particularly for recent immigrant women with limited English language skills. However, the overwhelming majority of jobs created have been part-time, and it has proven very difficult for most ventures to provide fringe benefits. Some of the service industries—especially housecleaning—have lent themselves well to allowing several different models of collectives or associations of independent contractors to operate, offering greater flexibility to meet the needs of both organizational sponsors and individual members.

The experiences of these groups illustrate the difficulties inherent in pursuing the twin goals of developing profitable businesses and leadership skills of the membership. The results of this study challenge the assumption that cooperatives can be easily created *after* the business reaches a point of financial stability. Not surprisingly, those businesses that did not build in some elements of cooperative governance and practice from the beginning found it very difficult to incorporate member commitment and decision-making over time.

The major factors which contributed to success in achieving both business and cooperative goals were the presence of strong and committed business manager and/or organizer, and the establishment of clear internal policies to which all members are held accountable. Other factors which contributed to the relative success of these ventures included the availability of organizational development assistance; low overhead expenses, especially during the start-up phase; an upper-income market; a high quality of service; an emphasis on training and evaluation of the cooperative members; and an emphasis on developing English proficiency among members.

The authors hope that organizations planning economic development cooperatives will benefit from the rich experiences illustrated in the enclosed case studies. It is further hoped that existing cooperatives can exchange information and bridge the isolation that currently exists among the community of economic development cooperatives.

# Table of Contents

|   |    |
|---|----|
| <b>I. INTRODUCTION</b> .....  | 1  |
| <b>II. SERVICE SECTOR COOPERATIVES IN CALIFORNIA</b> .....            | 2  |
| A. The Socio-Economic Context .....                                   | 2  |
| B. The Goals of the Cooperative Founders .....                        | 3  |
| C. Choosing the Cooperative Approach .....                            | 3  |
| D. Joining the Cooperative: Goals of the Members .....                | 4  |
| E. Choosing the Business: Worker Skills and Industry Outlook .....    | 4  |
| <b>III. SUMMARY OF RESULTS</b> .....                                  | 5  |
| A. Jobs Created .....   | 5  |
| B. Wages .....  | 6  |
| C. Profit-Sharing .....   | 6  |
| D. Benefits .....   | 6  |
| E. Other Services .....   | 7  |
| F. Quality of Jobs .....  | 7  |
| G. Leadership Opportunities .....                                     | 8  |
| <b>IV. LEGAL STRUCTURE AND ORGANIZATIONAL MODELS</b> .....            | 9  |
| A. Legal Structures .....   | 9  |
| B. Organizational Models .....  | 11 |
| <b>V. FINANCIAL VIABILITY</b> .....                                   | 12 |
| <b>VI. CASE STUDIES</b> .....   | 13 |
| A. UNO Jobs Referral Collective - "Jobs Referral Model" .....         | 13 |
| B. Rise and Shine Housecleaning Cooperative - "Composite Model" ..... | 17 |
| C. Adelante 1: Angelica Housecleaning .....                           | 23 |
| <b>VII. CRITICAL FACTORS FOR SUCCESS</b> .....                        | 25 |
| A. Business Management .....  | 25 |
| B. Cooperative Organizing and Training .....                          | 26 |
| C. Clear Policies and Procedures .....                                | 27 |
| D. Business Planning Factors .....                                    | 28 |
| E. Workforce Factors .....  | 29 |
| F. Other Organizational Factors .....                                 | 29 |
| <b>VIII. CONCLUSIONS</b> .....  | 30 |
| <b>IX. RECOMMENDATIONS FOR FUTURE ACTION</b> .....                    | 31 |
| <b>APPENDIX A - CASE STUDIES</b> .....                                | 32 |
| UNO JANITORIAL COOPERATIVE - "Entrepreneurial Model" .....            | 32 |
| UNO HOMECARE COOPERATIVE - "Entrepreneurial Model" .....              | 35 |
| CAN DO - "Jobs Referral Model" .....                                  | 37 |
| IMMACULATE - "Composite Model" .....                                  | 42 |
| ADELANTE 2: COOPERATIVA LUZ Y SOL - "Organizing Model" .....          | 47 |
| ADELANTE 3: COOPERATIVA PROGRESO - "Organizing Model" .....           | 49 |
| ADELANTE 4: COOPERATIVA SOL Y LUNA - "Organizing Model" .....         | 51 |
| WINNER JANITORIAL "Entrepreneurial Model" .....                       | 53 |
| HELPING HANDS HOUSECLEANING COOPERATIVE - "Composite Model" .....     | 56 |
| ALL-BRIGHT JANITORIAL COOPERATIVE - "Entrepreneurial Model" .....     | 59 |
| KLEAN-UP JOBS REFERRAL COLLECTIVE - "Jobs Referral Model" .....       | 60 |
| <b>APPENDIX B METHODOLOGY</b> .....                                   | 63 |
| <b>FOOTNOTES</b> .....  | 64 |

# MUTUAL BENEFIT SERVICE SECTOR COOPERATIVE

Nancy Conover, Frieda Molina, Karin Morris

## I. INTRODUCTION

This study focuses on California-based, cooperative business<sup>1</sup> ventures in the services sector that are intended to provide employment and benefits to low-income population groups. The services sector includes the industries of housecleaning, janitorial, home health care, child care, landscaping, and other industries that provide business and personal services. For the purpose of this study, a 'cooperative' is considered to be a business venture which is either self-defined as a cooperative or has the goal of developing a cooperative governance and ownership structure in the future. Since most of the enterprises examined in this study do not meet the standard definition of worker-owned or marketing cooperatives, they may also be referred to as 'cooperatives' and 'mutual benefit associations'<sup>2</sup>.

The distinction between the cooperatives examined in this study and more typical worker cooperatives has much to do with the target member groups, as well as the organization and management of the ventures themselves. The majority of these ventures were launched by community-based or social service non-profit agencies that work with immigrant or refugee populations—generally a very hard-to-employ constituency. Limited English-language and job skills or experience limit many members of such groups to the most menial, minimum-wage jobs in the private sector. At the same time, many lack the entrepreneurial experience or the access to credit and lucrative markets necessary for launching their own businesses. As the demographic landscape in California shifts, with the rapid growth in ethnic minority, low-income populations, community-based and social service organizations have responded to the needs of these population groups by developing business ventures to create new jobs that offer higher wages and benefits, and greater job advancement potential than would be otherwise available. Some ventures are planned to provide additional social service benefits to workers, such as opportunities for education and social support. All of these businesses can be considered "economic development" ventures, and have been launched with varying degrees of success by community groups across the state and nation.

Apart from economic and social goals, these economic development ventures share the goal of giving workers the skills and opportunity to exercise leadership and democratic control of the venture. Cooperative development is often viewed as a means of "empowering" low-income workers, with as many definitions of empowerment as there are cooperatives. Founding organizations or individuals who value this goal face the task of transferring their "vision" of the cooperative and the tools for cooperative management to members, at the same time that they strive to develop viable business ventures.

This study has three basic objectives: 1) To uncover and document the goals of both the founders and the members of California cooperatives in the service sector, and to determine to what extent these goals have been realized; 2) To identify particular organizing strategies and other factors which influenced the success of these ventures and; 3) To offer recommendations and case studies regarding the incubation and operation of cooperatives in order to assist the work of practitioners—organizers, business developers, and cooperative members—as well as funders committed to increasing job opportunities in low-income communities.

The study began with the identification of all California cooperative or pre-cooperative businesses which met the criteria described in the first paragraph of this report. In-depth surveys were developed and conducted with both the sponsoring organization and current manager of each cooperative, and were later followed up by face-to-face interviews with workers. (See Appendix B for a more detailed description of the methodology).

The following section summarizes the cooperatives and pre-cooperatives and cooperatives that were examined in this study, including the target population groups, their needs, and the goals of the founders. Sections III, IV, and V describe the overall results of these efforts, including the achievement of employment and non-employment goals, and the economic viability and organizational structure of these ventures. Both the development and performance of these cooperatives are detailed in three case studies contained in Section VI; these studies point out the unique nature of each venture, and also illustrate the difficulty of at-

tempting across-the-board comparisons of the cooperatives. (Case studies of eleven other cooperatives surveyed in this research project are contained in Appendix A). The analysis that follows is intended to point out the differences among organizing strategies, and highlight those factors which contributed to cooperatives being able to successfully meet their stated goals. The final two sections offer general conclusions and practical recommendations for those practitioners interested in developing economic development cooperatives.

## II. SERVICE SECTOR COOPERATIVES IN CALIFORNIA

Through extensive conversations with planners, organizers and community development organizations in California, a total of fifteen cooperatively-structured, service-sector ventures oriented toward meeting the needs of low-income populations were identified. All but one of these ventures are still in existence. Almost all of these cooperatives were created to meet the need for jobs and other services for recently arrived immigrant or refugee population groups, with the overwhelming majority developed for Latino immigrants. Two of the fifteen cooperatives serve Asian immigrants, while twelve are working with Latino immigrants and refugees. Nine of the cooperatives serve exclusively women, with the remainder in most cases having a high percentage of women in the general membership. The size of membership varied widely, from as low as seven members to as many as 285. Start-up budgets for some cooperatives were as low as \$500 and for others reached a high of \$100,000. Located throughout the state, the cooperatives are concentrated in the northern California Bay Area counties (13) and in the Los Angeles area (2).

The table at the end of Section II summarizes the data gathered for all of the cooperative ventures included in this investigation. (Names of the cooperatives have been changed to protect members' and sponsors' anonymity). Two of the ventures—a janitorial business and housecleaning mutual benefit corporation—are no longer operating as business entities, although some of the original jobs still exist for individual members. It is important for the reader to note that in many cases, parallel data across the different cooperatives surveyed was not always available, given the high level of staff turnover, and the huge variation

among organizing approaches and internal governance.

### A. The Socio-Economic Context

Before discussing the goals of both the founders and members of the cooperatives, it is important to examine the socio-economic and political circumstances out of which these goals grew. It is significant that all of these cooperatives were formed during the 1980s, many in the second half of the decade. Apart from being marked by a worsening economic recession, this period witnessed a huge influx of refugees fleeing the political and economic devastation of civil wars in their native countries, as well as a rise in the number of immigrants seeking improved standards of living in the United States. As a response to this influx, a landmark immigration law was passed by Congress in 1986 which made it much more difficult for undocumented immigrants to obtain work. Together, these factors contributed to the increasing rates of unemployment and poverty witnessed in low-income, immigrant communities throughout California during the late 1980s and early 1990s.

The initiatives to develop employment cooperatives that are examined in this study were a direct response to the crises experienced in these marginalized communities. Among the many needs of low-income immigrant communities, job needs were particularly great. In interviews, individuals involved in the founding of pre-cooperatives underscored the following employment-related needs:

- entry-level jobs for immigrants with lack of English and prior job experience;
- higher wages than existing, minimum-wage jobs;
- greater quantity of work (more full-time hours);
- greater job stability and security; and
- greater opportunity for job skills training and the job career advancement.

Jobs for women were found to be a particular priority for many of the organizations surveyed. Although the job prospects for women in these target communities were often better than for their male counterparts, women faced greater obstacles entering the workforce due to their lack of previous paid work experience, cultural norms discouraging work outside of the home, and limited access to schooling.

Other needs of these populations, as cited by founders and sponsors of the coops, included:

- learning English: Among recently arrived immigrants, the low level of English language



ability—rather than formal educational attainment—was seen as the most important obstacle to obtaining both employment and other necessary services and benefits to improve their lives.

- **social services:** Assistance in accessing basic services such as housing, health care, and childcare, as well as information about job and immigration rights, orientation to U.S. customs and laws, and orientation to the local transportation system, were seen as primary needs of most workers and sponsors.
- **social and cultural support:** Refugee service organizations in particular emphasized the need to develop a sense of community that could support members' cultural and familial values, and break down the isolation of non-English-speaking immigrants.
- **community leadership development:** Some of the founding organizations talked about the need for community members to develop an awareness of the political and economic forces impacting their own communities and to learn skills that could contribute to personal growth, community change and development.

## B. The Goals of the Cooperative Founders

Given the multiple needs identified by community-based and service organizations, most of the founders and organizers of the cooperatives pursued several goals in launching these ventures. Although job creation was a goal shared by all of the coops, there were major differences in terms of the emphasis placed on meeting employment vs. non-employment needs. For example, some sponsors and founders of cooperatives placed primary emphasis on employment-related goals, such as obtaining stable work at reasonable wages, and offering benefits to members, such as the UNO Homecare business. Other founders, such as those from Rise and Shine, put an equal priority on social goals such as emotional support, reduction of isolation, and the provision of services to improve the overall standard of living of members and their families. Many emphasized the goal that members learn enough English to be self-sufficient in U.S. society. Other groups, such as UNO Jobs Referral Collective, Can Do, and Klean-up, put a primary emphasis on creating a supportive, community-based organization where Latino immigrants could share cultural values and activities. Another founding organization, the

Adelante Project, emphasized the goal of leadership development within the low-income Latino community.

Many of the sponsoring organizations from the social service field did not identify financial self-sufficiency of the venture as a goal in and of itself. Instead, they looked to outside funding as a way keep the project going. Other founders were quite clear about the goal of financial profitability, which they saw as a means of guaranteeing employment and other services over the long term. One of these founders, from the UNO Jobs Referral Collective, expressed the goal of creating new ventures to serve broader population groups in other communities. Other ventures, such as Winner Janitorial Cooperative, pursued its goal of generating surplus profits in order to be able to distribute earnings to the membership and to reinvest in business assets, including the purchase of a commercial building.

## C. Choosing the Cooperative Approach

Despite the diversity of goals expressed by founders, all of the sponsoring organizations interviewed in this study stated that some type of a cooperative strategy was seen as the most effective way of meeting the needs of the target population. However, it is important to point out that the definition of a cooperative varied greatly among the different ventures. Some groups defined themselves as a cooperative because they provided social services and support for their members. Other ventures defined themselves as more traditional businesses that would incorporate elements of worker participation and control over time, or at some future point when more financial stability was achieved. Other groups defined themselves as associations or cooperatives with shared administration and marketing services to their members. In general, the goals of developing a democratically-managed business or association received less emphasis than job and service-related goals.

For most of the projects surveyed, a "cooperative strategy" was adopted because it was believed to offer a means of meeting community needs, developing viable organizations, and developing decision-making and leadership skills in the membership. For groups with a mandate to meet the widest employment needs, a collective approach allowed for pooling of resources to achieve maximum financial benefits for a large number of people. A collective approach also was expected to more easily achieve important social goals,

such as service delivery, leadership development and emotional support. Finally, for almost all of the sponsors, a collective strategy offered a way to minimize complex tax, legal and administrative burdens. Many of the cooperatives were actually structured as associations of self-employed persons to avoid the tax and employer liability of running a business (see Section IV below). Other sponsoring organizations hoped that a cooperative would reduce the administrative costs and level of managerial skill needed to run the venture.

**D. Joining the Cooperative:  
Goals of the Members**

The survey also identified the needs and goals expressed by workers themselves. Although in all cooperatives the idea of creating employment-generating projects either came from persons working closely with low-income communities or from members of those communities themselves, there are significant differences between the goals expressed by founders and the goals of most workers when they first entered the cooperative. Almost all workers surveyed said that their primary or only goal in joining the cooperative was work-related. Many of those responded that their goal was simply to get any work, given the major obstacles to employment they face. Other members, especially from housecleaning cooperatives, stated they were looking for higher pay and a way to work more hours in order to ensure their family's economic survival. Only one worker responded that the job's working conditions were more important than the pay, preferring what she termed the "easier" and more rewarding work with homecare clients to the more impersonal and demanding work of housecleaning. Significantly, this worker had been in the United States for more than ten years, considerably longer than most of the workers surveyed.

Very few of the members interviewed mentioned non-economic goals as having been important in their decision to join a cooperative. The responses that fell into this category mostly centered on developing networks of social support, particularly to ease the difficulties of adapting to a new cultural and economic system. Not surprisingly, the workers who most talked about other community and skills-building goals were members of the cooperatives organized with a clear focus on leadership development by the Adelante Project. The lengthy meetings and non-vocational skills-training process that the Adelante cooperatives go through before starting up their businesses have as-

sisted in screening out persons who are solely there to get a job. The members interviewed expressed a vision that is much broader, and much more aligned to that of their sponsor organization, than in other cooperatives surveyed in this study.

**E. Choosing the Business:  
Worker Skills and Industry Outlook**

Like the decision to adopt a cooperative strategy toward employment creation, decisions about what kinds of businesses to develop were largely influenced by the composition of the populations served. All of the cooperatives participate in service sectors that offer entry level jobs to persons with low levels of formal education and/or English language proficiency: nine of the cooperatives operate housecleaning services; three are in the janitorial business; two are multi-service businesses, offering services in housecleaning, gardening, painting and other odd jobs; and one cooperative provides homecare services.

Sponsors and founders mentioned two main issues that were taken into account when deciding on which industry to enter. The primary factor was the skills and job experiences of targeted groups, and the desire to enter into a business that capitalized on participants' strengths. Secondly, founders emphasized the importance of assessing the capacity for the business to operate competitively in a particular industry. Housecleaning, for example, is a familiar job to most women, and a high level of proficiency can be reached in a fairly short period of time. Once trained, the work can be performed with little supervision and need for direct communication. Furthermore, housecleaning offers women the possibility of flexible schedules to accommodate the needs of their families, and often pays higher wages than most jobs available to immigrant or poor women. The housecleaning industry also offers new businesses a relatively easy entry, given the low cost of initial capitalization, and the low level of technology and industry experience needed. The degree of management and marketing skill required is fairly modest, which makes it easier for inexperienced managers or members to operate.

A similar match between job requirements and worker skills can be found in the janitorial, gardening, and other odd jobs sectors. Janitorial jobs require even less English proficiency than housecleaning, since there is little or no personal interaction with customers. Both of these sectors require little start-up capital, although they face substantially different markets.

However, while businesses in the day laborer and housecleaning fields face the least barriers for entry into the market, the janitorial industry is more restrictive. Start-up janitorial businesses face major difficulties in securing large contracts without a proven track record or previous contacts, which necessitates a higher level of marketing and industry experience in the management of the business.

The homecare sector—a highly regulated and segmented industry—is even more difficult for a small, start-up business to enter. The founders of California's only cooperative homecare venture entered this industry in the hopes of offering workers better opportunities for advancement and skills development, and increased job security, than what is available in the housecleaning industry. Upon entering the private market for homecare services, it was found necessary to advocate for changes within the publicity-subsidized system. This venture was originally intended for limited English speakers, but upon finding that a higher level of English skill was needed by the workforce, the target membership of the cooperative was changed.

### III. SUMMARY OF RESULTS

This section summarizes the most significant economic and social outcomes as described by cooperative members, coordinators, founders and sponsors. These outcomes will later be used to measure the success of

the cooperatives in meeting their stated goals and to determine the factors contributing to such success.

#### A. Jobs Created

Only two of the sponsoring organizations explicitly set a target goal for the number and type (part-time vs. full-time) of jobs they expected to develop as a result of their economic development venture. However, some of the cooperatives put more emphasis on creating a substantial number of jobs for their target communities, while others focused on ensuring full-time work and other benefits for a core group of members.

Collectively, the cooperatives which are still in business have created 617 jobs for their target populations. If administrative and management personnel are included in this aggregate total, another 26 or a total of 643 jobs have been created. The aggregate total is boosted substantially by the very large memberships reported by two cooperatives—UNO<sup>3</sup> and Klean-up Jobs Referral Collectives—with 285 and 160 members respectively. The median and mean number of jobs created by the ventures is 44, which compares favorably to other economic development ventures outside of the scope of this survey.

However, the large majority of the jobs created are not full-time positions, especially within the two largest job referral collectives cited above. In fact, the norm is part-time or less than part-time status. For example,

**TABLE 1**  
**Service-Sector Cooperative Ventures in California, 1985-1992**

|                                  | <u>Date</u>    | <u>City</u>         | <u>Population Served</u>     | <u>Number of</u> | <u>Still in</u>  |
|----------------------------------|----------------|---------------------|------------------------------|------------------|------------------|
| <u>Housecleaning</u>             | <u>Started</u> |                     |                              | <u>Members</u>   | <u>Operation</u> |
| 1. UNO Jobs Referral Collective* | 1986           | Northern California | Latino immigrants            | 285              | Yes              |
| 2. Rise and Shine                | 1986           | Northern California | Latina immigrants            | 22               |                  |
| 3. Immaculate                    | 1986           | Northern California | Latina women over 40         | 21               | Yes              |
| 4. Can Do*                       | 1987           | Northern California | Central American men & women | 20               | Yes              |
| 5. Klean-up*                     | 1988           | Southern California | Latino immigrants            | 160              | Yes              |
| 6. Helping Hands                 | 1989           | Southern California | Low-income women             | 8                | Yes              |
| 8. Adelante 2: Progreso          | 1991           | Northern California | Latina women                 | 22               | Yes              |
| 7. Adelante 2: Luz y Sol         | 1990           | Northern California | Latina women                 | 11               | Yes              |
| 10. Adelante 3: Progreso         | 1991           | Northern California | Latina women                 | 10               | Yes              |
| 11. Adelante 4: Sol y Luna       | 1992           | Northern California | Latina women                 | 12               | Yes              |
| 9. Adelante 5: Libertad          | 1992           | Northern California | Latina women                 | 7                | Yes              |
| <b>Janitorial</b>                |                |                     |                              |                  |                  |
| 12. Winner Janitorial            | 1982           | Northern California | Asian immigrants             | 12               | Yes              |
| 13. All-Bright                   | 1984           | Northern California | Asian immigrants             | 10               | No               |
| 14. UNO Janitorial               | 1988           | Northern California | Latino men & women           | 9                | Yes              |
| <b>Homecare</b>                  |                |                     |                              |                  |                  |
| 15. UNO Homecare                 | 1989           | Northern California | Latina immigrants            | 18               | Yes              |

\*Also provide jobs in gardening, construction, and other day labor work.

of the 160 members of Klean-up, only about 25 percent work full-time, another 15 percent work half-time, and the rest work only one or two jobs (4-6 hours) per week. In the much smaller-sized Angelica Coop, only five of the 22 members work more than 30 hours a week; most others have less than 20 hours of work per week. Unfortunately, due to the varying work schedules of members, none of the cooperatives were able to state how many full-time equivalent jobs they had created. Of the 285 members of UNO Jobs Referral Collective I and II, 10 to 20 percent were estimated to work close to full-time. Twenty-five percent of the membership works more than part-time and the rest work less regularly. One significant result of not being able to obtain full-time work through the cooperatives is that the majority of workers are forced to obtain additional income from jobs outside the cooperatives.

Part of the difficulty in generating full-time employment can be attributed to the irregular employment patterns in these industries. Housecleaning and day laborer jobs are the hardest to secure on a regular basis, with the latter being far and away the most sporadic job base. Construction, painting, gardening, and other yardwork jobs for the personal residential sector are generated mostly in the summer months, and for irregular periods of time. Housecleaning is much less seasonal, although the highest demand occurs during holiday periods. Furthermore, the greatest number of requests for housecleaning service are for Thursdays, Fridays and Saturdays, making it structurally difficult to obtain full-time work for the entire membership of a cooperative.

The most successful cooperative, in terms of full-time job generation, has been Rise and Shine Housecleaning Cooperative. According to the cooperative coordinator, on average, the 22 women members work close to 30 hours per week. Their goal is to build their client base to bring the women to full-time status. With the exception of Can Do and Helping Hands, the other cooperatives have been slowly building their customer base and thus have increased the number of jobs over time.

## **B. Wages**

In all cases studied, the cooperatives did much better at providing higher wages for their membership than the national minimum wage of \$4.25 per hour. It can also be said that wages are significantly higher than entry-level jobs in the retail or manufacturing sector occupied by unskilled, non-English-speaking immi-

grants. Many cooperative members compared their current wages quite favorably with previous jobs in factories, restaurants, and hotels.

Take-home wages varied across cooperatives from a low of \$6.25 per hour to a high of \$10.50 per hour. In general, housecleaning businesses had the potential to generate the most highly-paid jobs, although this varied greatly depending on the market segment and area. Rise and Shine, for example, markets its services to affluent professionals, which enables the cooperative to charge \$12.00 an hour, of which \$10.50 is earned by the member. A member working approximately 30 hours per week for 50 weeks each year would earn a gross income of \$15,750 per year. In contrast, most members of UNO, Can Do, and Klean-up Jobs Collectives earn \$6.00 to \$7.00 an hour for housecleaning. A 30-hour work week would amount to an annual income of \$9,000 - \$10,000. A 20-hour work week—closer to the average—would generate about \$6,000 in gross annual income.

Many of the cooperatives surveyed used some form of a dues system in which members pay a percentage of what they earn on an hourly basis to the cooperative to cover administrative costs. Dues among these cooperatives varied from \$.75 to \$1.50 per hour. In two cooperatives, customers are asked to make a donation or contribution directly to the cooperative (see Section III, Legal Structures for details).

## **C. Profit-Sharing**

Three of the cooperatives studied have returned surplus earnings to members, an indication of the inability of most groups to operate profitably. Only one of the groups, Winner Janitorial Cooperative, is currently structured to distribute those earnings to cooperative members as dividends, and was able to do so for several years before running into financial difficulties in the last two years. A second cooperative, UNO Janitorial, is structured as a partnership and began distributing profits to members in 1991. During the last year, one other cooperative, Rise and Shine, was also able to distribute surplus dues to its membership for the first time.

## **D. Benefits**

Few of the cooperatives studied were able to provide their membership with fringe benefits. Of the fifteen cooperatives surveyed, six had some form of benefits. Benefits ranged from coverage of property damage to full health and dental insurance. In only two

cooperatives, UNO Homecare and Winner, were medical benefits available to the membership. In UNO, health insurance accrues to workers who work more than 24 hours per week. In the case of Winner, workers are provided health care and dental care. Workers from other cooperatives responded that health insurance was their greatest unmet need for benefits.

Some additional minimal benefits were provided by various cooperatives. One cooperative, Rise and Shine, is able to provide group self-insurance, capitalized (after expenses) out of the dues paid by workers. A worker is able to draw up to five weeks of paid leave at \$100 per week. This fund is available to workers who get sick, or must take a leave of absence for such things as maternity leave. Another cooperative cited damage insurance as a benefit. If a property is damaged while a worker is on the job, the cooperative will cover the cost of the damaged item. UNO Jobs Referral Collective provides workers with limited social and accident benefits, again through membership donations outside of business income. Winner provides workers with paid vacations. Finally, another cooperative cited bonding and worker's compensation as a benefit to its members.

### **E. Other Services**

Cooperative members and business managers were polled on the types of services the cooperatives were able to provide their members in addition to fringe benefits. The aim was to determine whether the needs of cooperative members were being met through means other than financial remuneration. In some cases cooperative members were able to access services by virtue of being members of the cooperative. In other instances the services offered were part of the general services the sponsoring organization already provided to any member of the community.

The most common service provided to members by the cooperatives was English language training — not surprising, given the emphasis placed on this need by both founders and members of the cooperatives. In most cases, the classes were provided through the cooperatives directly, with extra encouragement or preference given to members to participate. In two cases, workers had to pay for this service, but in most, it was provided free of charge. The Adelante cooperatives pay for English classes out of the income contributed by members, and not only require attendance as a condition of membership, but additionally reward members through their internal point system for regu-

lar attendance. All of the housecleaning cooperatives stressed the need for English language classes, but most have found it difficult to obtain commitments from members—many of whom are working mothers—to attend classes on a regular basis. As a result, a number of groups have started classes, only to drop them a few weeks or months later.

Rise and Shine offered the most diverse services to its members. The members of this cooperative can access a number of services funded directly through income contributed by the membership, including three driving lessons per member, English lessons, emergency loans of up to \$500, compensation for illness that extends beyond one week, and membership at the Price Club, a wholesale buyers club. They are also able to access services, advice and support from the cooperative coordinator when needed, and are able to utilize the general services offered by the sponsoring organization. Services provided by other cooperatives included educational presentations (such as parenting, health care, CPR, AIDS prevention), citizenship classes, one-time auto loans, free food distribution, assistance with income taxes, transportation and health services (e.g. free breast exams). These services represented the easiest “extras” to provide to cooperative members, especially from affiliated social service organizations. Other services requested by workers—such as loan funds or credit assistance—were often beyond the resources of the cooperatives or their founding organizations to provide.

### **F. Quality of Jobs**

Worker's perceptions about the quality of their jobs was obtained by asking questions about the obstacles faced while on the job as well as the advantages of their current jobs over other jobs they have had. For some workers their cooperative experience is the first job they have held in this country, so there was little basis for comparison. In general, workers made more positive than negative comments about their employment with the cooperative. Many were of the opinion that a cooperative is a good way to help recently arrived people, especially those who have no other means of employment and who need a supportive environment and an orientation to this country.

One worker stated that the pay in her cooperative was too low compared to independent housecleaning work. She voiced the concern that she is required to do too much for little pay and is often pressured to perform quality work in a short amount of time. Many other

housecleaners interviewed echoed the complaint that they are given too much work to do in too little time, and that clients are unrealistic in their expectations of what can be done. A key issue here appeared to be the inability of workers to effectively communicate and bargain with clients. Indeed, difficulty in communication was another issue frequently raised by members when discussing working conditions. In addition, throughout the interviews, members would frequently mention their dissatisfaction with the instability and limited number of hours that characterize the jobs available to them.

In contrast, a worker who is a single mother stated that her job in the cooperative afforded her the opportunity to have flexible hours, thus enabling her to combine childcare, English classes and work. She and a majority of other workers stated that housecleaning is the best job for non-English speaking immigrants because it offers good pay, good working conditions, and a cordial rapport with employers who treat them well. More importantly, the cooperative model is advantageous because it has helped them find jobs they would otherwise not have gotten (because of language) and has given them a way to work together and learn new skills. Members of other cooperatives voiced similar opinions. According to one worker, her past job was "no good," because she did not learn any English: "In the factory the communication was only gossip. But in the cooperative, I talk about important things such as the business. I am not bossed around." Many other housecleaners cited their independence on the job, and being able to work without a 'boss,' as a positive aspect of the job. For some, higher pay and the camaraderie with other members, were seen as advantages over other jobs. Active members emphasized the benefit of learning new skills, such as bookkeeping, over the advantages of being self-employed independently of the cooperative.

### **G. Leadership Opportunities**

Workers surveyed were asked numerous questions about leadership opportunities and roles they were offered through the internal structure of the cooperative. Overall, opportunities for worker participation and leadership varied widely and were closely tied to the organizing model pursued by the sponsoring organization. At one end of the spectrum are those ventures which are run as traditional businesses, such as UNO Janitorial, without elected representatives or worker participation in policies. At the other end of the spec-

trum are those cooperatives established by the Adelante project, where workers are trained and expected to assume full responsibility for financial and personnel management, policy creation and enforcement, publicity, and the training of new members. Most of the cooperatives attempted to incorporate elements of leadership development and worker participation with varying results.

In general, the large-scale jobs collectives showed a lesser degree of worker participation, although there are some notable differences among the two largest groups. The UNO Jobs Referral Collective operates with a strong, directive management, which exercises independent decision-making authority in most areas. Major policies are presented to the board and the general membership for approval, but no membership committees operate to develop policies or oversee management. Membership participation is focused primarily on social and cultural activities. Similarly, the members of Klean-up are most active in social and fundraising activities, although they have been more active in other decision-making areas. The cooperative's board is responsible for facilitating membership meetings, overseeing committees, reviewing and setting policies, reviewing sanctions and settling grievances. The cooperative maintains five committees with required participation in weekly committee meetings (see case study for description of committees). On the other hand, the sponsoring organization controls all major business decisions, including budgeting and the hiring, firing, and supervision of management. In contrast, the UNO Jobs Referral Collective operates with complete autonomy from its fiscal sponsor.

Rise and Shine's opportunities for leadership training and worker participation are more structured. The cooperative is divided into four member committees (personnel, grievance, policies and procedures, and training), which have the power to make decisions or recommendations to the full membership. The general membership decides major issues at their weekly cooperative meetings. Members are responsible for reviewing the cooperative's budget and expenditures, and are involved with long-term planning for the cooperative through their annual retreat. The cooperative coordinator believes that members are articulate and understand the group's decision-making and self-governing process. Leadership opportunities in the Rise and Shine Cooperative are much greater than that of the jobs referral collectives, although workers still depend on the cooperative coordinator for the administration and

overall leadership of the cooperative.

The cooperatives of the Adelante project on the other hand, have full responsibility for the daily operation and maintenance of the cooperative. Workers of the five Adelante cooperatives must participate in member committees, which are responsible for governance, financial and personnel management, marketing and training. These committee members receive assistance from their sponsoring organization and initial training from the organizing project, but exercise independent control over the cooperative's staff and financial operations.

#### IV. LEGAL STRUCTURE AND ORGANIZATIONAL MODELS

##### A. Legal Structures

As mentioned in the introduction, most of the cooperatives included in this survey differ significantly from traditional cooperatives in the legal and organizational structures they have adopted. These structures, which range from legally-recognized, formal corporations to informal, loose associations of members, were chosen to protect the interests of the sponsoring organization, the cooperative and its members, as well as to correspond to the conditions within a particular industry.

At one end of the spectrum are those enterprises developed as separate corporations, independent of the tax status and liability of any sponsor; these include Winner Janitorial and UNO Homecare Coop. At the other end of the spectrum are those cooperatives which are set up as unincorporated associations of independent contractors, a structure which protects the cooperative from operating as the employer or from assuming liability for the actions of its members. Fully nine of the fifteen cooperatives surveyed have adopted such a structure, including the Adelante cooperatives, Rise and Shine, Immaculate, Can Do, and Klean-up. Most of the housecleaning cooperatives would be legally considered under this latter model, although it is important to point out that in practice, some of them actually operate more like "in-house" projects by sharing administrative support services and staffing with their parent organizations. Furthermore, the large majority of these projects maintain some fiscal relationship with a tax-exempt, non-profit organization in order to receive grants for start-up and working capital.

The factors most responsible for the different legal

structures of the cooperatives include:

- the likelihood and priority placed on generating surplus profits to distribute to members;
- the extent of potential liability associated with the business, and the need to shield either individual members or sponsoring organizations from that liability;
- the complexity and degree of technology, equipment, management and marketing skills needed to operate the enterprise, and the capacity of a sponsoring organization to provide those skills;
- the extent of ongoing involvement desired by a non-profit sponsor in the staffing, administration, and operations of the cooperative;
- the working conditions of the business, especially the relationship between workers and clients that they serve;
- the goal of serving target population groups without regard to their immigration status;
- the dependence of the cooperative on a tax-exempt, non-profit sponsor for continued grant funding; and
- the ease of one organizational form over another (many groups explained that they started out one way because it was "easiest").

In general, the survey showed that the janitorial and homecare businesses required incorporation as a legal entity, largely due to issues of liability, technology, and the need for more centralized planning and management. For example, UNO Homecare Cooperative had to protect itself and its members from the enormous liability involved in giving care to elder and sick clients inside their home. They also faced a market which is very competitive and highly regulated and licensed, and therefore had to put the business under strict scrutiny to maintain quality control and to compete within the industry. In addition, the need to secure business contracts in the publicly-subsidized sector necessitated a more complex, centralized financial management system.<sup>4</sup> Given these conditions, the founders chose to incorporate the business under the status of a mutual benefit corporation, a taxable, non-profit entity which operates for the benefit of its members. In the future, the business can be more easily converted to a cooperative corporation if and when it chooses.

Janitorial businesses also face issues of quality control and the need for strong marketing and management. At the same time, janitorial workers often do not

have the chance to build any personal relationship with their commercial clients, unlike residential housecleaners, and do not have the chance to break into the market on their own. Thus, there is little possibility of structuring janitorial cooperatives as associations of independent contractors. Two of the janitorial businesses surveyed (Winner, UNO Janitorial) were intended by founding entrepreneurs to be cooperative ventures operating independently of any sponsoring organization. Interestingly, both started off as partnerships. A partnership is the simplest legal structure that allows for mutual ownership among members, since it avoids the extra cost and planning required to incorporate. One of these partnerships (Winner), eventually did convert to a cooperative corporation once it began generating profits and expanding its client base. Apart from giving members the chance to accrue the financial benefits of ownership, incorporation also represented a more effective means of protecting founding members from personal liability.

The housecleaning cooperatives, by far the most numerous of the service-sector cooperatives studied, were the most loosely organized of the ventures. The informal structures adopted correspond to the conditions imposed by the industry itself, as well as the needs of sponsoring organizations and target populations. In the housecleaning industry, workers generally begin with minimal training, establish a personal relationship with their clients, and incur somewhat limited liability in the course of their work. Furthermore, the technology, management and marketing skills needed to run a cooperative or association of housecleaners are lower than for other industries, such as janitorial and homecare. Finally, many groups emphasized the importance of not incorporating as a business in order to comply with the 1986 Immigration Reform and Control Act (IRCA). IRCA imposed upon businesses the burden of requiring from all potential employees proof of legal permission to work, and outlined sanctions for those businesses found to be in violation of the law. For many founders of cooperatives, particularly those hoping to serve the most marginalized communities, it was therefore important to avoid all semblance of a business characterized by employer-employee relationships.

One of the housecleaning ventures studied (Helping Hands) was originally incorporated as a mutual benefit corporation for reasons similar to UNO Homecare business. The business planned to convert to a cooperative corporation, offering the benefits of worker ownership to members, but was not able to

overcome business feasibility issues. However, after dissolution of the corporation some of the members continued to operate as a loose, unincorporated collective of housecleaners, jointly contracting for the part-time services of a job coordinator.

Other housecleaning cooperatives found themselves operating legally as a confederation of independent contractors, while still maintaining a close relationship with a non-profit sponsor. These cooperatives (Immaculate, Rise and Shine, Klean-up) operate somewhat like in-house ventures of non-profit organizations, in that the non-profit sponsor supervises—and in some cases controls—key aspects of the venture, and may share in staffing or other important administrative tasks like accounting. For example, in all three of these cooperatives, a percentage of the salaries of sponsoring organization staff is paid out of the operating budget of the cooperative project. (This usually occurs once the cooperative reaches breakeven. Before reaching this financial benchmark, in-kind services are offered through the sponsoring organization in the form of administrative staff support). While providing the cooperatives with obvious benefits, this arrangement can also cause friction between the goals of the cooperative and the goals of its sponsor over time. This is especially likely when the “in-house project” begins to generate surplus income which the sponsoring agency can claim, as in the case of Rise and Shine (see case study). Another problem raised by the in-house venture structure is the tendency to engender long-term financial dependence of the venture on the parent organization. This was the case with Immaculate, where the sponsoring organization’s willingness to continue subsidizing the venture postponed the cooperative’s adoption of a dues system that would contribute significantly to covering business overhead. Immaculate’s case study reflects the experience of several housecleaning cooperatives that have found it difficult to transition to an autonomous structure in which the venture must entirely cover its own costs.

Other cooperatives avoided the conflicts generated by close relationships between the sponsor and cooperative by clearly spelling out the responsibilities of members and the cooperative as an association of independent contractors. The five housecleaning cooperatives developed with assistance from the Adelante project have always been conceived as independent and unincorporated associations of members. While these cooperatives have no formal legal status, they are treated as trade associations which refer work to mem-



bers without any financial or legal liability. All members are required to read and sign a carefully drafted document which spells out the obligations of independent contractors and the relationship of Adelante to the cooperatives. Furthermore, once the members are working half-time, they are required to get their business licenses as self-employed housecleaners.

Because of their legal definition (explicit or implicit) as associations of independent contractors, all of the housecleaning cooperatives characterized by this structure faced challenges in designing a means of receiving some part of their members' income to cover administrative and operating costs. Two distinct systems were established—employer donations and member dues. The system of employer donations was first developed by UNO Jobs Referral Collective, and later adopted by other groups that modeled themselves after UNO (Klean-up, Can Do). Under this system customers make a separate donation to the cooperative, thus protecting the cooperative from looking like an employer or a fee-for-referral service, which enables the cooperative to avoid the legal assumption of being an employer of its members. Under the dues system, members return a fixed percentage or dollar amount to the coop, based on the number of hours worked.

## B. Organizational Models

From interviews with members and managers, it is clear that factors such as the organizing strategy, management style, and goals of the founding individuals or organizations have much more impact on the internal development and functioning of the cooperatives than the external legal structure itself. The major differences in the organizational models adopted appear to be related, first and foremost, to the distinct visions of founders and sponsors. Although each cooperative venture that was studied showed its own unique "vision," three main organizing approaches or models can be identified. The fourth approach cannot be considered a true model as it exhibited characteristics of all three models.<sup>5</sup> Nonetheless, it is included in order to contrast cooperatives of this type from those falling under the other models.

The "entrepreneurial model" is exemplified by Winner and UNO Janitorial Cooperative. The founders of these two ventures emphasized the primary importance of creating a successful business that could employ a core group of workers. The cooperatives were developed as traditional businesses under a strong manager, who developed the entrepreneurial ability to

succeed in a very competitive industry, with the idea of converting to a cooperative over time. The businesses were organized by managers or founders. However, less emphasis was given to cooperative training or development, due to of the lack of managerial time or capacity to develop member skills and practice in cooperative participation.

A second, very distinct model was developed by UNO Jobs Referral Collective, and adopted in large part by other ventures such as Klean-up and Can DO. These "job referral" cooperatives were created with the goal of generating jobs for as many members of the community as possible, especially for the recent immigrant community. Both UNO Jobs Collective and Klean-Up planned to phase in elements of cooperative governance over time, with members participating in reviewing and approving worker policies, and management retaining most other responsibilities. UNO has a member-appointed board, although managers have a strong voice in both the composition of the Board and its decision-making processes. UNO and Klean-up are characterized by large memberships that function as a social and cultural community of their own.

In contrast, the five housecleaning cooperatives launched by the Adelante project started with personal leadership and community development in low-income communities as the principal goal. This strategy or "organizing model", focuses first on obtaining a core group of committed members, and then on transferring management skills and an established set of policies and procedures to these groups through extensive meetings and trainings. The cooperatives do not open for business until all members have been trained in the key areas of finances, personnel management, and publicity. Training is carried out by a staff organizer of Adelante. Management of the cooperatives is carried out entirely by member committees, with some customer service work carried out by a paid coordinator. This coordinator, who is supervised by the membership, does job intake and communication with clients, but has no decision-making power or managerial responsibility as in the other cooperatives surveyed.

Another group of cooperatives showed composite characteristics of each of the three models identified above. Included in this group are Rise and Shine and Immaculate; these cooperatives did not prioritize goals, but attempted to achieve the multiple goals of economic, leadership development and social services at the same time. Instead of following any clear model or business plan, these groups tended to believe that with

guidance and training provided by a full-time coordinator(s), members could be trained in group decision-making, and could participate in the development of policies and procedures, at the same time that the cooperative was developed as a profitable business. Some of these cooperatives envisioned a process whereby the coordinator position would eventually disappear, as members were trained to take over management, a situation which has yet to appear feasible. The cooperatives that fall into this organizational model are characterized by some degree of member participation and control through committees, with a strong role for staff coordinators.

The following section will review the financial viability of the cooperatives, taking into account the influence of the organizational models described above.

**V. FINANCIAL VIABILITY**

The success of the cooperatives in meeting such goals as job creation, services, and leadership development depends, of course, on their long-term financial viability as businesses. Some groups define financial success as generating a profit, which can be distributed to members or reinvested in the cooperative or mutual benefit corporation. Other groups, operating under the umbrella of the non-profit organization, are restricted in the distribution of surplus to members. Such groups tended to define profitability as generating at least enough business income to cover expenses, or reaching break-even. The following discussion will report on the financial viability of the cooperatives surveyed, as well

as summarize the initial level of capitalization and business planning activities of the ventures.

At the time of the survey, five service sector cooperatives had reached break-even or better:

- UNO Jobs Referral Collective;
- Rise and Shine Housecleaning;
- Angelica Housecleaning Cooperative;
- UNO Janitorial; and
- Winner Janitorial Cooperative.

Three of these have been able to distribute some share of the surplus to members at some point, although the last cooperative listed has now begun to show financial losses after eight years of operating profitably. The time expected to reach break-even varied among these cooperatives, with no apparent relationship to the size of the business. UNO Jobs Referral Collective I (at 210 members) and Rise and Shine (at 22 members) both reached break-even after four years. In contrast, the Angelica Cooperative (also 22 members) was able to cover its operating costs after one year in existence. Rise and Shine has generated a greater business volume for its membership than Angelica (with full-time work being the norm rather than the exception), and operates with a much higher administrative overhead. Winner Janitorial (15 members) broke even after one year of operation, while UNO Janitorial reached that point in three years.

The level of financial profitability had more to do with management and organizational development than with any formal business planning process or level of initial capitalization. The housecleaning industry in

**TABLE 2  
Organizing Models**

| MODELS          | Entrepreneurial  | Jobs Referral   | Organizing  | Composite Model of Previous  |
|-----------------|--|---|---|--|
| Characteristics | <ul style="list-style-type: none"> <li>• Creation of successful viable business is of primary importance</li> <li>• Strong manager</li> <li>• Conversion to cooperative over time</li> <li>• Less emphasis on training of members</li> </ul> | <ul style="list-style-type: none"> <li>• Job generation for maximum number of members is of primary importance</li> <li>• Phase-in of cooperative governance over time</li> <li>• Workers responsible for reviewing policies and worker policies</li> </ul> | <ul style="list-style-type: none"> <li>• Personal leadership and community development is primary goal</li> <li>• Extensive training in the areas of management finances and marketing prior to start-up</li> <li>• Management carried out entirely by member committees</li> </ul> | <ul style="list-style-type: none"> <li>• Multiple goals: Leadership development, economic development and social services</li> <li>• Strong role for staff and coordinator</li> <li>• Training for members in group decision making with eventual phasing out of coordinator</li> <li>• Some member participation and control of management through committee structure</li> </ul> |

particular lent itself well to start-ups that did not require an extensive analysis of the market, technology or operational costs. The planning period for the five cooperatives above ranged from one to eight months, with a focus on organizational issues rather than any formal feasibility study or business plan. In fact, the business which did the best financially (in 1988, Winner operated on a \$500,000 budget and was able to purchase a warehouse) never undertook a business planning process because according to the manager, "it takes too much time; we didn't believe in it. We knew what we had to do." In contrast, the Helping Hands venture spent over six months in the business planning phase, with an outside consultant developing a complete business plan at considerable cost. Helping Hands was unable to break-even in the following three years, in part because they did not take a hard look at look at the need to cover operating expenses through income from members' jobs. (Helping Hands began with workers keeping 100 percent of the income earned from clients, with grant funding covering all administrative overhead). Overall, there was no relationship between the success of a cooperative and a fully developed and written business plan. Other factors, enumerated in "Section VII: Critical Factors for Success", were more likely to contribute to the financial viability of a cooperative.

Most of the cooperatives studied received some start-up funding from foundations and religious congregations. In only two instances, the cooperatives obtained the start-up capital from workers' own capital, in one case augmented by outside investors. The level of initial capitalization was also not directly related to the financial success of the ventures. Start-up costs for those businesses which eventually achieved break-even ranged between \$500 to \$2,200 (including business planning costs). Other ventures, not yet profitable, received planning and start-up grants ranging from \$6,000 to \$100,000.

In some cases, such as the Helping Hands Housecleaning Cooperative, planning grants may have led to increased dependency on outside funding. Helping Hands Housecleaning Cooperative received a planning grant of approximately \$25,000 to research and develop a business feasibility study and business plan, and another \$50,000 grant for the first year of operation. Two years later, they had not succeeded in covering business costs with any significant share of workers earnings, and the operation ceased after a cut-off in grant funding. Similarly, the Klean-up Cooperative

received more than double the funding during its start-up and first two years than the UNO Jobs Referral Collective, its "parent" model, but has not succeeded in covering more than 35 percent of its operating expenses through business income after four years. On the other hand, the Angelica Housecleaning Cooperative in northern California opened for business in 1990 with \$1,500 of start-up funds (no funds were received for the development of a business plan). Within one year of operation, it broke even; today it is operating at a profit. Its yearly operating expenses are approximately \$6,000, providing part-time jobs for 22 members.

Those cooperatives which had not yet generated a surplus listed various obstacles to breaking even, including:

- the difficulty in breaking into a tightly regulated market (homecare) or highly competitive (housecleaning) market;
- a lack of time or adequate skills in marketing;
- the impact of the recession on discretionary income of clients;
- high client turnover due to lack of quality control;
- high client and worker turnover as workers leave cooperative, taking jobs with them;
- high overhead costs;
- high turnover in management staff, and difficulty in recruiting or retaining qualified staff at affordable salaries; and
- a lack of "worker commitment" to carry out member requirements, including cooperative management tasks and upholding work quality standards.

As the last response shows, the reasons for success or failure on the financial plane were often related to the group's success or failure in developing an effective internal structure. Following the case studies presented below, Section VII will look at some of the principal factors that influenced the cooperatives' ability to achieve both economic and non-economic goals.

## VI. CASE STUDIES

### A. UNO Jobs Referral Collective - "Jobs Referral Model"

#### 1. Project Background and Planning Process

UNO Jobs Referral Collective is the first of a number of jobs cooperatives formed within the UNO

business network to create jobs for monolingual, Central American refugees in two northern California counties. The Jobs Referral Collective was the first of such ventures, and was founded in 1986 as an effort to reorganize a church-based jobs referral program into a self-sufficient business to obtain and distribute jobs on a continual basis to a large membership. Members of UNO provide services to individual employers in the areas of housecleaning, gardening, construction, and other day laborer jobs. After several years of experience obtaining large numbers of jobs through UNO (UNO I), in 1989 UNO founders launched a second UNO jobs referral collective (UNO II) in a neighboring county, utilizing the same administrative staff, management structure, and organizing strategy. In the same year, the UNO homecare business was launched, with the goal of creating more opportunities for quality jobs and career advancement for low-income women. UNO also operates a janitorial business which employs seven low-income members. (See case studies for more information on these latter UNO ventures).

The primary goals of the founders in launching the UNO Jobs Collectives were:

- to create jobs for low-income Latino immigrants;
- to create a community-based organization to preserve and enrich cultural values; and
- to build the individual self-esteem of members through their participation in the collective and U.S. society.

The financial and organizational planning for the first UNO venture was carried on by three individuals who had been involved with assisting a diocese-run jobs referral program for Central American immigrants and refugees. The founders sought an independent venture to overcome some of the obstacles faced in the job referral program, including the lack of paid staff and their inability to monitor the success of job placements through the program. With minimal previous business experience and funding, the founders began planning an organizational model that would not endanger the status of documented workers' or the long-term liability of the collective itself. They obtained outside legal advice which recommended that the organization be set up as a collective of members who receive wages directly from the clients. Under this system, the collective requests that each client return a donation to the administration of the collective, based on the number of hours worked. In this way, the collective does not threaten its non-profit status or act as an employer by charging clients for the hours of

work performed.

The organizational planning took place over six months, with maximum independence of the founders from the diocese which acts as the non-profit fiscal sponsor. The major contribution to start-up of the operation was the donated office space and equipment; UNO first opened its doors in a church basement with no paid staff, and ten members. The founders donated their time to the venture until donations from employers began to generate income to the collective.

## *2. Financial Performance*

UNO I reached financial break-even early in its fifth year of operation, 1991, and continues to operate profitably. These surplus funds have been used so far to subsidize UNO II until it reaches break-even (projected by 1994), and may be used to help launch other enterprises planned by the management. UNO was successful in raising a total of \$93,000 in grant funds to help subsidize their operations until break-even, with the majority of those funds raised since 1989. The total annual budget for both UNO I and II is \$110,000.

Business Volume and Marketing: Since 1991, both UNO I and II have been suffering a decline in business volume, due to the recession and decrease in discretionary income for housecleaning and other services. The recession has had a greater impact on UNO II, since UNO I has developed a broader and more stable customer base. The general manager feels UNO is doing about "as well as can be expected" for its industry, given the current recession and the high level of competition from other companies and independent contractors in their market area. The principal marketing strategy has been to advertise broadly and to offer competitive prices, with the objective of generating the largest number of work orders possible. Most advertising is done through weekly newspaper classified ads, with flyers distributed by members on a voluntary basis. The manager monitors the results of advertisements and flyer distribution, to adjust the marketing strategy when necessary.

Quality Control and Job Turnover: UNO experiences a fairly high level of job loss, mostly resulting from members who take jobs they've gotten through UNO on as independent contractors outside of the cooperative. Employers and members may see it in both their interests to return a higher wage to the worker, instead of making a continual donation to UNO I. As in the other jobs collectives, there is a natural tension between the security of getting new job refer-

rals through the collective over the long-term, and the short-term benefits of receiving 100 percent payments from customers. Unlike some of the other jobs cooperatives, UNO's manager has not seen the need to institute major sanctions or member agreements to prevent this job loss from occurring. One internal policy requires members to work at least eight hours a week, or pay \$10 a month to stay on UNO's active member list. This attempts to prevent members from leaving altogether, but not from taking the majority of their jobs outside of UNO. Other issues that have impacted business volume include the ability to maintain consistently high quality and dependable services. The management strives to deal with this issue by educating members on the need for punctuality and dependability at general meetings, and applying sanctions on a case-by-case basis.

### **3. Members and their Benefits**

UNOI is made up of 210 members, with another 75 members forming UNO II. The majority of UNO's members are newcomers to the area and the country, having arrived within the last two years. At least 80 percent of the membership are Central Americans, with the overwhelming majority being monolingual Spanish speakers. Most members are between 20 and 30 years old, with little or no formal work history in the U.S. About 70 percent of the members are women, due to the greater amount of work generated in the housecleaning field, which are traditionally distributed to women.

**Wages and Hours:** Members earn between \$6.00 and \$7.00 an hour, depending on the job. In addition to their earnings, members generate donations to UNO, based on about 15 percent of member earnings. Between 10 and 20 percent of members work close to full-time, another quarter work at least half-time, and the rest work less regularly. The most plentiful and year-round jobs are in housecleaning, while construction and yard work are highly seasonal and short-term.

**Benefits and Services:** No job benefits are provided out of the business proceeds themselves. Members themselves contribute to a membership fund, which has recently been expanded to give workers some limited damage and accident coverage, including a small fund paid to members to cover the cost of a funeral in the family. No other ongoing services are provided to members, although the collective has been organized to provide a number of opportunities for social activities and informal referrals for help. For

example, the manager points to the assistance provided to members in learning to use the public transportation system so members can get to jobs. The collective used to offer English language classes, but these were discontinued for lack of attendance. Ongoing social activities include an UNO soccer team, children's sports, regular festivals and community celebrations.

### **4. Organizational Structure and Internal Governance**

**Legal Structure:** UNO Jobs Referral Collective is operated as a fiscal project of the local diocese, which has 501(c)3 status for its service programs. The collective members are legally employed directly by clients, who contribute a donation back to the collective based on a percentage of the price charged.

**Business Management:** UNO has always been managed by a strong management team with centralized administrative and decision-making authority. The management team is made up of a director and assistant director, with the director serving as a general manager responsible for all marketing, financial management, major policy decisions, and day-to-day management. The general manager does monthly income statements in-house, and maintains a fairly complex, computerized accounts receivable system for tracking donations from employers. The current UNO general manager has been involved in the operations since start-up, after the initial general manager went on to launch the UNO Homecare Cooperative. UNO Jobs Collective has thus benefitted from the long-term continuity of managers, and the home-growing of business management skills, and company-specific administrative systems. Another advantage has been the availability of in-house management assistance offered from one jobs cooperative to another.

On the other hand, the management structure has created a natural distance between cooperative members and administrative staff, with members expressing concerns about the lack of accountability and information shared. Managers have emphasized the goal of business growth, and the difficulties in achieving business goals and member training at the same time.

**Internal Governance:** UNO's internal governance structure has followed the central direction of the managers and founders, with a gradual development of member representation. After an initial period of management, a member board of directors was gradually organized. There are seven board members, who are

appointed by departing board members, rather than elected from the general membership. The board appoints active, committed members, often through recommendations of the management. Once these appointees are accepted, they are presented to the membership, who elects officers from among them at the annual meeting. The major responsibility of board members is organizing social activities, managing the membership fund, and approving major policies, mostly originating from the management. The board meets monthly to discuss issues; the administrator prepares the agenda and runs the meeting, which includes planning for the monthly membership meeting. There are currently no functioning committees. A grievance committee existed in the past, but was scrapped when, according to both the general manager and the members, it didn't function fairly. Board training occurs once during the year, when new board members meet with the director who orients them to the basic role of board members.

The general membership meets monthly, with mandatory attendance, with meetings facilitated by the managers. General membership decisions can be decided at monthly meetings, like the decision to increase the member dues from \$24 to \$25 a year.

Decision-making: According to members interviewed, all major decision-making is wielded by the director, except for the organization of social activities. Board members do have the opportunity to ratify proposals brought to them by the management, but all members interviewed expressed their unwillingness to bring up issues that question the managers. This is especially true concerning the area of financial reporting; board members that were interviewed expressed their lack of information and security about the collective's financial surplus, and how that surplus was being used.

Member Selection, Training and Evaluation: New members are accepted during open application periods, which are determined by the manager. New members fill out applications, and are screened, hired, and given a basic orientation to UNO procedures by the manager. No contract is signed between UNO and the new members. Orientation focuses on work expectations such as, punctuality, responsibility, and the submission of employer donations, rather than any orientation to the cooperative's governance structure. New members receive four hours of training in housecleaning, given by an outside trainer. New members are expected to buy the UNO training handbook, which

covers housecleaning methods and basic English vocabulary.

Members have employers fill out evaluation forms after the first day on job, rating them on: 1) punctuality, 2) attitude, 3) quality of work, and 4) quantity. In the case of a negative evaluation, the general manager talks directly to the worker, and may apply sanctions.

Distribution of Work: Jobs are distributed at weekly collective meetings by the managers who announce new jobs. The managers personally select who will get jobs based on their knowledge of members' performance, dependability, and accessibility to the job. Members report that this system allows for favoritism by the managers, for example, preference is given to members who play on the soccer team and to members who are in good favor with the managers.

Member Policies and Accountability: The initial policies of the collective were developed by UNO management. Most new policies are now proposed by the general managers to board members, who are given the chance to review, approve, and announce the outcome at the monthly general membership meeting. Management holds members accountable to rules, and applies sanctions directly. Most violations of the rules are sanctioned by a temporary suspension from receiving work from the collective. In the case of serious or continual violations, the manager may propose a permanent expulsion from the collective. There is currently no formal grievance process, although members may bring their complaint to the board. A grievance committee operated in the past, but was reported to be dysfunctional by both board members and the management. According to one member, the committee members showed favoritism and a lack of training and practice in applying the rules fairly. The low opinion of the committee encouraged members to go straight to the board or manager for redress, and the committee stopped functioning.

### **5. Overall Evaluation**

UNO is considered successful by both management and members, in that it has been able to acquire a major number of jobs for its members, especially for newcomers to the area. The majority of the members interviewed said they started working for UNO within the first six months of arriving in the area, for many of them their first time in the U.S. These recent immigrants consider UNO as their stepping-stone to better opportunities, the "only place" that "opened the door" for them in their search for a job and community

support. According to one member, most intelligent, enterprising individuals will work their way out of UNO after living in the area for a longer time, which she considers only natural.

UNO is also considered successful by its manager for the following reasons:

- having survived six years and broken even financially;
- having created more than 300 jobs;
- having created an autonomous network of several business ventures, with the ability to create new ventures to serve their target population in other areas; and
- having promoted management and administrative positions from within, and demonstrating the contributions that Latino immigrants can make to creating their own institutions.

On the other hand, UNO was generally considered unsuccessful in promoting leadership and personal skills development by members. All interviewees felt they were not treated as equals by management, and resented the lack of information and control they have in the organization. Regular training of board members and the membership was minimal, and board members expressed major questions as to the operations and the financial status of the organization.

The gap between members' and manager's answers as to goals and obstacles is substantial. One of management's goals for UNO is to break-even financially with UNO II, as well as open up a similar job referral enterprise in another location. Not surprisingly, members of UNO I were instead concerned with using the surplus income from UNO to raise their hourly wages, and provide benefits to members. Long-term members complained that there was no advantage (pay differential, benefits) over newcomers, and all members interviewed complained of low pay. Other concerns expressed by members included:

- lack of information sharing between managers and members, especially in the area of financial information (reporting of income and expenses);
- lack of evaluation and accountability of managers to board members;
- lack of uninhibited discussion and a real "voice or vote" on major issues, such as the use of surplus income; and
- a perceived change in orientation of UNO, from a community resource "to help people" to "just a business".

Most members interviewed didn't understand UNO as a business, but more as a social umbrella, that was criticized because it couldn't provide better social services like food, housing, and loans. Although some members commented on inter-group schisms and lack of cooperativism, other members felt that UNO operated like a large family, and gave people a chance to feel at home with fellow immigrants in similar situations. The general manager emphasized the community-building activities that UNO Jobs Referral Collective has fostered, as a way to "preserve and enrich social and cultural values".

## **B. Rise and Shine Housecleaning Cooperative - "Composite Model"**

### ***1. Project Background and Planning Process***

Rise and Shine Housecleaning Cooperative, based in northern California, was founded in June 1986 by a program of a county-wide, religiously-based agency. This agency has been operating since 1947, with the goal of serving the very poor and disenfranchised through the provision of direct services. The agency operates on an annual budget of approximately \$528,000 and a staff of 15. The housecleaning cooperative developed out of a support group for Spanish-speaking women which had been meeting for approximately a year and one-half before the formation of the cooperative. The cooperative project was organized to meet the needs of low-income Spanish-speaking Latina women.

According to the cooperative coordinator, the goals articulated for the business were: 1) to provide training and employment for women; 2) to train people in group democratic decision-making; 3) to provide emotional support to the cooperative members; and 4) to develop a cooperative run by its own members.

Members interviewed had various goals for joining the cooperative including:

- obtaining work;
- learning to drive and buying a car;
- obtaining assistance for their children;
- learning English;
- obtaining independence from their family;
- accumulating savings to send to Mexico to purchase a house;
- increasing their standard of living;
- obtaining advancement in their jobs;
- working for themselves;
- learning other skills such as working in a group; and

- forming social bonds with other members of the cooperative.

Prior to launching the housecleaning project, the women met through a program of the service agency to explore alternative economic development ventures, including direct food sales (tamales and tostadas) and a sewing cooperative. The housecleaning project was the first experience the sponsoring organization had with cooperative development. Only two of the organization's staff or board members had any background in business, including a staff member and Board member with an economics degree and a Master's in Business Administration.

Business planning began in 1986 and lasted six months, under the lead of two part-time social workers at the agency. These women had no prior experience in business planning, but were able to conduct research on other business development efforts. Initial attempts were made to involve the women in the business planning phase, but were unsuccessful, according to staff, because of the women's lack of decision-making skills at that time. Business planning activities included testing the service, studying the market, analyzing the feasibility of the business, developing a marketing strategy, recruiting a cooperative coordinator and planning the organizational structure of the business. No formal business plan was ever produced, and no outside consultants were utilized. The board of directors of the sponsoring organization was not involved in the business planning phase but approved the plan to move forward with business start-up. The cost of the planning phase—staff time—was subsidized by the agency. A start-up grant from a local foundation covered the costs of the salary of a part-time cooperative coordinator, equipment, some overhead and training for the workers. Initial funding was considered more than sufficient by staff, and may have even been more than necessary, since it was not until this funding ran out that they were forced to operate as a self-sufficient business.

A pivotal turning point in Rise and Shine's development took place when Rise and Shine obtained outside technical assistance from a business consulting firm with experience in cooperative development. The coordinator of the cooperative at the time, credited the consultants with recommending a financial structure and internal governance system which ultimately revitalized the business. Within one year of this assistance, Rise and Shine began operating at a surplus.

## ***2. Financial Performance and Management***

After four years in operation, Rise and Shine broke-even financially, and has generated a surplus in the last year and a half. The major obstacles in reaching break-even were attributed to a turnover in membership, resulting in a loss of customers as women who left often took their clients with them. The cooperative's investment in training (of members who left) and transportation were cited as important factors in the cooperative's inability to break-even. Currently, the business brings in average monthly revenues of approximately \$4,800, which adequately cover monthly operating expenses of about \$4,600.

Business Volume and Marketing: Overall, the industry in the cooperative's market area is doing fairly well, although demand has decreased somewhat due to the recession. The cooperative has been able to weather the recession in part, due to its targeted market of affluent households in the surrounding suburban communities. This target population has provided the cooperative with a steady customer base which has translated into stable employment for cooperative members.

The primary methods for reaching their market have been through advertisements in the local weekly paper, the yellow pages, customer recommendations and its sponsoring agency's publication. The cooperative coordinator points to a competitive advantage in the market, due to the high quality of service offered. The cooperative keeps track of individual customer preferences, and encourages a close relationship between the member and the client. Members clean houses individually and are paid on a per-hour basis as opposed to the set per-house fees charged by the competition. If requested, non-toxic cleaners are used by the worker. New customers receive promotional information about the mission and background of the cooperative, and all customers are sent the cooperative's newsletters, reminding them that Rise and Shine is more than just a housecleaning business. Customers respond positively to this difference, with a resulting boost in business volume.

Management Turnover: Rise and Shine is currently managed by one full-time coordinator, with the assistance of a part-time secretary. The cooperative has experienced considerable staff turnover, with a succession of four coordinators over the last six years. The first part-time coordinator lacked business management skills, and was replaced after six months of difficulties with the start-up business. The second



coordinator was hired for her previous experience in managing a housecleaning business. Although hired for her business management skills, she lacked the ability to communicate and respond to the members, and left the cooperative after three months. The third coordinator was hired for her vision of the project and her understanding of the cooperative's goal of developing a democratic style of governance. She stayed with the cooperative for three and one-half years, and left at the point when she reached burnout. The coordinator hired over a year ago, was brought on board for her experience working with cooperatives and her understanding of the organization's goals and objectives for the project. As of this writing, the cooperative coordinator who was interviewed for the study has also recently left the project and a new cooperative coordinator is expected to take the helm shortly.

### **3. Members and the Benefits**

A total of 22 women are members of the cooperative. All members are Latina, from both Mexico and Central America, and most are monolingual Spanish speakers. Educational levels ranged from completion of second grade to completion of the first year of college. Most of the members joined the cooperative through family members, friends, or social workers at the sponsoring agency.

**Wages and Hours:** On average, the members of the cooperative work 28 hours per week and net \$10.50 per hour. (Members charge \$12.00 for their services, and return \$1.50 per hour in dues to the cooperative). Continued membership in the cooperative is indicative of the stability of work; most of the women interviewed had been with the cooperative for four years or longer.

**Benefits and Services:** The primary job benefit that members receive from the cooperative has been group self-insurance, which provides up to five weeks of paid leave at \$100 per week. Members can use this benefit for maternity or sick leave, as is needed. In addition, last year cooperative members received a distribution of surplus dues, accumulated over the previous years, which was used by some members as paid vacation. The distribution of this surplus was based on seniority. The cooperative has not yet been able to provide health insurance, cited as the benefit most in demand by the membership. However, the cooperative does provide other services to its members, including a maximum of three driving lessons, on-site English classes, assistance with translations, emergency loans of up to \$500, and membership in a grocery warehouse club.

### **4. Organizational Structure and Internal Governance**

**Legal Structure:** The cooperative functions under the umbrella of its sponsoring agency, although members are legally considered independent contractors. While the management style is based on democratic decision-making, the business has never been legally incorporated as a cooperative. The coordinator expressed frustration with the current relationship between the cooperative and its agency, a multi-service organization that is too large to respond quickly or easily to the cooperative's needs. Accounting and fund disbursement for the cooperative is handled through its sponsoring agency, and involves a lengthy, administrative process. The lack of financial autonomy has become a bigger issue in the past year, since the cooperative began generating a surplus. The sponsoring agency views Rise and Shine as a social service program, not a business, and would opt to channel the surplus into other program areas.

**Management:** The day-to-day operation of the business is managed by the cooperative coordinator, who is responsible for obtaining new business, distributing incoming work, overseeing accounting, facilitating meetings, marketing and financial planning, and resolving conflicts as needed. The coordinator receives assistance from social workers at the sponsoring agency and from members in meeting facilitation. However, the coordinator stated her need for more assistance in accounting, facilitating meetings and daily operations in order to focus more on business planning. Monthly financial statements are produced by the sponsoring agency.

The most satisfying part of the coordinator's job was the interaction she has with the women and the fact that a functioning cooperative process has been established. At the same time, the coordinator complained of overly demanding expectations from members, and a lack of direct communication and participation between members and staff in the daily operations of the business. The coordinator also expressed the concern that her job position and responsibilities were not well understood by members, especially her responsibilities for business planning. The coordinator reports to both the cooperative membership and a supervisor at the sponsoring agency, and was evaluated by cooperative members for the first time this year.

**Internal Governance Structure:** The cooperative is divided into four membership committees: a personnel

committee, a grievance committee, a training/orientation committee and a policies and procedures committee. The personnel committee is responsible for screening, selecting and recommending new members to the group. The policies and procedures committee consults with the coordinator to determine how to respond to a member's violation of her responsibilities. The grievance committee is responsible for reviewing grievance issues related to work performance or cooperative participation. Finally, the training committee carries out functions related to the orientation of new members. All committee members are elected to their positions, and rotate positions within the committees. The cooperative is also aided by individual leaders who are in charge of planning and record-keeping of purchases at the grocery warehouse club, organizing celebrations for members birthdays, facilitating cooperative meetings, and keeping account of the cooperative's emergency loan fund. Some of these positions are voluntary, while others are elected positions.

**Decision-making:** Members participate in major decisions through their weekly meetings, with decision-making based on majority rule. Members are responsible for reviewing the cooperative's budget and expenditures, as well as long-term planning through their annual retreat. The cooperative coordinator believes that members are articulate and understand the group's decision-making and self-governing process.

**Member Selection, Training and Evaluation:** Rise and Shine has developed a more stringent selection process for new members than was formerly practiced. Prospective candidates for membership are placed on a waiting list until the cooperative has enough work to take on new members. The coordinator screens and interviews candidates based on their eagerness to work in a group, their financial needs, their personal goals, and previous housecleaning experience. The top six candidates are then interviewed by the personnel committee, which makes its selection based on the criterion above. Each new member must attend three membership meetings, after which she is given housecleaning training and put on probation for three months. During the probationary period, a person is required to pay \$2.50 per work hour in dues. After her probationary period, the applicant is evaluated and her entry to the cooperative is approved by the membership. Once confirmed, the member is given an orientation on the policies and procedures of the cooperative and asked to sign a contract which commits the member to 18 months of work.

The cooperative uses another process for workers who replace members while on leave (for vacation, maternity, or other reasons). The incoming worker must attend two membership meetings and participate in a week of on-the-job training in the houses of the person she will replace. After the period of replacement, if the worker would like to apply for permanent membership, the full membership must vote to approve or turn down her appointment to the cooperative.

Training is currently provided by members through the designated committee. The majority of workers surveyed commented that the training was less than adequate, and suggested that professionally skilled trainers be hired by the cooperative.

Evaluations of members' work are carried out by clients and the cooperative coordinator. The coordinator calls customers after every new job for feedback on the member's performance. Customers are thereafter asked to evaluate members on an annual basis, through an evaluation form, which are then given to the members for review. Based on the customer feedback, members evaluate themselves on the areas that they would like to address over the next year. Although this evaluation system received favorable comments from some members surveyed, others pointed out that there is no recourse in the case of an unfair evaluation by a customer.

At the end of the year, workers are given special recognition for their performance by their peers. A committee of members is responsible for selecting members who have exhibited commendable performance on the job or through participation in the cooperative (performing additional volunteer work, creative problem solving, being supportive of others, etc.). Recognized individuals are awarded prizes for their contributions.

**Member Policies and Accountability:** Members are held accountable to work performance and cooperative participation through a points system. All policies and procedures have been assigned a certain number of points by the members. Workers accumulate points for not complying with the policies of the cooperative or for poor work performance. A member is put on probation at 15 points; at 20 points she is fired (a decision that must be approved by the full membership). A member can clear her record of all points by not breaking any rules for six months.

As a result of a year-long organizational development effort between members, the coordinator and outside consultants two years ago, Rise and Shine

adopted more stringent policies and procedures. One of those policies prohibits members from taking on work outside of the cooperative. Another policy mandates that members must be retrained if they are responsible for losing more than three jobs. According to the coordinator at the time, these new policies and sanctions had a direct impact on improving the quality of work and level of member participation and unity. However, workers surveyed voiced the complaint that policies are not currently being followed and enforced, and that the current coordinator has not been stringent enough in sanctioning violations with points. One member said that members tend to try to change policies when they would rather not comply.

**Distribution of Work:** Work is distributed based on a system which takes into account the customer's needs and worker seniority. The request of the customer (i.e. day and time of cleaning) is given priority. The cooperative coordinator reviews the list of workers (ranked by seniority) and determines which worker can accommodate the customer's request. If a senior worker is already booked for the day and time requested, the worker is given to the next member on the list.

### 5. Overall Evaluation

Overall, the cooperative coordinator and associate director of the sponsoring organization stated that they felt the business had been successful from several points of view. The business has been able to provide women with employment that pays well and provides a high quality of service. The members have developed leadership and decision-making skills, within a participatory decision-making process that works. Through classes and personal goal-setting the women have become more self-sufficient; skills they have acquired from the cooperative are transferable to other aspects of their daily life such as tenants rights and educating their children. Finally, the cooperative has served as a model for other groups and the larger community. The only problem cited from the sponsoring agency is that the business serves an exclusive target population—Spanish-speaking Latina women—which can be problematic in a community with a large African-American population.

Members described the successes of the cooperative in the following areas:

- obtaining jobs and increasing incomes;
- bringing women together to make decisions;
- helping members learn to drive;
- helping members advance in personal goals;

- surviving as a business for many years and building a large client base; and
- becoming completely self-reliant on member's dues.

These latter comments indicate that some members clearly define success for the cooperative as a whole, and not just in their individual situation.

On the other hand, members said they were more negative about the cooperative than when they first started. One member pointed to the problem with the high turnover in staff. Other members complained of the decrease in work and group cohesion with the addition of more members. Another member felt the cooperative was suffering from poor communication, and was "going backward" compared to earlier progress. Language skills, member turnover, and communication problems were cited as the most significant obstacles facing the cooperative. Suggested solutions included limiting the increase in membership and implementing greater control. Members suggested that the cooperative more effectively screen new members based on their willingness to participate in the cooperative's governance and on their work skills and commitment. Members also pointed out the need to improve the relationship between the cooperative and the sponsoring agency.

Still, most members interviewed were planning to stay with the cooperative indefinitely. Most members said they liked the work they did and enjoyed the relationship they had with their clients. They all concurred that the best feature of their job was their independence and the lack of a boss, although some expressed their desire for a chance to develop other skills. Some reasons given for staying with the cooperative included the opportunities for increased learning and solidarity in the group. Two members continue because they would like to make career advancements—one in an administrative position, another as a social worker. Unequivocally, all members were of the opinion that a cooperative is a good way to help recent immigrants who have no other means of employment and who need a supportive environment and an orientation to this country.

In the future, the cooperative plans to provide additional training to cooperative members, with the help of a \$19,000 grant aimed at providing training in areas requested by members. Members will be also be given training to enable them to become more involved with the administration of the business; such training will include computer training, accounting, and train-

ing in group decision-making processes and facilitation.

### **C. Adelante 1: Angelica Housecleaning Cooperative - "Organizing Model"**

#### ***1. Project Background and Planning Process***

The Angelica Housecleaning Cooperative was launched as one of a number of cooperatives organized by the Adelante Project, a county-wide, religiously-based organizing project. Adelante was founded in 1988 by a group of clergy and community activists to develop community leadership for change, to work on community issues, and to generally improve the quality of life for low-income community members. Adelante is a membership-based organization, and has 26 affiliated congregations that pay membership dues to receive Adelante's services. Adelante's current program areas include affordable housing, crime, schools and childcare, and jobs cooperatives. Adelante has assisted community groups in organizing five jobs cooperatives to date, all of them in the housecleaning sector. Adelante is currently involved with assisting in the planning of cooperatives in other sectors, including gardening, painting, and construction. Each jobs cooperative is considered an independent member of Adelante, and are thus eligible for training and other services of the organizing project.

According to the Adelante organizer interviewed, community members themselves initiated the idea of forming jobs cooperatives. Adelante had not previously been involved in job creation efforts. As a result of its efforts, Adelante claims to be challenging the traditional separation between economic development and community organizing. However, Adelante's staff emphasizes the priority on leadership training, with job creation seen as a secondary outcome. In short, Adelante believes that democratically-organized cooperatives are a good means of "giving committed people the skills for personal and community change."

Angelica is considered by Adelante to be the most successful of all the cooperatives developed through its organizing efforts. The first meeting of members took place in February of 1990, with the cooperative starting the business four months later. The process by which Angelica was initiated followed much the same pattern as that shown by the other four cooperatives in the Adelante network. The cooperative is first initiated by one of Adelante's member organizations, in this case one of the member church congregations. Persons from

this sponsoring organization begin working together with Adelante to hold meetings for potential members that focus on issues that impact the low-income Latino population as well as cooperative development. Meetings are held every two or three weeks until a core group of people remain, which takes between three and eight months. In the case of most of the cooperatives, the numbers of interested persons at meetings dropped considerably after the first few meetings, before stabilizing with a group of committed persons. Adelante requires a core of at least ten committed people before beginning cooperative trainings. Most cooperatives close membership at this point, until they have completed training and begun operations.

Adelante organizers then train members in leadership skills, and a basic cooperative governance model with clear committees, point system, and policies. Each group meets to review and approve these policies, while practicing skills in public speaking, meeting facilitation, and group decision-making. Vocational training is given in the area of housecleaning, and sponsoring organizations assist the groups in logistical support. When organizers, members and sponsors are ready for start-up, the cooperative requests start-up funds from an umbrella Jobs Cooperative Committee, formed with representatives from all of the Adelante project cooperatives. Generally, this committee offers grants of \$1,000 on the condition that the cooperative obtain a matching \$500 donation from its sponsor. Almost of the Adelante cooperatives have begun operations with \$1,500 or less.

With the initial cooperatives, including Angelica, Adelante organizers played a much more significant role in planning, start-up and day-to-day operations. At this point, Adelante plays more of a consulting role, with planning and training to new cooperatives being increasingly taken on by members of other cooperatives, collaborating through the Jobs Cooperative Committee (described in greater detail below).

#### ***2. Financial Performance***

The Angelica Cooperative reached self-sufficiency about one year after opening for business. Monthly expenses of \$500 to \$600 primarily cover the wages of the part-time "secretary", the bilingual coordinator who works 15 to 20 hours per week. The cooperative has continued to generate more revenues than expenses, and has earned about \$3,000 in surplus funds after a little over a year in operation.

The cooperative reports a decrease in business

volume, primarily due to the recent turnover in the secretary position. The new secretary has not been as aggressive or successful in promoting the cooperative to potential customers (Other Adelante project cooperatives experienced similar problems with the turnover in secretaries, clearly related to the low pay and benefits of the job position).

### **3. Members and their Benefits**

**Wages and Hours:** Of the coop's 22 members, about one quarter work 30 hours or more, with the rest working very few hours. Members net \$9.25 per hour, after they pay 0.75 cents per hour in dues to the cooperative.

**Benefits and Services:** The cooperative has not been able to provide benefits to members at this point. According to the organizer, the members put the highest priority on health insurance. Members also expressed their desire to form a credit union. The main services the cooperatives offered to members are English classes and citizenship classes, both paid out of the cooperative's budget.

### **4. Organizational Structure and Internal Governance**

**Legal Structure:** As described in the "Cooperative Agreement" that Adelante enters into with cooperative members, the cooperative is a non-taxable entity set-up to allow members to pool their resources and operate their individual businesses more efficiently. Each member is considered to be an independent contractor, solely responsible for questions of damages, liability, and payment of taxes. The Adelante project assists members in applying for their business license as independent contractors, and has begun to provide information to cooperative members about filing their taxes.

**Management:** Each cooperative has only one paid staff position, that of a "Coordinator" or "Bilingual Secretary." This person works primarily as a translator and intermediary between customers and cooperative members, taking in new jobs, passing on messages, and taking members out to new jobs to ensure that instructions are clear. The coordinator is not considered a member of the cooperative, and has no decision-making power. A staff organizer from Adelante and the cooperative together are responsible for hiring, firing, and evaluating the secretary. It is currently planned that this evaluation process will be carried out through committee chairs and the Adelante organizer.

**Internal Governance:** Most of the tasks of managing the cooperative are done through the committees, with major decision-making occurring at the level of the membership as a whole. Each of the Adelante cooperatives is set up with the following standing committees: 1) finances; 2) publicity; 3) activities; and 4) points and rules. The finance committee transacts and records all financial matters, including payables, hours and dues of members, basic income and expense reporting, and the cooperative's own bank accounting. The publicity committee plans and carries out all marketing efforts, including flyers and follow-up letters to customers with assistance from the sponsoring church. The activities committee organizes fundraising events, which augment business income. The points and rules committee monitors the cooperative's point system, educates members about rules, organizes member meetings, and, in the future, will evaluate the coordinator.

In addition to carrying out specific tasks, committees are charged with developing new proposals in their work area. All new policies and proposals are brought to the entire membership for approval before they can be adopted or implemented. Members are required to participate on a committee, where they receive training from the Adelante Project. The Angelica Cooperative rotates committee membership every three months, so that members learn all the skills involved in the management of the cooperative. This committee rotation was initially planned on a staggered basis to allow for peer training of new members, but most committees have changed their composition completely from one term to another, and thus require ongoing training by the Adelante organizer. Members interviewed indicated that there are gaps in the training and understanding of some of the committee members. (Other Adelante project cooperatives use a six-month committee term with overlapping member terms to achieve more effective training of their committee memberships).

Each committee elects a chair person, who is responsible for orienting new members and coordinating work with other committees. On a monthly basis, all chairpersons meet with the organizer at Adelante to review and discuss issues and proposals. The cooperative membership as a whole meets on a weekly basis, both to distribute jobs and points, and to discuss cooperative issues and proposals. Decision-making within the group is done by consensus whenever possible.

Each of the cooperatives in the Adelante network elect two representatives to serve on the Jobs Coopera-

tive Committee, which carries out functions similar to a Board of Directors of the jobs cooperative program of Adelante. Established a year ago, the Jobs Cooperative Committee (JCC) carries out the following responsibilities:

- Reviews proposals from sponsoring organizations and makes decisions on developing new coops;
- Approves and monitors the use of JCC funds as requested by member and start-up cooperatives, primarily in the form of small start-up grants and loans; and
- Provides advice and training to member cooperatives, gradually taking on tasks that were formerly done by Adelante organizers.

The Jobs Cooperative Committee elects one representative who serves as its primary facilitator and leader. This representative also serves on the Board of Directors of Adelante.

Member Selection, Training and Evaluation: All prospective members of the Angelica Cooperative go through an application and interview process to make sure that they understand and are willing to participate in the cooperative. Interested members fill out an application form, and are then interviewed by the Points and Rules Committee. The applicant is informed about the cooperative system, and evaluated on her "interest" and apparent commitment. Those members selected by the committee are invited to attend three meetings of the cooperative, after which time the entire membership votes to accept or reject her entry to the cooperative, contingent upon satisfactorily completing of housecleaning training. New members sign a contract between herself and the cooperative, which commits the member to attendance at meetings and on committees, and the reporting of all jobs and dues to the cooperative.

Training is performed by two housecleaners who are paid by the cooperative. Each training is about six hours long, involving three hours of on-the-job practice, and three hours of learning about products and their uses. One of the trainers commented that three hours of on-the-job training is probably inadequate to effectively prepare new members. Trainers make the decision as to whether someone's work is acceptable or not. At most, each new member will be asked to do two trainings. If the person still cannot perform well, they will not be accepted into the cooperative.

Every six months, members are evaluated by employers through evaluation forms, which are then re-

viewed by the cooperative as a whole. No sanctions are applied after the first complaint, except for informing the member. After the second complaint, the coordinator arranges and translates at a meeting between the member and the customer, in which they try to resolve any problems. In the case of a third complaint, the issue is brought up before all members, who have the right to terminate that person's membership in the cooperative. The system of evaluation in front of the whole group was not seen as the most effective by some members. One of the members pointed out the need to include sanctions for unsatisfactory work within the point system, described below.

Distribution of Work: Work is distributed through a system of points, awarded to members for participation on committees and fundraising activities, and attendance at meetings and English classes. Members with the greatest number of points—generally the most senior members—get the first choice of new jobs offered. Under this system, newest members are less likely to receive many hours of work until senior members approach a full work schedule.

Member Accountability to Policies: Most of the cooperative's rules are sanctioned on a weekly basis through the point system. The Points and Rules Committee is responsible for ensuring that rules are upheld and sanctions applied. Members lose points, and thus their choice of jobs, through infractions of the rules, such as disruption of meetings and failure to attend meetings or classes without justification (at this point, no points are lost through employer complaints about work quality). Along with losing points, members are given warnings on the first or second violation of a rule. After a third infraction, such as three consecutive absences from a meeting without an excuse, members can be expelled from the group. All decisions to terminate a membership must be approved by the cooperative as a whole. At present, no grievance procedure has been established to deal with members' disagreements with decisions of the committee or cooperative.

## V. OVERALL EVALUATION

The Adelante organizer believes that Angelica has been successful in three major areas:

- increasing members' incomes, and thus quality of life significantly (some members have doubled their earnings through the cooperative);
- increasing members' leadership skills within

- the coop; and
- giving members transferrable skills for personal development and growth, including skills in English, public speaking, and financial record-keeping.

Much of the success in achieving these results was credited to the motivation of members, the initial emphasis on leadership development, and the substantial amount of time invested in organizing and training by Adelante. Other key factors of the organizing model include the low start-up costs and the utilization of community and church-based networks for economic and social support.

On the whole, members were more positive than negative of the cooperative's performance to date. One member said the cooperative has not been successful because of the lack of job benefits and misunderstandings between members. On the other hand, one worker stated that she considered the cooperative successful because she had "learned about different ways of thinking", including how to work with new people and become more involved with the community outside of her own family. Another member spoke highly of her learning experience within the cooperative: "I used to be embarrassed to speak in public. My last job didn't help me one bit. I didn't learn one word of English. In the factory the communication was all gossip. In the cooperative we talk about important things such as the business. Everyone has learned how to run the meetings." Members also commented on the positive aspects of being independent contractors: "In the cooperative no one bosses me around.... I feel better being my own boss."

## VII. CRITICAL FACTORS FOR SUCCESS

The case studies above, as well as those included in the appendix, underscore the fact that each cooperative was launched with very different objectives in mind. Hence, it is difficult to compare the outcomes across the various cooperatives. For that reason, the measures of "success" identified in this study are very broadly defined, using two major criteria which are fundamental to cooperative business ventures:

- the extent to which economic benefits (including wages, fringe benefits and other services) are returned to members, determined by the economic profitability of the enterprise; and
- the extent to which self-governance by the

membership is realized, measured by the level of awareness, participation, and control over major cooperative decisions exercised by members.

The following section will reflect on the experiences of all of the cooperatives studied in an attempt to examine those factors which have contributed to success in these two major areas.

### A. Business Management

The ability of the cooperatives to recruit and retain strong and committed managers or coordinators clearly had a great deal of influence on the overall success of all ventures except those developed under the Adelante organizing model, in which the coordinators' role is limited. (The terms "manager" and "coordinator" are used interchangeably in this section, although the roles and responsibilities of this position varied greatly across the cooperatives). The combined job requirements of entrepreneurial aptitude, basic business management skills, interpersonal skills, commitment, cooperative vision, and bilingualism made it very difficult to recruit for the coordinator position, especially if that person was not already part of the founding staff. Given the limits of most non-profit sponsors in offering competitive salaries and compensation, it is important to focus on those qualities in management which have proved most critical to success or failure of cooperative ventures. Such qualities include:

Commitment and Continuity: Clearly, the continuity and commitment of managers was a major factor in developing the financial and organizational viability of the cooperatives. Continuity is especially critical given the fact that both financial break-even and the development of a cooperative governance structure may require years to achieve. Many of the cooperatives experiencing the greatest difficulty in becoming self-sufficient had gone through three or more managers in as many years. Some of these, such as Klean-up and Helping Hands, ended up operating without managers or coordinators for months at a time, necessitating the continued involvement of staff from the sponsoring organization that may not have had the time or expertise to devote to the venture. In contrast, the manager of UNO Jobs Referral Collective was one of the founders and first assistant manager. His succession to the position of manager allowed for the continued development of effective administrative, marketing, and financial systems which aided the financial success of the venture. This managerial commitment was equally

crucial for Rise and Shine, where the cooperative revamped its internal policies and experienced a major increase in both member commitment and economic profitability under the leadership of one coordinator for three years.

**Cooperative Vision:** In addition to their commitment to the long-term survival and growth of their ventures, managers and coordinators clearly must understand and project the vision of a cooperative model in which member self-governance and empowerment is a motivating factor. The study demonstrates the desirability of having someone in a leadership position who acts as the organizer, with the ability to impart training in leadership skills and group processes that lead to democratic governance and shared decision-making. Part of that organizing vision and management style is the belief in the members' abilities to learn the skills of self-governance through practice and support. This belief and vision must be accompanied by a clear strategy of transferring skills and accountability to the members, discussed in more detail below.

**Entrepreneurial Aptitude:** The entrepreneurial aptitude of the manager/coordinator appeared to be a more critical component than prior business management experience or industry expertise. In fact, the experience of some ventures, such as All-Bright Janitorial, suggests that managers with industry experience are not only harder to recruit, but more likely to leave for more lucrative or traditional job options. More important to the success of these ventures were general entrepreneurial attributes in the manager or coordinator, such as assertiveness, the ability to communicate clearly and persuasively, the practice of asking questions and making extensive contacts in the field, and basic financial planning skills. Some of the ventures created by social service organizations, such as Helping Hands, were not able to develop that entrepreneurial outlook within the management, with serious financial consequences to the venture. More economically successful ventures, such as Winner Janitorial and the three UNO cooperatives, are characterized by managers who developed their industry experience with an aggressive entrepreneurial approach to breaking into new markets and achieving financial stability.

**Management Skills:** The study showed that cooperatives can "home grow" the skills of their managers, coordinators and workers, which are particularly important in the areas of marketing, administrative coordination, and personnel oversight. Good marketing skills were especially necessary in urban areas where

markets are larger and more competitive given the nature of the service industries and the need to respond to a high level of individual customer preference. The development and coordination of effective administrative systems to track customers' work orders and members' work assignments was also critical in most of the cooperatives studied. And perhaps most importantly, the managers of successful cooperatives demonstrated strong leadership skills in the areas of personnel management and enforcement of the cooperative's policies.

## **B. Cooperative Organizing and Training**

The success shown by some of the ventures in developing a functioning cooperative structure depended on a conscious strategy of member education, training, and practice in cooperative skills, policies, and procedures. Those cooperatives which underwent a long-term process of hands-on training and practical education in cooperative organization, policy-making, and procedures—such as Rise and Shine and the Adelante-assisted cooperatives—showed the greatest results in terms of members' assumption of leadership and decision-making roles. This organizing and training included tangible skills building in such areas as public speaking, facilitating meetings, and keeping basic financial records. Other areas of cooperative education focused on developing internal cooperative policies and procedures, such as member-managed grievance resolution and group decision-making procedures.

A successful cooperative organizing strategy necessitates the development of a workable structure for cooperative governance, with clear roles and responsibilities of management, members and member-elected or appointed bodies. Ideally, the basic parameters of that governance structure are established at the outset, as in the case of the Adelante cooperative projects. There, members are educated during the start-up period as to the responsibilities of the coordinator, the committees, and each member in fulfilling specific responsibilities. In addition to benefiting from organizing and training provided at no cost, these cooperatives can receive guidance from other cooperatives developed under the same organizational model. In comparison, cooperatives that did not start with a cooperative governance structure from the beginning had a very difficult time building in the elements of member participation over time. For example, the roles and responsibilities of board members and management at



the UNO Jobs Referral Collective were never clearly established from the start, which has resulted in a very uneven exercise of decision-making by members, and a lack of understanding on their part as to the management and finances of the cooperative.

**Identification of Natural Leaders:** Although none of the staff members interviewed stated emphatically that having a strong member with natural leadership abilities was important to the ultimate success of the cooperative, those cooperatives which did possess such persons had an easier time with group dynamics and with instilling ownership in the cooperative. For example, Cooperativa Progreso had a natural leader who had a strong sense of what was needed in order for the cooperative to succeed. She was instrumental in convincing the membership that attendance at English classes should be mandatory; her skill in arguing her case, and her vision that neither members nor the group as a whole could succeed without learning English, made it possible to convince the cooperative members to change their minds. For this woman, the concept of '*progresar*' (progress) was defined collectively rather than individually. A cooperative which begins with a few leaders who have that collective vision and the skills to make it happen will be at an advantage and will more likely be able to make the cooperative successful in reaching self-governance and full member participation.

### C. Clear Policies and Procedures

One of the most critical factors in achieving success in both economic performance and cooperative development was found to be the presence of clear policies and procedures to which all members are held accountable. It was most often through the process of adopting, reviewing, and revising policies that cooperative organizers and leaders were able to train members, foster ownership of the project, and transfer decision-making authority to the various committees, boards, or membership at large. The resulting increase in member accountability and cooperative performance were illustrated by the experience of Rise and Shine Cooperative, where the coordinator and members went through a year-long process of developing clear policies and enforceable sanctions for members who did not comply with those rules. For example, the members adopted mandatory retraining for those members who had lost more than three jobs, which resulted in a higher quality of work and lower incidence of customer loss. Some of the key policies and procedures that need to be

addressed by the cooperatives include:

**Tight screening and selection of new members:** Managers and members both reported major gains by requiring new members to pass through an orientation and selection process which stressed the requirements of all members, their relationship to the governance structure, cooperative policies and procedures, and the minimum skill level needed to perform quality work. Member screening and selection proved easiest in the smaller cooperatives, where new members were brought on individually and reviewed by committees or the board. However, Klean-up, one of the large jobs collectives, also reported a significant increase in member participation and commitment to internal policies after tightening up its member application and selection process. Previously, the cooperative accepted all who applied, prioritizing new members based on their need for work. Now, groups of potential new members are required to read about the cooperative's history, sign a member agreement, attend three half-day training sessions on the cooperative's governance system and policies, and pass a test on the information given. A smaller cooperative—Rise and Shine—has developed an interview process by which new applicants are screened by existing members to ascertain their commitment to the goals and processes of the group. Other groups, such as the Angelica Cooperative, require interviewed applicants to attend cooperative meetings before they are selected. Some of the housecleaning cooperatives have begun to require applicants to demonstrate a minimum skill level before being accepted as new members.

**Member Participation Requirements:** Those cooperatives which require members to make a specific commitment to participating in the cooperative, such as attendance at meetings and active participation in committees, were much better able to develop members' commitment to the cooperative as a whole. All of the Adelante cooperatives require members to serve on a committee, attend English classes, and attend weekly meetings. These membership requirements are made clear during the application and interview process, and have assisted in screening out those members who are only interested in a job.

**Member Contracts:** Clear contracts between members and the cooperative were important in clarifying the responsibilities of each. For example, one cooperative had a rule prohibiting members from taking on jobs outside the cooperative, a policy founded by the managers to be critical to the overall financial success of the

cooperative. Many of the housecleaning cooperatives such as Immaculate allow their members to work outside jobs, which effectively creates a situation where members compete against their own cooperatives as independent contractors. Those cooperatives which expressly used a contract between members and the cooperative strengthened the ability of the cooperative to govern itself, by holding members accountable to the commitments they made in entering the cooperative. In the case of associations of independent contractors, contracts should stipulate the legal liabilities of the parties involved, and thus protect the cooperative from tax and employer liability issues.

Sanctions: Effective cooperative policies and procedures depended on reasonable and consistently applied sanctions for members who failed to comply with the policies. Complaints of favoritism or inconsistency of sanctions were found to be equally damaging in cooperatives with decentralized decision-making and those with a hierarchical management. In fact, the challenge for member-run cooperatives was clearly pointed out by one member of Rise and Shine, who commented that members try to change policies when they don't like the sanctions. However, most groups that adopted a system of points and rules found it easier to apply sanctions objectively to all members. Interviews with members and managers indicated that when procedures were adopted which held members accountable to each other—through points and rules and grievance committees, composed of elected members which reinforce collective accountability—compliance was higher and member participation was greater. Overall, this improved the quality of services offered to customers.

Equitable distribution of jobs: The system used for distributing work in the housecleaning cooperatives was always a key area for either contention or cohesion. Member commitment and participation was furthered by the adoption of a work distribution system that was based on objective standards approved and upheld by the group, such as a point system for cooperative tasks fulfilled, rather than solely on the judgement of management.

#### **D. Business Planning Factors**

While it may sound obvious, the experience of many of the cooperatives underscored the need to carry out a realistic plan for achieving financial self-sufficiency. Some of the cooperatives launched by social service programs and multi-year grant funding had a

difficult time reaching the point at which operational costs could be covered by business income. Important factors of business planning and operations include:

Low Overhead: Those groups which began with high administrative costs, such as Klean-up Housecleaning or UNO Homecare, naturally found it much more difficult to achieve break-even. The Klean-up cooperative operates with four full-time staff and an annual budget of \$200,000, of which only 35 percent is covered by income from clients. On the other hand, the Adelante-assisted cooperatives operate at an annual budget of about \$6,000, with one part-time paid staff, and expect to become self-sufficient within the first year of operation. These cooperatives have been able to keep their overhead extremely low by receiving training, organizing and technical assistance at no cost from Adelante organizers, as well as donated space and services from their non-profit church or community sponsor (the true cost of doing business has thus been hidden due to the in-kind assistance and services received from Adelante). As these cooperatives grow, it will be important to look at their ability to perform business management tasks and retain effective administrative secretaries on their lean budgets. On the other hand, the limited amounts of seed money available for start-up contributed to members' understanding of and personal commitment to the cooperative's financial survival.

Dues/Donations: The experience of many of the housecleaning cooperatives showed the importance of adopting a system from the onset whereby dues or employer donations contribute substantially to covering business costs within a reasonable period of time. This increases the potential for the businesses to become economically self-sufficient, and reduces the potential friction and worker turnover when dues are increased substantially in the future. The implementation of any system of dues or employer donations must be coupled with adequate member education and information about the use of this business income. The dues or employer donation are the most tangible part of the cooperative's finances, and any misinformation or lack of clarity about how the funds are spent will breed member suspicion of management or the sponsoring organization.

Marketing: Not surprisingly, the ventures that are able to target an upper-income market for their services will have the greatest likelihood of succeeding financially, as well as offering higher wages and greater job stability to their members. Clearly, upscale markets do

not exist in great enough numbers for all of these businesses. For example, UNO Homecare was launched with the intention of capturing the private, affluent market for in-homecare services, but found that the market was not large enough to support their business. However, many of the housecleaning cooperatives may have the option of promoting their services to a more upscale, private market, which proved to be a major factor in the financial success of the Rise and Shine Housecleaning Cooperative. In urban areas where markets are already well-served, a comparative or special advantage can be critical to business success. Marketing this advantage, through special services (e.g., non-toxic cleaning, individualized attention, quality control) becomes more important and adds to the cooperatives' ability to compete. Being able to identify market niches, or at least having knowledge about the markets relative to other competitors adds to the financial success of the cooperative. Additionally, the size of the market relative to the size of the cooperative contributes to the quality of the jobs created. Several cooperatives stated that they wanted to provide full-time employment for their members, yet they did not control the number of workers who could join the cooperative. The result was that the market niche they operated in was too small to support the number of workers in the cooperative. Thus, part-time work was spread over the full cooperative membership rather than giving full-time work to fewer members.

#### **E. Workforce Factors**

Quality of Services Provided to Clients: Those ventures which were able to guarantee a high quality of the service performed, including punctuality and consistency, were able to maintain and expand their customer base, especially since most of these businesses obtain a substantial portion of new work through word-of-mouth advertising. In the housecleaning cooperatives, work quality was directly related to the enforcement of tight policies and procedures concerning members actions at the job site, as well as adequate job training in housecleaning methods.

Worker Training: While all of the cooperatives required some kind of initial job training in the work to be performed, at least one of the successful cooperatives put more emphasis on the ongoing training and evaluation of members. At the minimum, members of the housecleaning cooperatives expressed the need to have an initial training session (half to full day) of

training on housecleaning methods and materials, as well as an orientation to working in the private homes of their employers. Training in the housecleaning cooperatives proved to be relatively cost-effective, and some cooperatives used new member fees to help cover the cost of paid trainers. In contrast, training of new workers in the homecare business proved to be more costly, especially given the high turnover in trained workers during the start-up period due to lack of full-time work. In the future, cooperatives may need to evaluate and improve the quality of their training programs. Several coordinators pointed out the risks involved with non-English speaking workers using the wrong cleaning product on expensive surfaces. In addition to business or employer liability, the health and safety of the worker is at stake when highly toxic products are used incorrectly.

English Language Skills: Understandably, cooperatives were better able to find and retain jobs for members with some proficiency in English. The homecare cooperative found that the industry required a high level of English, which precluded monolingual workers. The janitorial businesses were able to survive with the lowest level of English language skills of their workforce. Although it is too early to gauge the success of their efforts, it is believed that those cooperatives which require attendance in English language classes (Adelante model) will be able to prevent some of the business loss that has occurred in other housecleaning cooperatives where most of the members are monolingual. The experience of some of the other cooperatives shows that those groups which require members to learn English considerably reduce the need for a third party (bilingual secretary or coordinator) to serve as intermediary and translator. This saves time and money, and allows the coordinator to spend more time on business planning and member training. Promoting English-language skills also complements the goal of increasing the personal independence of immigrant members who are more able to negotiate and control other aspects of their lives.

#### **F. Other Organizational Factors**

Technical Assistance: Several of the cooperatives studied attributed much of their success to the technical assistance they received in organizational development. The most effective technical assistance may have been in transferring the major components of the organizing model itself. For example, Klean-up modeled itself after the success of the UNO Jobs Referral

indicated a desire for suggestions about ways to support similar cooperative ventures in the future. As an addendum to this study, the investigators would like to encourage future investigation and discussion among practitioners in the field of community economic development, and to make the following recommendations:

Develop forums for sharing information among cooperatives. Interviews indicated demand from cooperative organizers and members to share information about such issues as:

- technical operations (e.g., non-toxic housecleaning manuals);
- member policies and procedures;
- legal structure and implications for immigration;
- tax information for members defined as independent contractors;
- potential for group health care benefits;
- how to identify market niches; and
- how to develop business marketing strategies.

Develop Spanish-language materials on cooperative development: Many of the Spanish-speaking members expressed their interest in learning more about how cooperatives function. A manual combining graphics and narrative about housecleaning cooperatives could be useful to the development of new ventures, especially in the housecleaning field.

Develop opportunities to train and support cooperative managers or coordinators: Almost all managers or coordinators expressed their sense of isolation and stress from their overwhelming job demands, resulting in burnout and high manager turnover. It would be useful to investigate ways for managers to meet and support each other, as well as receive targeted on-site training.

Develop Seed Capital Funds: Additional cooperatives being planned would benefit from small amounts of targeted grant funds for start-up capital. Given the presence of similar ventures, it would be useful to encourage peer support and review of venture plans.

Provide more education to funders about the realistic possibilities for creating jobs and sustainable cooperatives, so that funders can more effectively participate in the development of these ventures, including the provision of adequate financing for training and organizing activities.

Investigate results of all economic development ventures, and compare results of cooperatives to other job creation efforts, to give community groups more information about the full range of options, and an

ability to structure businesses to more realistically meet employment and non-employment goals from the outset.

Investigate and support employment advocacy in the service sector, including the development of associations or unions of independent contractors to improve working conditions and pay.

Investigate other job creation possibilities in the service sector, including such industry sectors as bike repair, boat cleaning, light construction and painting, laundry and delivery services.

## APPENDIX A

### UNO JANITORIAL COOPERATIVE - "Entrepreneurial Model"

#### *I. Project Background and Planning Process*

UNO Janitorial Cooperative was founded in 1988 by six people as a means of providing an alternative source of stable employment to members of the UNO Jobs Referral Collective. In launching this business, UNO staff and cooperative members were attempting to diversify their service line - housecleaning - while still matching the existing skill levels of the members. The janitorial business contracts its custodial services to midsized companies. The business was formed as a partnership between six people (not all of the employees of the business are partners). Staff at UNO, who are also partners in the business, run the janitorial business and provide accounting, marketing and supervisory services. In total, less than a quarter of a staff member's time is devoted to managing the business.

The overall goals of the business are: to provide members with employment that has a career ladder; to create jobs with more stability, higher wages, and more security than housecleaning; and to provide a new service line to the related UNO housecleaning business.

Those partners who initiated the start-up of the business were involved in business planning. During the planning phase of the venture other economic development ventures were contemplated, including a security guard company, but the group chose janitorial services because no one had previous experience in this other business. The staff at UNO had previous experience in employment and business development, specifically with the other UNO ventures. The overall business planning process for UNO janitorial was completed within six months of project conception and

included research and industry advice from other janitorial operations. According to one of the partners, there was no need to develop a business plan because the group already had an understanding of the market through their housecleaning experience.

The business was launched with a total of \$2,200. Each of the six partners invested \$200 and an additional \$1000 was borrowed to cover insurance costs. While not all partners were intricately involved in the mechanics of business start-up, they were all involved in making major decisions related to start-up, particularly since all partners had put up an equal amount of start-up capital.

Several factors impeded a smooth start-up. Contracts were initially difficult to acquire owing to the structure of the janitorial industry. The market tends to be dominated by larger companies and contracts are entered into for a specific length of time. A new firm must first discover where the contracts are, when they will be opened up, and then must successfully bid on them. In the beginning, UNO Janitorial hired a business manager to run the business. The manager was let go ten months later after the business was in financial ruin.

## *II. Financial Performance*

Despite the initial obstacles (low start-up capital and financial collapse), UNO is today in good financial shape. Under a new manager, UNO was able to recover and has been operating at a profit since 1991. All operating expenses (rent, equipment, administrative time) and debts are covered by business revenues. Today the business has a \$36,000 a year operating budget. In the four years of operation the business has never received outside grant funding to keep it afloat.

**Business Volume:** The principal means of acquiring new contracts is through word of mouth and customer recommendations. No advertising has been used or is anticipated. The economic recession has not had a major impact to date but this may change in the future since the janitorial service industry is experiencing a 15 to 20 percent reduction in demand. According to staff, commercial and office businesses are cutting their janitorial contracts as a means of reducing expenses. Client (business) relocation outside the county may also hurt the janitorial industry as the primary customer base chooses to leave the area in search of lower costs. At present, UNO Janitorial considered itself to be operating on a par with other businesses in the industry.

**Quality Control and Job Turnover:** UNO's man-

ager stated that its janitorial company offered a higher quality of services to customers than the one known competition in its market segment of medium-sized businesses. According to staff, UNO workers pay more attention to quality and detail, and provide a high quality of service over time—a consistency that is often lacking in other janitorial companies. Although no formal evaluation process exists, UNO staff state that customer satisfaction is evident through the comments made by customers and in the low turnover of contracts. In the four years of operation, UNO Janitorial has only lost one account. The business manager was of the opinion that continual quality control will be an important factor in improving the financial condition of the business.

## *III. Members and their Benefits*

The target membership for this business is low-income Latino men and women. Currently the business employs a total of nine people, five of whom are partners in the venture, and four of whom are considered employees. Several partners are purely investors. The number of workers and partners has remained stable since the beginning. In the future, the partners would like to see the company grow to no more than 20 workers.

**Wages and Hours:** On average, each worker works approximately 20 hours a week for the business and is paid between \$7.50 to \$8.50 per hour depending on the length of time they have worked for the company. The work has tended to be steady and stable and there has been little turnover, if any in the workforce.

**Benefits and Services:** At the end of the year any profits are distributed to the partners of the business. In 1991, a total of \$3,000 in profits was distributed to the six partners. This coming year the company expects profits to be greater. Aside from the benefits of owning the business, partners and workers do not receive fringe benefits. In the future, the manager stated that the company's greatest issue will be the ability to land more accounts and improve the financial condition of the business; this will allow the business to offer higher wages to its workers and also to improve the benefits to workers. Staff cited education as an important need of workers, but no educational services are provided to the UNO Janitorial workforce at this time.

## *IV. Organizational Structure and Internal Governance*

**Legal Structure:** Unlike the legal structure of UNO

Jobs Referral Collective, UNO Janitorial operates as a business which contracts its services to clients. The business operates as a partnership, in which all partners assume all liability for business operations.

Business Management: At the start-up of the business, UNO Janitorial hired a business manager who was let go within the first year of employment. According to staff, the manager lacked experience in the janitorial business and did not understand the customers' needs. Additionally, as an incentive, the manager was receiving commissions from new accounts. Thus, he took on accounts that did not help to make the janitorial business grow and become stable over the long term. In short, he lacked the vision to get accounts and to build the overall business. Following his termination, one of the partners in the business—also a business manager of UNO Jobs Collective—took over responsibility for the daily operations of the business. Financial records are prepared on a regular basis by another staff person, and are reviewed by the business manager. As mentioned earlier, less than a quarter of a full-time equivalent staff person's time is spent on business management.

Internal Governance: The business currently does not operate as a cooperative, but rather as a partnership of six members. The intent at the time of conception was to run the business as a cooperative but the business has not yet moved in this direction. The partners state they are committed to structuring the business as a cooperative so that all workers can participate in the business, but no formal plans for this transition has been made.

No formal training has been received by the partners or the workers on cooperative or business management; according to staff, many already have had experience in this area. The business manager adds that not all the workers have to understand the details of running a business in order for the business to be successful. Over time some of the workers may have the opportunity of becoming partners and business management training may then be required. According to the current management, the partnership is working fine under the present structure and the business is saving money by not paying for a full-time manager.

Decision-making: Given the internal governance structure described above, day-to-day decision-making rests in the hands of the current business manager and staff, who originated with UNO Jobs Collective and continue to split their time between the different ventures. There are no plans to train or develop the

skills of an existing partner to take over the management of the business. Approximately every six months, the partners and workers meet to discuss business matters, as well as any policy that needs to be changed. According to the manager, there is currently no need to change any policy relating to the janitorial business since it is operating fairly smoothly.

Member Rules and Accountability: Many of the internal systems and functions of the business have not been formally set up or delineated. For example, the business manager does not receive a formal performance evaluation, but he feels he is accountable to the partnership, as both a partner himself and an administrative staff person.

Quality control is maintained by the manager through regular inspection of the buildings cleaned. If problems arise with work performance the manager discusses the problem individually with the worker. A worker is given two to three warnings and if his/her work does not improve after the third warning the worker is fired. In the last five years only two people have been asked to leave the business.

Distribution of Work: Work is distributed by the business manager. Although no formal process has been established for doing so, the manager attempts to distribute work equally to all members based on a rotation system. Workers work in teams and are matched according to skill level, such that those who are better skilled are paired up with less skilled persons.

Member Selection, Training and Evaluation: The original workers who were asked to participate in the new business were selected based on their high level of performance in the UNO Jobs Collective. It is unclear how workers will be selected in the future, since no new "members" (ie. partners or workers) have been added to the business, and since no formal selection policy has been delineated.

No formal training on how to perform janitorial work was ever given to the workers. One of the administrative staff persons of the Jobs Collective provided on-the-job training, but there was no training requirement prior to beginning to work in the janitorial industry.

## *V. Overall Evaluation*

Financially, the business seems to be functioning well and thus is able to achieve its goal of stable employment for its workforce. Workers and partners seem to be satisfied with the existing wage scale. The business has done well up to now without formal policies and

procedures and without a well thought-out business plan. The business is probably doing well due to its strong leadership team of a business manager and a financial officer. The old adage of "If it's not broke, don't fix it" certainly could apply in this case. However, if the business partners plan to become a cooperative in the future they will need to think through issues of member participation and greater involvement in decision-making. The level of satisfaction may diminish if the workers do not take on more of an equal participation with the management. Worker turnover may not be a great risk at this point because most of the workers are also owners. If the business expands its workforce and no policies are established for owner participation, turnover might be a problem to contend with in the future.

## **UNO HOMECARE COOPERATIVE - "Entrepreneurial Model"**

### ***I. Project Background and Planning Process***

UNO Homecare Cooperative was formed in 1989 as a new business under the UNO economic development umbrella. Although the new venture was the brainchild of one of the founders of UNO Jobs Referral Collective and Janitorial business, UNO Homecare went through very distinct planning, development and organizational structuring processes. For the founders of the project, one of the main goals was to create jobs that offered greater benefits, challenges and job security to immigrant workers than housecleaning or janitorial work could provide. Once the project had been conceived, it was designed to meet specific criteria, which included serving women and replicating a successful model of a homecare cooperative in another state. The original goal was thus to create a cooperative business in the homecare industry that would provide jobs, benefits and cooperative control to low-income Latina immigrant women.

The project underwent an extensive and in-depth business planning process lasting 15 months. Major foundation funding permitted a three-month pre-feasibility phase, a full year of business planning by an experienced business manager, and the extensive use of industry consultants. Business planning and start-up was carried out single handedly by the founder and general manager, who had been a founder of UNO's two other business ventures. High quality technical assistance was provided by Cooperative Homecare Associates in New York, which served as a model for

both the business and organizational development aspects of the project. On the other hand, the business suffered from poor marketing advice from another private industry consultant. The business received a total of \$51,000 in grant funds during its business planning phase, and another \$100,000 for its first year of operation.

### ***II. Financial Performance***

Presently UNO Homecare is receiving enough income to cover approximately one-half of its annual operating cost of \$120,000. In the spring of 1992, the business was losing about \$4,000-\$6,000 a month, with break-even planned for late 1992. UNO encountered unanticipated difficulties in developing a market for its services, in part because there was a much smaller private market than had been expected, and in part because of strong competition from independent homecare aides. UNO offers its workers a better rate of pay, and also has relatively high overhead costs for a business of its size, with the result that UNO was initially priced at the high end of the private market for non-licensed homecare. UNO's manager is currently involved in advocating for an increase in wages allowed for home health care supported through state payments (the In-House Supportive Services program) such an increase in payments would allow UNO to enter a much larger market without being priced below their operating costs.

### ***III. Members and their Benefits and Services***

The original target population for the project was low-income, Latina women. Once the planning process got underway, however, it became clear that homecare services require a fairly high level of English-language ability. As a result, the target group was changed to low-income English speaking women, who are primarily African-American and bilingual latina women.

**Wages and Hours:** To date, UNO Homecare has created jobs for 18 workers, who work an average of 20 hours per week. Pay scales range from \$7.00 per hour for work done on an hourly basis to \$70.00 per day for live-in aides. Most customers are regular so jobs are stable and long-term.

**Benefits and Services:** UNO provides health insurance to all workers who work over 24 hours per week with the business; currently six of the 18 workers receive such health benefits. No other types of services are offered to employees.

#### ***IV. Organizational Structure and Internal Governance***

**Legal Structure:** UNO Homecare was incorporated separately from its siblings, although it also operates under the fiscal sponsorship of the same diocese. UNO Homecare was set up as a mutual benefit corporation, a taxable nonprofit entity with 501(c)4 status, with the idea of transitioning to a cooperative corporation ownership over time. Mutual benefit corporations are legally set up for the benefit of their members, so they are closer to the structure of a cooperative corporation than public benefit corporations. UNO continues to access foundation funds through its fiscal 501(c)(3) status.

**Business Management:** UNO Homecare is currently managed by two and one-half FTE administrative staff persons. Major business management challenges have included:

- The difficulty of developing a market: Given the smaller private market than initially anticipated, UNO has had to develop strategies for breaking into the public market while still maintaining the pay scales that were originally an important goal of the business. Advocacy work is required to change public policy and levels of pay to homecare providers.
- Complex financial record-keeping: Major detail is required in record-keeping, especially with clients receiving public assistance.
- A high level of worker turnover: The time lapse between receiving training and actually obtaining work is such that many workers leave and find other jobs before getting work through UNO.

**Internal Governance:** Although the founder's stated goal is to move UNO Homecare towards a cooperative structure, workers currently have limited involvement in decision-making over governance and management issues. In part, this is due to a high level of worker turnover, and in part it is due to the cooperative organizing strategy of UNO's founder. This strategy is based on the assumption that it is necessary to develop a successful business, with adequate job security and financial stability, before worker ownership can become meaningful. Worker participation occurs on a limited scale, by inviting worker representatives to learn about major policy issues, although no training and little time is invested. Under this cooperative development scenario, workers are expected to become gradually involved in decisions about developing and adopting new personnel policies rather than major business management decisions or evaluations.

Currently, workers have begun to be represented at the level of the board of directors: Two workers are appointed to sit on the board, along with the two managers and other persons with outside industry expertise. Workers interviewed stated that the board meets quarterly to discuss specific worker problems and grievances, although policies and procedures are not otherwise discussed, proposed or reviewed. There is limited review of financial issues, and some discussion of new business options (for example, whether to take on new contracts at a lower rate of pay). Day to day decision-making is done by the general managers, who also propose new policies and then ask for input from the board. The general managers consist of a director, who serves as the general manager, and a director of nursing, who serves as a work supervisor, technical coordinator and assistant to the general manager. Board members do not receive training to serve on the board or to understand business management on cooperative development issues. In fact, when asked what made the business a cooperative, one board member did not understand the meaning of a cooperative.

**Distribution of Work:** Work is distributed by the director of nursing, who acts as the assistant manager.

**Member Selection, training and Evaluation:** Persons interested in applying for a job with UNO must fill out an application, go through an interview with managers, and participate in a two-day skills training. Thereafter, their work is evaluated and a hiring decision is made by the assistant manager. New workers receive a very basic initial orientation to the history of UNO and cooperative development. There is no probation period, although workers are asked to sign a member contract which spells out policies and procedures, liability issues etc. Following the initial two-day training, there is no further training or regular work evaluation procedure that is followed. Instead, management intervenes to deal with work quality problems when they occur.

**Member Rules and Accountability:** The general and assistant managers record violations of policies or responsibilities and speak directly with workers when repeated violations occur. There are no standard sanctions established for serious violations; management decides the consequences on a case-by-case basis.

#### ***V. Overall Summary***

From an economic development standpoint, UNO Homecare cannot yet be adequately evaluated. The business has been partially successful in creating jobs,



but has not yet come close to breaking even. As the general manager points out, however, the business has confronted unanticipated problems in cracking into a new industry and learning all the new skills required. Workers interviewed were generally optimistic, however, saying that UNO Homecare jobs pay higher wages, are more secure, and provide greater benefits than jobs they could get in the same industry on their own. One worker, who had earned more as a housecleaner with UNO Jobs Referral Collective, stated that homecare is easier and more personally rewarding work.

UNO Homecare also cannot be adequately assessed from a cooperative development standpoint given the limited structures or opportunities for worker governance and participation in decision-making.

## **CAN DO - "Jobs Referral Model"**

### ***I. Project Background and Planning Process***

Can Do, located in northern California, was founded in September 1987, by a three-way partnership between APOYO (a community-based organization serving refugees), the Catholic Solidarity Network, and the Central America Legal Aid Project. Can Do currently has 21 members of Central American origin, who offer services in the areas of housecleaning, painting, carpentry, gardening, and moving.

According to one of the founders of Can Do, the idea for the cooperative arose mainly out of the difficult employment situation many Salvadoran refugees faced upon arriving in the U.S. Most refugees were unable to get legal permission to work, and the 1986 immigration law made employment even more difficult to obtain. In 1983, APOYO began doing informal referral of jobs that came out of their work with church congregations, and later, after the organization found out about UNO Jobs Collective, they began collaborating and working towards a formal cooperative. The long-term goals of the project were as follows:

- Economic: To provide a work program for the refugee community, first and foremost for Salvadoran men and women, and secondly, for Central Americans.
  - Social: To develop a self-help (not charity) project run by the community itself.
  - To increase awareness of the social and political situation in El Salvador within the community.
- The planning process began in early 1987 and

ended in September of 1987. The planning team consisted of one representative from each of the three organizations in the partnership. Outside of the referral service that APOYO had previously run, no one had previous experience with employment or cooperative development. In August of 1987, one month prior to opening, a director and co-director were hired. They received training from managers of UNO Jobs Collective in several areas that they had no experience in, including administrative and financial management, and cooperative development. During the planning phase, no formal organizational structure was developed. Only general guidelines for operation were put forth, as it was felt that the group itself should develop its own rules and structure upon reaching 15 or 20 members.

The biggest obstacle confronted during planning was the lack of financing for the project. Just prior to opening, a foundation in northern California approved a \$25,000 start-up grant over a three-year period, but this was insufficient for the projected budget. The first director stated that the lack of start-up money contributed to the limited initial publicity and advertising, inadequate training of members in technical work aspects, and insufficient training in leadership development.

After start-up, the cooperative grew rapidly, until 1988-1989, when it began to experience a decline in both membership and business volume. One worker, who was a founding member of the cooperative, explained that a number of issues contributed to the decline: the lack of incoming funds and the current recession; turnover in coordinators; lack of good training of workers in vocational skills; language issues; lack of an adequate screening and selection process for members; and lack of clear vision as to the goals of the cooperative. He stated that with rapid growth of the cooperative, there was insufficient attention paid to developing a strong internal structure, such that "Many people started coming just to get work, they weren't interested in broader group goals... Many people did not want to commit,... and members left as soon as their schedules were full."

At the present time, the cooperative is going through a restructuring process which is designed to address many of the problems experienced over the last few years. According to the coordinator and the workers interviewed, this process is changing many policies and procedures, and is oriented toward reaching economic self-sufficiency, increasing the amount of in-

coming work, obtaining 501(c)3 non-profit status, and increasing member participation in the cooperative.

## *II. Financial Performance*

Until August 1991, Can Do was able to apply for grants under the fiscal sponsorship of the Catholic Solidarity Network. In 1989, Can Do received grants from a corporate foundation (\$10,000) and from a Presbyterian Church (\$14,000 for two years). Using the UNO Jobs Referral Collective model, employer donations also started coming in around September of 1988. The average weekly income from employer donations came to approximately \$250, and together with grant money, this covered minimal costs, although the director stated that there was never enough income to cover the 'real costs' of hours worked by the staff.

In May of 1991, the Catholic Solidarity Network notified Can Do that grant funds would be running out within three months, and that Can Do could no longer apply for grants using Catholic Solidarity Network as a sponsor. According to a member, Catholic Solidarity Network cut its sponsorship after Salvadorans received Temporary Protective Status, on the rationale that now they should be better able to obtain regular jobs. At the same time, numerous other events were taking place which resulted in a rapid loss of financial stability for the coop. As a result, the cooperative basically went bankrupt. The current financial situation is bleak, with both co-coordinators working entirely on a volunteer basis. Minimal operating costs are covered by member dues and some private donations (particularly from church members).

When questioned about the obstacles in reaching economic self-sufficiency, the original director and current coordinators mentioned the following issues as primary:

- The recession and numerous factors related to business volume (see below);
- Lack of funds as a result of not having 501(c)3 status, which means that Can Do's fundraising possibilities are limited;
- The immigration law of 1986, which increased the competition for work.
- Inadequate marketing plans;
- The high costs of training workers, particularly in the areas of carpentry and painting;
- Poor management and a lack of organization resulted in loss of jobs; and
- Poor worker organization and lack of internal unity; members were not interested in

participating in the coordination and direction of the coop.

Can Do is currently working toward financial self-sufficiency, which will be reached when "the project generates from within all of the funds needed for operation." The coordinator stated that the hope is to reach self-sufficiency in one year's time. According to members, the steps being taken include obtaining assistance from North American volunteers (Jesuits and some people from the churches) who have committed themselves to try and help out by going to church congregations; distributing flyers and cards; and fundraising activities such as raffles.

Business Volume: A low level of incoming work has fueled the downward financial spiral of the cooperative. Apart from the internal organizational reasons described above, the coordinators also spoke about declining levels of business volume due to the high level of competition by businesses and individuals in the markets they work. Furthermore, the coordinators spoke of a lack of continuity and consistency in marketing and publicity, in part because of changes in coordinators and in part because of the lack of funds. Newspaper advertisements—one of the most effective ways to advertise—are expensive, and the cooperative is rarely able to afford an ad. Currently, the principal methods of reaching their market include outreach to the religious community in the area, the distribution of flyers, and customer referrals.

Quality Control and Job Turnover: When asked what kinds of issues affect the quality of the work they provide, all workers mentioned first and foremost the lack of English. Members stated that jobs are lost as a result of the communication barrier. One worker mentioned that Can Do has on several occasions made arrangements for volunteers to teach English classes, but that few members end up going and eventually the effort falls apart. The same member also mentioned a second issue related to job turnover, which was the inadequate screening and selection process. He stated that "not everyone is good for everything," and that some people, even with many rounds of training, do not acquire the necessary skills to do high quality work. He also raised the issue of insufficient training, and stated that the problem exists particularly in the housecleaning business, because of how easy it is to use the wrong products with disastrous consequences. Another issue brought up by both coordinators and workers, was the loss of customers when members who have full schedules decide to leave the cooperative with all of their

work. When this happens, the cooperative encourages the customer to stay with the cooperative and hire a new member, but because of the personal relationship that clients often cultivate with their workers, customers are often unwilling to do this.

### *III. Members and Cooperative Benefits and Services*

According to the coordinator, the current membership is 21, down from 25 a year ago, and down from 80 members at one point several years ago.

**Wages and Hours:** The wage paid to workers is \$8.00, out of which a "quota" of \$1.00 per hour worked is paid to the coop. No member of Can Do is working full-time. Among the housecleaners interviewed, most reported working 12-15 hours per week for the coop. All of these women have housecleaning jobs outside of the cooperative to supplement their incomes. Despite the low number of hours worked, however, the housecleaning jobs are generally longer-term and more stable than other jobs. One of the men interviewed, for example, is currently working almost four days a week in an outside factory job. He stated that previously, when Can Do received a lot more work, he had been working three or four days a week for the coop. For the men who are members, most of the jobs—in painting and construction—are not long-term, so there is little stability.

**Benefits and Services:** Cooperative members receive no fringe benefits through the coop. When asked, the majority of workers interviewed stated that the benefit they most wanted was health insurance.

Members interviewed stated that the services they receive have come either from their own efforts, such as raffles and sales to raise money for something, or through APOYO (for example, the health clinic that APOYO runs, and the free food distribution program that takes place once a week). When asked what kinds of services they would like to see the cooperative provide, members mentioned emergency loans (specifically to help with rent when there is a money shortfall), and help with obtaining low-cost housing, especially for newly-arrived families.

**Social Benefits:** Not surprisingly, the social functions of the cooperative were very important to many members of Can Do, many of whom are political refugees who seek to maintain strong ties to their homeland and their culture. Questions about general group dynamics and relationships among members indicated that there had been conflicts and problems in the past, and one member voiced the desire that "we'd

be more united, that there'd be more respect, effort and communication. We'd succeed if everyone would contribute their one grain of sand. There's a lack of education." In general, however, members felt that relations are much better now. One member stated:

"Today, relations are quite friendly, there are common interests, we're more aware, informed and interested. We're becoming more aware through our English classes also. We respect each other. The election of new people helped to strengthen the group. I think the program has a chance of being revitalized."

### *IV. Organizational Structure and Internal Governance*

**Legal Structure:** The cooperative is not legally incorporated as a cooperative, but rather is a program of APOYO, which in turn is considered to be a program of Catholic Solidarity Network. According to the founder, this structure was chosen because the organization's commitment to advocating for the rights of undocumented workers meant that legal incorporation as a non-profit (for both Can Do and APOYO) was not possible.

Technically, members of the cooperative are considered to be independent contractors who enter into a direct legal agreement with their clients. Damages and liability are thus the responsibility of the workers themselves. However, the coordinator also mentioned that the coops' and members' legal status is not as clear as it should be, and that this is one of the issues they need to work on further.

**Business Management:** The cooperative has had a fairly high level of manager turnover since it was founded. Two sets of co-coordinators preceded the current pair of co-coordinators. Both members and the founders who were interviewed spoke of coordinator turn over, and more specifically, the lack of funds to adequately train coordinators, as issues that had significantly impacted the coop's overall well-being.

**Internal Governance:** Members participate in the cooperative through the board of directors, five work teams, and weekly meetings of the general membership. There were conflicting versions of the extent to which these governance bodies are functioning, perhaps because the recent turnover in coordinators has increased the pace of change within the organization. Members indicated that the board of directors of the cooperative had fallen apart when the previous coordinators left, and that at the present time there is only a

provisional board. The board is composed of five people, one elected member from each team. The Board meets on a regular basis with the coordinators in order to discuss plans, proposed events, and publicity issues. The work teams consist of a publicity team, a discipline and oversight ("*disciplina y organizaci\_n*") team, a finance committee, an events committee, and an education team. Every member of the cooperative must belong to at least one team, a policy change adopted following the most recent turn-over in coordinators. Neither the board members nor the team members receive any special training in order to fulfill their responsibilities.

Decision-making: It is unclear what the actual powers of the Board and the teams are, as well as those of the general membership in relation to the coordinators or the parent organization. For example, one member stated that decisions about hiring and firing are made by the entire group; another member said that the coordinators make these decisions.

In general, members spoke of participation more in terms of being kept informed than in terms of having strong decision-making power. When asked about what makes their group a cooperative, one member stated the following:

"We are united. When something happens, all of us are informed. We cooperate with raffles, in collecting money and in the meetings. We are kept informed about the finances. The coordinators propose a plan and asks for all of our opinions, we all decide... Previously, many of us participated, since there was more work. We also received more services from APOYO. Now APOYO does not worry so much about the coop... Thus more cooperation and interest among the members is required."

Member Selection, Training and Evaluation: The members interviewed all entered the cooperative at different times, thus they went through different "initiation" processes. Several members described fairly similar processes, however, which consisted of:

- filling out an application at APOYO;
- being called by someone at APOYO to come in;
- making a presentation before the full group;
- participating in training and orientation;
- receiving an orientation on rules and procedures; and
- being welcomed to the group and beginning work.

The experiences of members in terms of training are likewise very different. First of all, the men do not

receive any training for the work they do (carpentry, painting, moving). The very first group of men did, but thereafter no one else. The women do receive training in housecleaning, but the process has been different for different people. The most recent member who joined the cooperative received four hours of training in using cleaning products and in hands-on techniques. There was no exam or testing process, and soon thereafter she began working. This member's evaluation of the training process was that it needed to be "more detailed." She felt she could have used more practice and training in cleaning techniques and routines. Another member, who entered the cooperative under the previous coordinators, did almost two days of hands-on housecleaning training along with three other new members. This was followed by a written exam, and thereafter she was asked by the general membership whether she felt comfortable with her skills and knowledge. She said yes, and also began working as a regular member. This worker evaluated the training she received as very good. At the present time, there is no evaluation to test new members in their housecleaning skills prior to beginning to work. The male members interviewed felt strongly that all members should be receiving training, because, as one member stated not everyone is cut out to do any kind of work, no matter how much training they may receive, and "we lose work because there is not enough experience in some areas."

Workers are given evaluation forms to take with them the first time they go to a job. They are expected to return them to the cooperative once the client has filled it out. Thereafter, there is no further evaluation of the service provided to customers. While not dissatisfied with the evaluation system currently in use, workers mentioned as problematic the fact that "on the first job, it takes a new worker longer. It's not fair to expect a worker to do everything in four hours on the first job." They felt that it was inappropriate to evaluate someone's work on the first round, and that it should be done later on in the process.

Distribution of Work: Work is distributed by one of the coordinators on a seniority basis. Members who obtain work of their own are allowed to continue being members as long as they pay \$5.00 a month to the coop.

Member Rules and Accountability: The cooperative has a set of rules, covering both work and governance responsibilities, which are written down and given to all workers. The first and second time there are violations of these rules, the coordinator speaks with the member "to make him/her aware of the violation."

There are no sanctions. Upon violating the rule for the third time, there are consequences, ranging from “losing trust,” or losing your rights to come to the meetings for two weeks, to losing your rights to get work for a certain period of time. Different rules carry different sanctions, and violation of some rules, such as robbery, or arriving at work late three times, require the expulsion of the person. According to one member, decisions about sanctions are made by the Discipline Committee. If the proposed sanctions are serious, they must be approved by the board of directors before being handed down to the member. Although no formal grievance process exists, the coordinator stated that members who were dissatisfied with a sanction handed down by the coordinator are first expected to talk directly to the coordinator. If there is no resolution, the worker must then go to the Discipline Committee, which handed down the original sanction. The Discipline Committee makes final decisions based on what the rules of the group state.

In evaluating the ways that accountability is maintained, several members felt that the system could be “more rigorous...there needs to be assurances that someone who breaks a rule learns a lesson.” One member stated that not everybody has fully read the rules, and that there have been a lot of problems in the past with rules and lack of respect in the coop. She stated that the group fell apart last year because of lack of communication between members and staff and irresponsibility of members. The statement that rules, sanctions and accountability are not clear to workers was upheld in our interviews, in that many of the members interviewed were not sure about what Can Do’s policies and procedures are.

### ***V. Overall Evaluation***

**Founder’s Evaluation:** The founder’s overall evaluation is that the business’ success in meeting the needs of its workers has been poor. He stated that the organization has not reached the point where it is fully developed as a cooperative. The cooperative has not been able to meet its original goals and stated the following as evidence:

- 1) Insufficient jobs due to the economic recession has meant a decline in membership and income.
- 2) There has been a failure to create an organization that is cooperatively run—many people come to the program wanting to get their needs met, but are unwilling to give back to the program.

On the other hand, the founder cited the project’s

success in creating a place where people can share and re-affirm their culture, and can access resources. He believes that cooperatives do have potential, but that they must be built on the foundations of self-sufficiency, not upon service provision or charity. Cooperatives he has seen tend to move either towards a business or a social-service model, rather than toward something that integrates both needs. In order to achieve this, a process of worker education and training is a necessary first step. Workers need to realize that funds are limited, and that the group must work together to support itself. Secondly, the project must be run effectively by its own community, and to do this, technical conditions must be met—there needs to be more training in leadership, and increased organizing.

**Coordinators’ Evaluation:** Both coordinators felt that the cooperative venture has been successful in certain respects. Highlights include the support of the North American (especially religious) community, the sponsorship by APOYO (which provides support, a reputation, commitment, and a channel for funds), and the unity of the Salvadoran community in the northern California.

Coordinators attributed the problems encountered by the cooperative in building a strong organization to external factors primarily, especially the economic recession and the difficulty of obtaining new work due to immigration laws. They also believe, however, that there is a strong conflict between the needs of the workers, and those of the cooperative: “the individual needs people have often mean that the coop’s goals are put aside and sacrificed.” Furthermore, members have often failed to understand their responsibilities and comply with basic norms. Like the founder, the coordinators believe that further education and training are important ways of addressing these conflicts.

**Workers’ Evaluations:** In evaluating the overall performance of the coop, workers were optimistic about the internal restructuring of the group but pessimistic about the economic situation they are confronting. They defined “successes” largely in terms of the support services provided to refugees, and in terms of the friendship and community that Can Do and APOYO provide. Members were generally hopeful about the restructuring process taking place, saying that participation has increased, “bad” members have left and new ones are coming in. The problems of the past have been put behind them, and current members have learned what it means to take responsibility for themselves. One member stated that the crises experienced in the

cooperative have forced important changes to be made.

Failures are defined in terms of economic issues, and secondly in terms of internal issues (poor management, or lack of member responsibility). All members agree that the financial crisis is the biggest issue confronting the coop. One member mentioned as a second major issue the language problem.

Members mentioned the following advantages of working with the coop:

- no taxes are taken out of their pay;
- collaboration with others, learning how to collaborate;
- the cooperative supports workers in their issues with clients;
- everyone has family in the cooperative;
- they get paid in cash; and
- 'we get to know good people, the cooperative coordinators help us a great deal.'

The disadvantages mentioned included:

- lack of stable "regular" jobs; almost all are one day to the next;
- in other workplaces one can get legal services and health benefits; and
- in a company workers can get social security benefits.

## **IMMACULATE - "Composite Model"**

### ***I Project Background and Planning Process***

Immaculate's Latina Jobs Collective (LJC) was founded in 1986 by the organization Immaculate, a resource and support center which offers job services, counseling, workshops and social services to "midlife women." The target population for the LJC is low-income Latina women who are over forty, living in the northern California area, and who face language and other barriers in obtaining employment. Specific goals of the project are: 1) to provide employment training and job creation for low-income Latina women, 2) to offer services for members to become more independent and aware, and 3) to provide services and activities that reduce their isolation in this culture. The collective markets services in the areas of housecleaning, and occasionally in childcare and eldercare. Total membership is 21 women, and the collective has one full-time staff person who works as the coordinator and is legally an employee of the parent organization.

Because none of the persons who currently work at Immaculate, including the executive director, were employed at the time of the founding of the collective,

no information is available on the planning and start-up processes. Some of the collective's more recent history, however, is pertinent to understanding the situation confronted today.

Similar to Can Do, the LJC experienced an early period of fairly high levels of funding and rapid growth. The present coordinator explains that this rapid growth was unstructured, resulting in a chaotic situation when she was hired in late 1990. There were no formal policies or procedures, and many of the older members were dominant because the rules favored them greatly. Furthermore, the financial situation of the cooperative was increasingly precarious; the cooperative lost customers due to poor quality of service and foundations began cutting back their funding. To cope with this situation, the coordinator began working in 1991 with a local consulting firm. The goal was to re-examine and revise the collective's structure and procedures. Recommendations were made that two key aspects of the organization's structure be changed:

- 1) The points system: Previously, work had been distributed according to a points system whereby members accumulated points for attendance at meetings. The greater the number of points, the more seniority in receiving new work. The problem with this system was that given the low level of incoming jobs, older members always received the bulk of new jobs, leaving newer members without work.
- 2) The dues system: Because of the financial crisis confronting the collective, a dues system was proposed which would require members to pay a percentage of hourly earnings to the coop. Previously, members had paid a flat amount of \$2.00 per meeting (\$16.00 per month) until reaching a level of seniority, after which no dues were paid.

During the restructuring process, disagreement resulted in a number of members deciding to split off from the coop. They were unwilling to support the effort to change—specifically the proposal to change the dues system. This gave other women, generally newer members, a chance to obtain work and to implement the changes. Consulting has now stopped, and the coordinator is attempting to implement some of the recommended changes to improve the collective's financial situation and group dynamics. However, she is somewhat pessimistic about the possibilities of following through on all of the necessary changes. She feels that change is difficult when not all of the members are

committed to the group; there is much individualism, and a lot of inconsistency in participation and support. Furthermore, when the group split, the women in leadership positions who had been most active, left. Those who stayed were 'less educated,' and less active. Current goals stated by the coordinator include reaching economic self-sufficiency, obtaining member benefits, and increasing member commitment and participation in the collective.

## ***II. Financial Performance***

The coordinator of the LJC stated that originally, the program did not have a goal of financial self-sufficiency. The program relied for many years on grants, until money began drying up in the late 1980s. In 1991, as the group was experiencing more and more financial pressure, the cooperative adopted a system of member donations. At present, income from these dues provides approximately 18 percent of the actual budget. Another 53 percent of the budget is covered by grants from foundations. The collective is unable to cover the remaining 25-30 percent of its approximately \$40,000 annual budget, and consequently has been subsidized by income from the general fund of its parent organization for several years.

The major budget items include: salaries and benefits (\$29,000), rent (\$2,289), and advertising. The category of salaries and benefits includes that of the coordinator, as well as one-fifth of the salaries of Immaculate's bookkeeper and executive director, who provide fundraising, bookkeeping and accounting services. The bookkeeper spends approximately 3-4 hours a week on bookkeeping and accounting for the collective.

Currently the collective is trying to work towards financial self-sufficiency, which will be reached when all business and operating costs are covered by member contributions. Self-sufficiency is projected in two years time. According to the coordinator, the major issues in breaking even include:

- Not enough demand for service, combined with a highly competitive market (see below);
- Limited administrative capacity: There is only one staff persons who is already overworked. Consequently the collective has not been able to bring more members in, which has limited the amount of total income from worker dues; and
- Poor worker commitment: Members are primarily oriented toward meeting individual needs, and do not share the goals of the project.

**Business Volume:** Requests for service have dropped drastically over the last two years as the economic recession has worsened: One year ago, the LJC distributed approximately 60 new jobs in the month of July. In July of 1992, only 12 new jobs came in. Furthermore, the coordinator noted that the housecleaning market in the area is highly competitive, with many independent housecleaners who are willing to work for much lower wages. The principal methods of advertising include newspaper ads, the yellow pages, church bulletins, referrals and customer recommendations (which constitute perhaps 20-25 percent of new jobs), and flyers (distributed by the workers).

The collective does have a broader marketing plan. According to the coordinator, however, it has not been implemented because of lack of staff time. Factors that give the collective a special 'edge' or competitive advantage in an industry suffering from the recession and high competition including the following:

- Members are over 40, generally older, more mature and more responsible;
- The program provides assurances to customers that workers sent out have training and are dependable; and
- The program's commitment to non-exploitation: Many customers are willing to support a project that provides decent wages to women (versus other agencies that pay very little to their workers).

**Quality Control and Job Turnover:** The coordinator was unable to estimate how much work is lost through poor quality of service or other external factors. The collective has no formal procedures for training members or evaluating their work, so quality control is difficult to implement. When there have been big quality of work problems the coordinator has asked members to engage in four hours of re-training, but members have at times been unwilling to participate.

## ***III. Members and their Benefits and Services***

The collective currently has 21 members. Over the last year, there have been no new members, partly due to internal restructuring, and partly due to the lack of incoming work. Given the current staffing level and business volume, the goal of the cooperative is to reach a maximum desirable membership of 25.

**Wages and Hours:** Workers earn \$10.50 per hour, and pay eight percent (\$0.75 per hour) to the cooperative in dues. The average number of hours worked per

week is 20, with a few members working more than that, and many working between 8-10 hours. Of the workers interviewed, all were obtaining additional income from a second job (often housecleaning jobs they have obtained on their own). The collective's goal is for each person to reach 35 hours.

**Benefits and Services:** There are no benefits for members. The majority of members interviewed felt strongly that health insurance of some kind should be given to members. Several members said that even if the workers themselves had to contribute to a fund, or if the money for insurance had to come out of their pay directly, it would be better than having nothing to depend on if they get sick.

There are several different kinds of services available to collective members. Some are provided by the collective and others are offered by the parent organization. Apart from her work doing job intake and overall coordination, the coordinator also provides translation services to facilitate communication between customer and worker, some social services to members, and occasionally offers transportation to new jobs. Services that the cooperative in general provides include social and recreational events and activities for the entire membership. One worker also mentioned that the cooperative has some funds available for members who get sick. The service mentioned as coming from the sponsor organization was access to free health services such as the recent breast exams offered to members of Immaculate by a local health clinic. When asked what services they felt would be most important to establish, several workers stated they would like to see the cooperative have a fund for loans.

**Social Benefits:** The workers responses to questions about relationships and internal dynamics in the cooperative varied considerably. Many members felt that honesty, participation and unity could be improved. They were fairly pessimistic, however, about the possibility of changing group dynamics, saying that "these things can't be changed...people are that way." One person suggested that stricter selection of new members could perhaps improve dynamics; another mentioned that "the members should have more responsibilities;" a third member said that she thought maybe "discussion regarding human relations" could help the group.

Only one member (interestingly, the only single woman interviewed) was very positive about the support/social function of the coop: "I have a lot of fondness for the group. There [at the cooperative] I feel

like I have family...In this country, you feel abandoned."

#### ***IV. Organizational Structure and Internal Governance***

**Legal Structure:** The LJC is structured as a program of Immaculate. The members are legally considered to be independent contractors who are individually responsible for all damages, personal injury, theft etc.

**Business Management:** Since its founding in early 1986, the LJC has had three managers. The current coordinator expressed frustration with aspects of her work, including too many responsibilities, too little pay, and insufficient support services such as training for herself and for members. She also expressed concern about the division of responsibility for the project, specifically the fact that the parent organization has decision-making power over crucial areas like finances. This is problematic because the members are paying dues, and paying a portion of all staff persons' salaries, yet there is no accountability to the collective. The coordinator, as an employee of Immaculate, is accountable to the board of directors of Immaculate.

**Internal Governance:** At present time there are no formal structures for member participation in governance. There was previously a Board of Directors, composed of elected members, but the coordinator said it became "a dictatorship" and eventually fell apart. Similarly, committees have functioned in the past but are not currently being used. The coordinator stated, however, that despite the lack of formal structures for participation there is democratic decision-making and internal process, and shared responsibility for running the meetings and carrying out certain functions like collecting dues. At the beginning of each month two new members are voted in—one to facilitate meetings, and the second to collect dues.

Workers expressed some dissatisfaction with the fact that formal structures for participation no longer exist, even though most were united in saying that prior to being dissolved, the board and committees had not functioned as they should have. Some members thought the reasons for this were related to personality conflicts, while others stated that problems had arisen when many members who were not interested in self-governance and the well-being of the group were allowed into the coop.

With no formal avenues for participation, members talk about '*cooperativismo*' in terms of "sharing,"



pooling their money and providing each other with support.

Decision-making: Day-to-day decision-making is carried out by the coordinator of the collective. The general membership meets twice a week in order to distribute new work, pay dues, and discuss issues related to the business and the collective. Members indicated that the entire group is involved in decision-making about key aspects of the collective, although the opinion of the coordinator counts a lot. As mentioned above, the memberships' lack of control over management of finances has been a source of problems, with members wanting to know where the money goes and what is done with it.

Member Rules and Accountability: There are few policies or procedures that are codified or written down on paper. The coordinator stated that the "cooperative has been guided by customs rather than systems."

Workers interviewed mentioned that the cooperative has four rules, which are as follows: Correct behavior; attendance at meetings; receiving a maximum of 20 hours per worker per week, to give all members the chance to obtain work; and regular payment of dues. Workers gave mixed responses when asked about the consequences for failure to uphold their responsibilities:

"It doesn't happen, there isn't a time when we do not comply."

"When someone does not fulfill her duties, sometimes she loses a job, sometimes you see how irresponsible a person is. They are now implementing sanctions...it depends on the motive. These sanctions are recent."

"If someone doesn't show up for work, for example, the process is that [the coordinator] talks to the person....she could lose the right to a new job."

A common response to failure to comply with responsibilities is to deny the person work for two weeks to a month, or sometimes until they begin complying with the rule again. While one member said she thought this was effective, other members felt that given the lack of incoming work, this type of sanction was not much of a deterrent to anyone. "The punishments that exist do not work. No one is deterred if she is denied work for two weeks."

The management assistance process entered into with the consultants was specifically oriented toward redressing this situation and setting up clear policies, procedures and methods of enforcement. Members spoke of the fact that when new systems were intro-

duced, however, many group members rebelled. In 1992, when the LJC tried to implement a points system similar to that of Rise and Shine (in which members accumulate points for violation of rules), the majority of the group decided to leave the coop. From 50 members, the group dropped to 20. Newer members, however, were generally positive about the changes that have taken place to the previous structure and expressed hope that a stronger structure was going to be built.

Member Selection, Training and Evaluation: Applicants must be Latina women, forty years or older. Although there is no formal process that is followed to select new members, selection generally involves these steps:

- 1) The coordinator does individual interviews with applicants, followed by a general orientation to the collective;
- 2) She then selects a pool based on specific needs the cooperative has, for example for women who speak English, who drive, and who are more committed to cooperative development;
- 3) The pool chosen meets with the entire group; and
- 4) The group decides who would best fit into the coop.

Once a person has been selected, she is automatically a member. There is no probationary period or written contract that new members are asked to sign. A verbal commitment to "be responsible, to participate, and to support the coop's goals" is expected from the member.

The training process used by the LJC is primarily on-the-job, and involves sending a new member to work with an experienced member in one of her actual houses. Workers do a minimum of eight hours of such training. If there are work quality problems, the coordinator usually requests that a worker do four hours of retraining, although this has at times been difficult to enforce.

Evaluations of work and quality control are primarily implemented through telephone contact with customers. The system that previously was used was to send the customer a written evaluation form three weeks after the member began working. Currently, the coordinator follows up the first time a member works a job with a telephone call to the client. The main criteria workers are evaluated on are job skills, dependability and punctuality, and overall responsibility.

In general, collective members felt that the current

method of evaluations is fine, and that customers who are unhappy will call the cooperative to let the coordinator know. Only one worker responded that a stricter system needs to be put in place: "It is important to get feedback on how to improve. Right now no evaluation is done after the first time. Thus, there is no way of correcting problems [that occur later]. We need this to motivate the group."

Distribution of Work: Work is distributed on a seniority basis, although a member can get only one job per meeting. The priority that a senior member has is that she can choose which jobs she wants. Currently there is a maximum of 20 hours per worker per week imposed, because of the shortage of work. Jobs that are recommended by a customer for a particular worker go to that worker directly. The coordinator stated that the women rotate on a monthly basis to do jobs distribution during the meetings.

Grievance Resolution: The LJC does not have a grievance resolution process. Members responses about how to deal with grievances, in the absence of a formal system, were varied: One member said the procedure was to go and speak directly with the coordinator; another said that there was no procedure, and that workers had to accept decisions that were handed down.

Firing a member: The coordinator mentioned that to her knowledge, no one has ever been fired by the coop. Clients have, however, fired workers and requested replacements. There is no codified mechanism to fire a member.

## ***V. Overall Evaluation***

Coordinator's Evaluation: When the coordinator was asked whether she thought the project was successful, she said "In some ways, yes:

- Everyone is working, and work is fairly distributed;
- There is open communication now;
- There is a new sense of trust and comfort within the group; and
- Work quality has improved and complaints have gone down."

She attributed this success to the collectives' work with the consultants, and specifically to the fact that when new systems were adopted, those who were unwilling to support positive change left the group. This gave other newer and generally more committed members the opportunity to begin having a voice and implementing the changes.

When asked what the most challenging aspects of developing worker cooperatives are, she mentioned the following:

- There is such a mix of members, each of whom has different needs. It's difficult to reconcile individual needs for higher earnings and the collective need for economic self-sufficiency.
- MONEY! The lack of money to operate the program effectively.
- The lack of knowledge about cooperative organization and development.
- The difficulty of developing a unified, cooperative group with people who have "very basic skills, and many are semi-literate."

Executive Director, Parent Organization: When asked how she rated the coop's success in meeting member's needs, the executive director stated "Fair to good." The primary success, from her point of view, is simply survival—"it's a measure of success that the collective continues to exist and serve Latina women and get funding." Beyond survival however, the executive director also felt that the restructuring process has been a success, because a planning process was outlined, changes were implemented, and the group was streamlined, leaving a core of like-minded members in the group. One unresolved issue is the effect of the restructuring process on the collectives' financial situation. Since changes in the dues system were implemented at the same time as the recession, it has been hard to evaluate the effectiveness of the new system.

Ways in which the director feels the cooperative has not been successful include:

- Not providing enough jobs;
- Not providing enough benefits, for example, health insurance; and
- Not being considered the employer brings some problems because it reduces the coop's control over the quality of work, over benefits that can legally be provided, and over the ability to provide bonding or insurance for their operations.

The executive director stated that the economic recession is the biggest issue currently faced by the collective, since housecleaning services depend on discretionary income. They have contacted the Executive Service Corps to help them with a new marketing plan, including developing new approaches to get customers such as contacting non-profits for contracts.

In retrospect, the executive director stated that a broader, more advocacy-based model should perhaps have been developed. The "referral service is a band-

aid approach to employment, because you're not able to work with a large number of women, and because you can't make major changes in the economic structure."

**Member Evaluations:** The biggest issue raised repeatedly by workers interviewed for the survey, and named by all as the major problem confronted by the coop, is the lack of incoming work. Several workers were not optimistic about the financial situation, saying there was nothing that could be done since the problem is "of the whole country." Other areas that workers feel need to be addressed include:

- The creation of committees, and greater delegation of responsibilities;
- Creating more sincerity—there's a lack of honesty;
- Developing more interest in being in the group, selecting for less individualistic people; and
- Asking for a commitment by workers to constantly try to improve the collective.

It's interesting to note, however, that even though some workers—particularly those who have been in the cooperative longer—made criticisms about the way the cooperative is currently functioning, all workers interviewed were generally positive about changes that have been implemented and optimistic about the possibility of other changes taking place. All agreed with the coordinator that there is more justice in the cooperative now, in terms of a more equal distribution of work and everyone having the right to speak: "there is more order now and there are more work opportunities." Most felt that members have become more aware of their responsibilities now. One worker said: "I feel that things have changed in a positive manner. We're trying to be more independent and the group is trying to be more responsible in giving better services."

Workers were also aware of the extent to which the LJC has been able to address critical needs such as the isolation of immigrant women in a foreign culture and the limited job options for women who have never worked outside of the home before. Many also mentioned the fact that without the LJC, they would be earning perhaps one-half of their current income.

## **ADELANTE 2: COOPERATIVA LUZY SOL - "Organizing Model"**

### ***I. Project Background and Planning Process***

The Cooperativa Luz y Sol was the first cooperative to be organized by the community-based organiza-

tion Adelante. Luz y Sol opened up for business in March of 1990, after organizing since August of 1989. At that time Adelante's main organizer had facilitated a series of community meetings to look at urgent issues. Most of the participants turned out to be Latina women, who identified the lack of employment opportunities as a primary issue. Initially, when the idea of a cooperative was proposed, ten people expressed interest; over the course of four months of meetings and trainings, as people realized that work was not going to materialize immediately, membership fell from ten to four. Today, the cooperative has built up its numbers to eleven members, of whom only two are original founders.

Perhaps because Cooperativa Luz y Sol was the first cooperative developed using the Adelante model, it experienced more difficulties reaching economic self-sufficiency and developing leadership than the other coops.<sup>6</sup> Luz y Sol has gone through many membership changes and ups and downs over the last few years. Adelante states that its relationship with the cooperative has been distant for some time because members are not very interested in becoming active in community issues. This may be changing, since Luz y Sol last year elected a new President who approached Adelante to try and renew their relationship.

### ***II. Financial Performance***

Very little financial information was obtained on Cooperativa Luz y Sol. Neither the President of the cooperative nor the chair of the Finance Committee had estimates of current income and expenses. Unlike the other cooperatives organized by Adelante, Luz y Sol has most of its accounting and bookkeeping taken care of by the secretary of the local church that sponsors the coop. Very rough estimates were that monthly expenses average \$335, with some months experiencing a slight shortfall in income to cover expenses. Workers were not sure whether the cooperative has any foundation or private funds from which to draw, or whether economic self-sufficiency has been reached.

### ***III. Members and their Benefits and Services***

**Hours and Wages:** Most members of Luz y Sol cooperative work less than 20 hours a week for the cooperative. They would work full-time for the cooperative if they could, but the lack of incoming jobs has meant that most of the women work jobs outside of the coop. Members earn \$10.50 per hour, and pay \$1.00 per hour to the cooperative in dues.

Benefits and Services: Members receive no benefits. The most important benefit members would like to see is health insurance. In terms of services, the cooperative is able to offer members one-time loans to purchase a car. Members state they would like to see a larger loan fund available for other types of loans, and also that they would like to form a credit union.

#### *IV. Organizational Structure and Internal Governance*

Legal Structure: The legal structure of the cooperative is the same as the structure used in the Adelante model, in which cooperative members are independent contractors and are encouraged to obtain their own business licenses. Luz y Sol acts as a marketing and administrative cooperative, with agreements between each member and the cooperative.

Internal Governance: The Cooperativa Luz y Sol is slightly different than the other Adelante cooperatives in that it does not have the same committees and governance structure. Unlike the other coops, Luz y Sol has the position of a president. The president's main function is to facilitate the meetings and ensure overall coordination. It is an elected position with no time limits. The following committees exist:

- Publicity committee;
- Finance Committee; and
- Cooperative Committee (a committee consisting of the two members whom Luz y Sol elects to sit on the Jobs Cooperative Committee).

Previously there was a committee for "Points and Rules", but it was dismantled because members felt it did not function the way it should. Members of each committee work for six to eight months, and then all positions are rotated. As with the other coops, participation in a committee is a requirement of membership. Like the other cooperatives also, Cooperativa Luz y Sol also pays for a bilingual secretary.

When asked in what ways the group functions as a cooperative, the President stated that "a cooperative is created to cooperate and to unite a group. We are working well in this regard. We all work together to do publicity." She said that all decisions are made by the group—committees and individuals can propose things, and the entire group votes.

Member Selection, Training and Evaluation: Currently the process for bringing in new members involves filling out an application, attending three meet-

ings, and then having one's application be accepted or rejected by the entire membership. There is no official vote, but everyone's opinion is taken into account.

When the cooperative first started, the training was structured by Adelante to include instruction from a professional housecleaner and hands-on practice in three volunteer houses. Currently, the cooperative only requires a new member to do training in one volunteer house, usually for three or four hours. The trainer decides whether or not the person may need additional training, and follow-up is also done by the secretary on the first few jobs a new member works. Apart from these initial evaluations, there is no regular method for evaluating quality of work.

Distribution of Work: Previously, Luz y Sol used the same system as the other coops—a points system whereby points are gained for attendance and participation, and lost when a member obtains a new job or fails to participate. The president stated that the system had not worked for them because only the most senior women, those with most points, received incoming work. Apparently, people with less time in the cooperative could not catch up. The system they now use is based on seniority, but limits each member to one new job per meeting, such that if there are eight new jobs, eight people will get a new job. Previously, two or three people could have taken all eight jobs.

Member Rules and Accountability: Cooperativa Luz y Sol uses a form of the points system that the other Adelante cooperatives use, even though it is no longer used for distributing work. For example, members who fail to attend meetings accumulate points, one point for each meeting missed, and upon reaching 25 points a person is kicked out. For some types of problems, the sanctions used involve a loss of rights—such as not being allowed to obtain new work—rather than accumulation of points. Upon violating such rules three times, members are expelled from the group. When questioned, members were not clear on either the rules of the cooperative or the sanctions that accompany them.

According to the president, the main area of problems in terms of accountability is with member participation in governance, since workers generally uphold their responsibilities on the job. The specific areas mentioned as problematic included failure to attend meetings and to pay dues on time. Members felt that the difficulty in obtaining accountability was not so much the lack of a procedure but rather the lack of enforcement of rules the membership has agreed to uphold.

### ***V. Overall Evaluation:***

When asked about the advantages of working with a cooperative, workers mentioned wages that are higher than those paid in local factories, and flexible schedules allowing the women to accommodate the needs of their families. Members also gave the current structure of the cooperative a favorable evaluation, particularly in comparison with how the cooperative had operated in the past. The president voiced this when she stated that, 'before, we didn't have any control over our money, and now we do. Before, people often would miss the meetings, and now, since we have made the new rules, this has also changed. Before, there were two people who bossed us around a lot. Since they have gone, we have done a lot better.'

At the same time, members mentioned as the biggest 'failures' the fact that there are members who do not pay their dues and that the cooperative has not been able to grow very much. Some members also saw as a 'failure' the fact that the cooperative is not able to provide benefits to the membership. Their main goal at this time, and the reason they have resumed their relationship with Adelante, is to expand the membership and income potential of the cooperative. Unlike in some other cooperatives organized by Adelante, there was no mention of other personal skills or cooperative development goals.

## **ADELANTE 3: COOPERATIVA PROGRESO - "Organizing Model"**

### ***I. Project Background and Planning Process:***

In July of 1991, Adelante began sending two representatives of the Angelica cooperative to the town of Progreso to see if a cooperative could be organized there. They came for several months, but were unable to get a stable group together. In November, after requesting the help of a local woman who had been going to Adelante's community meetings for over two years, they were able to get a group of eight or nine people together. Like the other cooperatives, Progreso was able to obtain a \$1,000 start-up grant from the Jobs Cooperative Committee. The cooperative opened for business in March of 1992, and currently has ten members.

### ***II. Financial Performance***

The Progreso group has not yet reached economic self-sufficiency, although they are hopeful that this will be achieved fairly soon. The cooperative recently cre-

ated a new committee, the Activities Committee, specifically with the aim of raising money to be able to begin covering all of their costs. Sources of income at present include:

- Worker contributions: Workers pay \$0.75 cents per hour worked to the cooperative in dues, providing a total monthly income of between \$200 and \$250; and
- A \$1,000 loan from the Jobs Cooperative Committee.

Estimates of monthly expenses are between \$400 and \$500 per month. The main expenses are the coordinator's (bilingual secretary's) salary, which usually averages about \$300 per month, and the telephone bill, which averages about \$50 per month.

The main obstacles that Cooperativa Progreso has confronted in reaching self-sufficiency include:

- Not enough customers and demand for service; and
- Problems with administration: Specifically, the group has had significant turnover in coordinators, in part due to lack of supervision and accountability to members. Cooperative members claimed the last coordinator was inefficient, and made many unnecessary phone calls, creating unnecessary work for herself in order to charge more hours to the cooperative. When the last coordinator was fired, the cooperative suffered job losses when the business telephone got transferred from the coordinators home to a new number.

Business Volume: Cooperativa Progreso has no marketing plan, but new work is obtained through various sources, including:

- The distribution of flyers at private homes;
- Business cards, which each member gives to her clients so that they recommend the service to friends/neighbors;
- The posting of flyers at clubs and in office buildings; and
- Newspaper articles, especially those written when the cooperative first started business, which brought in quite a lot of jobs.

The cooperative does not have any ads in newspapers right now, but they are hoping to be able to do so soon.

### ***III. Members and their Benefits and Services***

Wages and Hours: The members of Cooperativa Progreso earn \$10.00 per hour, and pay \$0.75 per hour

worked to the cooperative in dues. Of the ten members, none is working full-time, and only three are working about 20 hours a week (more or less one job per day). Most of the other members have part or full-time jobs outside of the coop, and there are a few people who work for the cooperative on Saturdays only.

Benefits and Services: The cooperative currently has no benefits for its members, although the goal is to one day be able to obtain health insurance.

#### *IV. Organizational Structure and Internal Governance*

Legal Structure: The legal structure of the cooperative is the same as the structure used in the Adelante model. Members are considered independent contractors responsible for their own taxes and liability. The coop is an unincorporated entity formed under the sponsorship of a local church.

Internal Governance: As with the other coops, the main form of participation in governance is through the worker committees. All members of the cooperative are required to participate actively in one or more of the following committees: Finance committee, Rules and Points Committee, Publicity Committee, and Activities Committee.

Since the cooperative does not have its own board or governing committee, most of the coordination functions are done by the Rules and Points Committee. For example, it is the Rules and Points Committee that does the weekly agenda for the coop's meetings, and also facilitates these meetings. The committees were initially trained by Adelante's organizer, and currently the plan is that new members will continue to be trained by this person rather than by a member in the committee. The committees are set up to be rotated every six months.

There are several other leadership or management-type positions, including the position of bilingual coordinator, which has the same functions as in the other cooperatives, and also ad-hoc groups, formed for specific time-limited purposes. For example, an ad-hoc group consisting of the heads of each committee occasionally gets together to interview new applicants, and to evaluate the bilingual coordinator. When new functions and tasks need to be performed, the organizer from Adelante provides members with the training and experience they need.

When asked about difficulties in obtaining member participation in governance, one of the group's founders said that there had been a few cases of people

who did not want to participate or respect the cooperative's rules. However, the cooperative has never confronted the situation of someone refusing to serve on a committee, and the founder was not sure what kind of sanction would be carried out. She stated that they are in the process of discovering the gaps in their procedures and of developing new policies to deal with them. In general, however, she emphasized that participation is obligatory, and that the system they use to ensure accountability also works to maintain high levels of worker participation.

Member Selection, Training and Evaluation: Persons wishing to apply to join the cooperative generally go through the following steps:

- 1) Attendance at three meetings of the coop. At the first meeting, the head of the Points and Rules Committee gives the applicant written information outlining rules, points system etc.
- 2) An interview, generally led by an ad-hoc committee composed of one person from each of the committees.
- 3) A vote is taken by the entire group. All members participate in asking questions to determine the applicant's interest and commitment.
- 4) Training in housecleaning.

Workers who were interviewed mentioned that previously, the selection and entry process had been slightly different, with the applicant not being evaluated by the entire group until after receiving housecleaning training. The process was changed when there were several cases of women who applied, received training, and then left the group, resulting in a great loss of time and money, since the housecleaning trainer is paid.

Training consists of three hours of on-the-job instruction and practice. The current person doing training for the group is a member whose work is considered to be of very high quality. She stated that the process being used now appears to be sufficient, although she agreed it is impossible for new members to learn all of the different products and their uses in three hours. For this reason, the cooperative requires that the bilingual coordinator go to new jobs with members, so that every time, the client's products are reviewed and the cleaner is thoroughly instructed on how to use products she is not familiar with.

Following the first time that a member works a job, the bilingual coordinator also has the responsibility of calling the client to do a follow-up. If there are problems, the coordinator communicates with the Rules

and Points Committee, which then deals with the worker. The coordinator also keeps a written record of complaints in each person's file. The Progreso Cooperative also did a one-time overall evaluation of the service by asking all clients to fill out and return an evaluation form. Members hope that such regular evaluations will become a standard aspect of their operations.

**Member Rules and Accountability:** The cooperative uses a similar points and rules system as the other cooperatives: Members gain points for attendance at meetings, English classes, for participating in doing publicity, and for making special efforts like cooking food for fundraisers; they lose points every time they get a job, and whenever they miss English classes. Attendance at English classes is considered to be almost more important than attendance at member meetings.

Most of the coop's other rules—relating to work quality issues and appropriate participation—appear to be enforced through the second system used by the Adelante coops, namely giving verbal warnings after the first and second infractions, and expulsion upon the third violation of a rule. The Rules and Points Committee is responsible for dealing with violations of rules or responsibilities, although the bilingual coordinator is responsible for communicating work quality problems, or problems that a client has with a worker, to the committee after receiving the complaint by telephone.

Members feel that the system they use is effective in maintaining accountability and responsibility of the membership: "If you don't cooperate, you don't work." When asked whether they had confronted the problem that other groups have confronted, namely that members with more points can afford to violate certain policies, such as attendance at English classes, one member said that they are in the process of reviewing and refining their policies. It is important to point out that most violations of rules are dealt with using the second system of allowing a maximum of three violations before someone is expelled.

#### ***V. Overall Evaluation:***

As with the other cooperatives spawned by Adelante, it is interesting to note that members of Progreso, who originally entered into the cooperative with very material goals, now speak with great pride of their non-material achievements. Several members mentioned that learning how to run a meeting and speak in front of a group were important personal

successes.

The cooperative also offers the women numerous benefits not available in other jobs they have previously held, including English classes (for a few members, this was more important than any other service the cooperative provides); higher pay; friendship and support; flexibility in their schedules; and participation in decision-making through member meetings.

On the other hand, members mentioned certain aspects of the cooperative that they feel need improvement. Members mentioned that commitment to carrying out the responsibilities of committees could be improved, especially in the case of the Publicity Committee. The low level of incoming work, and therefore of income for the cooperative as a whole, is of concern for many. In addition, members frequently mentioned the lack of health benefits as a disadvantage of working with the cooperative.

### **ADELANTE 4: COOPERATIVA SOL Y LUNA - "Organizing Model"**

#### ***I. Project Background and Planning Process***

Cooperativa Sol y Luna began operations in June 1992, after a four-month organizing process. The cooperative was sponsored by the Bilingual Cultural Center in northern California, a member organization of Adelante, to create jobs and leadership development for low-income, monolingual Latina women. One part-time coordinator (bilingual secretary) works as the only staff person. As with the other cooperatives in the county, Adelante's goals are leadership development and community organizing, as well as job creation. When asked, members expressed goals ranging from employment, and increased income and security, to increased opportunities to learn skills in running the cooperative.

Sol y Luna's planning process followed that of Adelante's other cooperatives. First, the Bilingual Cultural Center contacted Adelante to host a series of cooperative organizing meetings. The focus of these meetings was to educate low-income Latinas about community politics and economics (AFDC cuts, how city hall works, etc.) as well as cooperative development issues. Adelante staff and leaders of the Angelica cooperative offered biweekly trainings in the areas of finances, public speaking, meeting facilitation, and the policy development. Once a solid group of twelve women had come together, members decided to close the group until all the women had as much work as they

needed. No financial projections or business planning was undertaken prior to start-up; instead, the members of Sol y Luna studied the business operations of other Adelante coops, and received financial administration and marketing tips from the director of the Bilingual Cultural Center. Like the other cooperatives based on the Adelante model, Sol y Luna started off with a very low overhead: \$1,500, which included a \$1000 grant from the Jobs Cooperative Committee and a donation from church members and the sponsoring organization.

### ***II. Financial Performance***

At the time that cooperative members were interviewed, the cooperative had only been in operation for about six weeks. Projections are that the total annual budget of the cooperative will be between \$5,000 and \$6,000. Administrative costs are averaging about \$500 per month, of which about 25 percent currently is covered by income from worker contributions of \$0.50 per hour worked. Another \$0.25 per hour worked goes to petty cash to cover office expenses, which keeps financial record-keeping simple. Self-sufficiency is defined by members as covering all costs of operation. Members know how many hours they need to be working on average in order to break-even, and they expect to reach this within the next few months. Besides worker contributions from jobs, income is also expected through the fundraising activities of members.

Marketing activities are primarily the responsibility of the publicity committee, although members emphasize that the coordinator must "sell" the coop's services to first-time callers. Most advertising is currently through a regular classified ad in a local newspaper. A newspaper article written right when the cooperative opened for business brought the group high visibility and lots of first week calls. Members plan to begin to distribute flyers soon, and have offered special discounts to clients who bring in new referrals.

Members believe that the housecleaning business is a good industry to be involved in their rural county right now. There is very little competition from other companies, since there is only one in the area, and limited competition from other independent contractors.

### ***III. Members and their Benefits and Services***

Hours and Wages: Members charge \$8.00 per hour, and take home \$7.25 as independent contractors.

Currently, members are working an average of five to fifteen hours per week. Most housecleaning jobs that the cooperative is receiving are regular, weekly jobs.

Benefits and Services: Members are not offered any benefits at this time, although the cooperative covers the cost of any damage done to a client's property on the job. Services available to the membership include English classes provided by the sponsor, and paid for by the coop.

### ***IV. Organizational Structure and Internal Governance***

Business Management: Management is basically through member committees, although the Points and Rules Committee, together with the coordinator, take a lead role in management. Day-to-day activities of running the cooperative are carried out by the bilingual coordinator, hired to work as the liaison between clients and members. The main skills desired in the coordinator are bilingual ability, commitment, and compatibility. The coordinator receives calls for service, translates during first visits, receives job evaluations and makes regular reports at cooperative meetings. The cooperative has had three coordinators in a very brief period of time, but apparently the turnover is not for internal reasons or lack of capability. There has not been any worker turnover at all.

Internal Governance: The cooperative is governed by five committees, with two to three members on each committee. As with all of the Adelante cooperatives, it is a requirement of membership to participate in a governance committee. The committees consist of:

- Finance Committee: Administers and supervises all finances, including all payables, hours worked by members, financial reporting of income, expenses, balances;
- Publicity Committee: Plans and carries out all marketing;
- Points and Rules Committee: Monitors the points system, educates members about rules, organizes monthly meetings, evaluates the bilingual coordinator (together with Adelante's organizer);
- Training Committee: Handles basic housecleaning training; and
- Activities Committee: Organizes fundraisers.

When the members were first organizing themselves, they joined committees based on their area of interest. They received an in-depth training from Adelante before start-up. Currently the committee system is structured so that members serve staggered



terms on committees for six months, thus ensuring that at least one person stays on to train new members when the committees rotate. Support for member training in committee functions will also be available from the Adelante staff.

Two representatives from the cooperative are elected every six months to represent Sol y Luna on the Jobs Cooperative Committee, which oversees all the Adelante coops. The general membership meets on a weekly basis to distribute jobs and points, review and decide on cooperative policies, make decisions about new members, and make financial and budget decisions, although the latter have not yet come up. Group decisions so far are by consensus. Members who were interviewed said that so far, there have not been any problems with member participation in governance.

Member Selection, Training and Evaluation: So far, no new members have been brought into the coop. When the time comes to do so, potential members will be selected from the waiting list with the assistance of Adelante. Selection will be based on ability to make the commitment asked for and need. Once the cooperative decides to admit an applicant, she will need to attend two meetings and English classes, and will need to join a governance committee. New members will also sign a contract between themselves and the cooperative. All incoming persons will pay \$5.00 to enter; and thereafter members will pay \$5.00 per month to cover the cost of training.

Housecleaning training for members is done by a paid consultant. There is no evaluation of skills prior to beginning to work for the cooperative. The cooperative plans to carry out regular evaluations of the quality of work done by members. These will be distributed to all clients, collected by the coordinator, and then brought to the whole group for review. If there is a need for corrective action or training, the group as a whole recommends this.

Distribution of Work: Work is distributed through the same points system used by the other Adelante coops. Members get points for participation on committees, fundraisers, attendance at meetings and English classes. Those with the highest number of points get the first crack at jobs offered, and can take as many jobs as are available. Members lose points with each job they take on, and also when certain rules are broken. Members interviewed think it's a good system, since it encourages participation and compliance with the rules.

Member Rules and Accountability: Members must report all jobs and all money received to the coop. They

are also required to pay their dues on time, attend English classes, and work on committees. The rules in use were basically adopted from the Adelante model—they were presented during the initial organizing meetings, discussed in the Points and Rules Committee, then adopted by the whole group. Accountability to rules and sanctions is enforced during weekly member meetings; generally the Points and Rules committee brings violations up, and the whole group decides if sanctions should be applied.

### *V. Overall Evaluation*

Members interviewed felt that the cooperative has been successful, both in finding them jobs they would otherwise not have gotten (because of language) and in giving them a way to work together and learn new skills. Members expressed great satisfaction with self-governance, and with the fact that "we didn't start as friends but now we're working as family." Members also mentioned that the cooperative offers them higher pay, and better working conditions than other jobs that would be available to them. An active member who was interviewed emphasized the benefit of "learning new things like finances" over the possibility of working on her own as housecleaner. Another advantage cited by several members was the coop's policy of covering accidental damages.

Lack of transportation to far-flung clients, which is a much greater issue in rural areas, was the main disadvantage of housecleaning work cited by the members. Apart from this, there were no other major issues that appeared to be problematic. At the present time it is too early to predict financial success for the coop. In the future, members plan to raise dues, and to put aside some of the increase in income to help start-up a new cooperative for men.

### **WINNER JANITORIAL "Entrepreneurial Model"**

#### *I. Project Background and Planning Process*

Winner Janitorial was founded in 1982, in northern California by a teacher of English as a Second Language and a group of Chinese-speaking students. At the end of the 1981 school year the students asked their teacher to continue classes during the summer, and offered to pay \$10 per month per student. The teacher suggested that the money instead go into a community fund. In 1982, with \$1,200 saved in the fund, the teacher met someone who worked in the janitorial business. This person suggested the idea of a coopera-

tive janitorial business, and when the idea was raised with the students, they expressed interest. Together, they decided to pursue the idea.

The original goals of the coop, according to the teacher (turned business founder), were to address the employment and language needs of the Asian immigrant community. A cooperative structure was chosen because it was deemed important that members have a share in ownership of the business and in the decision-making process.

No planning process was ever undertaken: According to the founder, "We didn't believe in it, it takes too much time. We knew what we had to do." The founder himself was in charge of the development of the business prior to start-up, and the only assistance he received was free consultation provided by his friend in the janitorial business. This was primarily in marketing, job training, and financial management issues. No one involved in the start-up process had any prior experience in cooperative or employment development.

Prior to start-up, workers were recruited from the ESL class, the only criteria being their willingness to work. They received janitorial on-the-job training. No major problems were experienced in this phase. The business was opened with \$500 obtained from the students' community fund, an amount which the founder considered to be sufficient for start-up.

## *II. Financial Performance*

Today, the total annual budget of Winner Janitorial is \$200,000. The business has turned a profit for eight years now, although the founder mentioned that earnings have been declining since 1988, when the business grossed \$500,000. With the earnings from that year, Winner Janitorial bought the building/warehouse it is currently housed in. The cooperative reported continued monthly losses in early 1992. When asked about the difficulties in reaching and maintaining profitability, the founder referred primarily to poor management issues. He stated that sales had begun to decline when poor managers were hired, and that it is difficult to find good managers who can work well on their own. In the case of Winner Janitorial, he mentioned that the problems were exacerbated because of the board's lack of time to oversee the business and lack of experience in business development and management.

Business Volume: The cooperative has janitorial contracts with retail stores, schools and offices. The cooperative does not have any marketing plan, and new

contracts are obtained through one-on-one contacts and calls to potential customers; monthly mailings to businesses; and distribution of flyers. Winner's staff did not feel that the recession has had an impact on their business volume. They stated that the janitorial industry is doing well on the whole, and although wages may be declining, they have not seen a drop in contracts. Given the need for aggressive bidding on contracts, Winner Janitorial emphasizes its cooperative structure as a way of getting an "edge" in a highly competitive market.

## *III. Members and their Benefits and Services*

Currently Winner Janitorial has 15 paid personnel, 12 of whom are considered members, and three of whom are employees.

Wages and Hours: Wages vary according to jobs. The minimum a worker earns is \$6.25 per hour, but all workers additionally receive a percentage of the total earnings from a job. The founder was unable to give an estimate of the number of hours that each member or employee works, stating only that some people work part-time, some work full-time.

Benefits and Services: Workers at Winner Janitorial receive full health and dental benefits, as well as paid vacation time. The cooperative does not provide any services to its members.

## *IV. Organizational Structure and Internal Governance*

Legal Structure: From 1982-1985, Winner Janitorial was legally structured as a partnership. The main reason for this was that a partnership seemed to be the easiest way to start up a business and later convert to a cooperative. From the outset, the goal was to become a coop, and eventually, in 1985, Winner Janitorial was able to incorporate as a cooperative and develop its first board.

Not all workers in the cooperative are members. Some of Winner Janitorial's workers are members, and some are employees. All employees are eligible to become members once they have completed the equivalent of six months of full-time work with the coop.

Business Management: Management of the business is shared between the manager himself, whose work focuses on marketing, customer relations, and overall administration, and a work supervisor, who has primary responsibility for personnel management, worker supervision, evaluation and firing, and quality

control. Winner Janitorial has had five managers since its founding, including the original teacher-founder. He was the original manager in 1982, he later resigned, and then in 1991 he re-assumed the job of manager, primarily because the business had been going through a financial decline under the new managers who were hired.

**Internal Governance:** The cooperative has two formal structures for member participation: a board, and a finance committee. The board has primary responsibility for proposing or approving major personnel policies, for approving applications for membership from employees, and for reviewing and approving major financial decisions. The manager reports directly to the coop's board. The finance committee reviews financial statements and makes recommendations to the general membership and the board. In addition, in its regular meetings, the general membership makes decisions about how surplus is distributed, and also reviews business performance.

When asked about member participation in governance and management of the cooperative, the founder was generally very pessimistic. He stated that the board was not very active, that it probably could have received better training, and that it did not understand its own role or his job as manager. Several times over, he implied that there were two main issues that impeded effective worker participation: Firstly, that "Workers do not have any understanding of coops," and there had been much less interest in self-governance than he had expected when the cooperative was first started. Secondly, the founder stated that the janitorial industry attracts people looking for temporary and transient jobs, and therefore "it's the nature of the industry—people aren't interested...."

**Member Selection, Training and Evaluation:** Although Winner Janitorial was initially developed to benefit the Asian immigrant community, the cooperative is currently open to anyone who wishes to join. The only selection criteria is a person's willingness to work. After a person calls to inquire about work, he/she goes through the training process, and thereafter begins working. All incoming workers receive an orientation about their rights and responsibilities, and about the benefits they receive as a result of belonging to a coop. There is no probationary period, and no contract for workers unless they decide to apply for membership, in which case legal papers must be signed.

Training is carried out by the work supervisor, and is a mixture of on-the-job and in-house training. Ac-

ording to the founder, regular evaluations were done in the past but are currently not being conducted. Job skills are the most important criteria for evaluations, and while there are 'always problems' in this area, according to the founder, quality control has not been a major issue for Winner Janitorial.

**Member Rules and Accountability:** Winner Janitorial has no formal procedures relating to fulfillment of responsibilities or grievance resolution. The work supervisor has direct responsibility for bringing quality control issues to the attention of individual workers as necessary. The founder thought that if a worker disagreed with a work supervisor's decision, she or he would first speak directly with the supervisor, and if there was not resolution, could then go to the manager, and thereafter to the board.

### *V. Overall Evaluation*

Despite some of the remarkable financial successes that Winner Janitorial has been able to realize (in particular well-paid employment and full benefits for its workforce), the founder interviewed for this survey was generally very pessimistic about the current and future outlook of the coop. He stated that the business has been "poor" in meeting the needs of its workers because the project "doesn't function as a coop" and "people have not become involved in management." He originally thought that people would be interested in self-governance, but now sees no commitment from people and no understanding of the idea of coops. Although he originally blamed the workers for this, he now says that they could not have acted any differently: "they had not had any previous experience working in coops, they were not living together, they had no community in common, so it made sense that they would not be interested in working collectively." The main reason workers continue with the cooperative is because they get greater financial benefits than they could get elsewhere in the janitorial industry, where companies often provide low-paying and unstable employment.

There are no plans to try and redress the issues of worker participation and involvement in the cooperative. The founder was of the opinion that the cooperative will soon fold, not so much due to financial problems but rather due to the lack of interest. He stated that in retrospect, if he could do things differently, he would not have started a coop. He would perhaps have begun with a business, or done nothing at all, but not

started a coop, because "worker participation and commitment are essential and so difficult to develop."

## **HELPING HANDS HOUSECLEANING COOPERATIVE - "Composite Model"**

### *I. Project Background and Planning Process*

Helping Hands Housecleaning Cooperative was founded in 1989 through the efforts of a social service agency in Southern California. The project grew out of a series of meetings held with neighborhood residents, called by the social service agency organizer to discuss unemployment problems. These meetings were predominately attended by Latina women in the neighborhood, many of whom were engaged in domestic work as a result of the layoffs from the local canneries. Approximately 30 women met intermittently over several years to discuss their common experiences and situations. According to staff at the agency, these meetings provided the first opportunity for women performing domestic work to talk to each other and share their common problems. At these meetings the women discussed the fact that:

- domestic work was performed in isolation,
- there was a disparity in wage rates among employers,
- many employers required insurance which was prohibitively expensive,
- the lack of transportation did not allow them to travel to the more affluent neighborhoods,
- they did not know how to find jobs and market their services, and
- they were being exploited by placement services.

In response to these problems, the staff and group of women began to explore possible solutions. This process led to the creation of a separate nonprofit umbrella organization whose purpose was to be an incubator for the agency's job creation and economic development efforts. Thus in 1989, the agency helped to launch Helping Hands Housecleaning Cooperative.

The stated goals of the project's sponsor at the time of inception were:

- to create 15 to 20 new jobs for unemployed and underemployed Latina women;
- to create a new business that would provide unemployed and underemployed Spanish-speaking domestic workers with access to higher paying markets by: sharing a bilingual staff person; sharing insurance and bonding; sharing transportation; to purchasing of supplies in bulk;

sharing marketing; working in teams to perform the work more efficiently;

- to increase cooperative members' income from the current average of \$3,600 per year to between \$16,000 and \$18,000 per year;
- to provide all Spanish-speaking members with enough training in English related to their business to communicate basic issues to their clients at the work site;
- to provide all cooperative members with improved business and marketing skills and;
- to create a model that the agency, and other human services institutions, could use to create new self-employment and business opportunities in other sectors of the economy.

Housecleaning was chosen because a significant number of the women who had been meeting were already involved and had the skills and the interest in domestic work. Approximately 10 to 12 Latina women from the neighborhood, were involved at the formation of the project. The idea to develop a cooperative was based on both internal and external factors. Internally, the concept was developed by the women's support group; their intention was to develop a worker-owned business model. At the same time, a corporate foundation had launched a new initiative which included cooperatively-based economic development. With the help of a local university, the agency was encouraged to apply for foundation funding for a women's cooperative housecleaning business.

The group received business planning assistance in the early stages from a variety of people and agencies. Initially, a group of graduate students in urban planning assisted the women by conducting research on domestic work in the area. The students contacted housecleaning business owners, employment agencies, housecleaning franchises, and domestic worker cooperatives. They compiled information on the types of services offered by various businesses, fee scales, business legal structures, advertising costs and successes and failures of worker cooperatives around the country. The results of this information was shared with the women and they decided that they could benefit from pooling their resources.

The agency applied for, and received a series of grants in 1988 from the foundation's new initiative. The planning grant was used to hire staff and consultants to facilitate the research and planning of the business. A large portion of the funds were used to hire a bilingual resident to "act as a part-time coordinator

for the project, to organize and help facilitate group meetings, to help prepare a pilot marketing campaign and job referral service, and to ultimately serve as a link between the monolingual Spanish-speaking workers and their future clients." A planning consultant was hired to develop a business plan and a strategy for implementation and to help link the women with outside resources. Additionally, the women hired a professional interpreter/translator. This consultant was used to provide translation services at group meetings, to translate written business materials (ie, sample contracts, price sheets, etc.) and to develop a curriculum for the women to learn English housecleaning terminology.

The business plan was paid for and developed by a spouse of one of the board members' of the social service agency. The consultant, a Harvard MBA, had many years of experience as a corporate executive where he spent a great deal of time writing and analyzing business plans for small start-up businesses.

With the exception of the business planning consultant, none of the members of the "planning team" had direct experience in running or launching a business enterprise. The planning phase commenced with the receipt of the planning grants in 1988 and culminated with the launching of the business in March 1989.

## *II. Financial Performance*

The cooperative received a series of foundation grants to subsidize the planning and operations of the business; a planning grant for approximately \$25,000 and two consecutive implementation grants for approximately \$50,000 and \$62,894 were received. During the planning period and first year of operations approximately \$75,000 was consumed.

Despite a slow but steady growth in the business' customer base, the business never reached break-even. Business planning documents set a goal of self sufficiency for the fourth year of operation. In the interim, the business' operating expenses were covered by the foundation's grant. Several factors impeded the business from successfully becoming self sufficient. First, because the business was subsidized by the foundation's grant, the business never fully passed close scrutiny of its financial performance. While it seemed that the business was making money because it was managing to gain a steady increase in its customer base, the operating expenses were being covered by the foundation's grant. The business started up without

fully understanding how break-even was to be reached. This was fully evident by the fact that the wage structure was not set up to have the workers contribute a portion of their wages to the operation of the business.

During the first year of operation the businesses total annual expenses were projected to be close to \$60,000. In the second year, the foundation made it clear that their funding would be ending by year's end. At this point the business manager and project supervisor were forced to determine how to continue to provide their services to the cooperative. Through a series of meetings with outside consultants, the project supervisor was convinced that the members would be required to contribute a portion of their wages to the business. A decision was made, after consultation and approval by the members, to cut the members net pay and institute a dues system. This event resulted in the loss of many of the members and the concomitant loss of customers. The cooperative was never fully able to recover from this restructuring. All but two of the original members left the cooperative some of whom took their customers with them.

Business Volume and Marketing: The target market for the cooperative's service was a wealthy neighborhood on the Southern California peninsula. The geographic distance and isolation of this market from the worker's neighborhood, and the lack of an efficient public transportation system made it difficult for workers to get their jobs. Initially, upon the suggestion of the business planning consultant, the cooperative launched a direct mail marketing campaign to reach its target market. After disastrous results (in terms of money spent for little return), this strategy was abandoned and marketing was achieved through advertizement in local church bulletins, local newspapers and door to door canvassing.

Today the workers are having trouble finding work because the industry as a whole is suffering due to the economic recession. Staff point to the recent decline in and closing of former business competitors as illustrations of this decline in the industry. In addition, it seems that recent immigrants who are willing to work for much lower wages are making it much harder for Helping Hands workers to compete for these scarce jobs.

## *III. Members and their Benefits*

Wages and Hours: At the start of the business the members were paid \$10 an hour for their labor. This wage scale was also their take home pay as there were

no withholdings. It is difficult to estimate the average number of hours worked per week since different members had varying hours. Nonetheless, none of the members achieved a greater than part-time status. The goal of the cooperative was to achieve full-time status for the ten women before adding new members. This work level was never attained. The majority of contracts became repeat customers although initially contracts were for a one time job.

After restructuring workers wages decreased from \$10.00 per hour to \$7.00. In addition to this decrease, withholdings (payroll taxes, workers' compensation, insurance) were taken out of the \$7.00 gross wage scale, thus making the actual net wage much less than \$7.00 per hour.

**Benefit and Services:** Although the cooperative was interested in providing health benefits and other fringe benefits to its members, the exorbitant cost made it prohibitive. Several services were provided to the women as members of the cooperative. Women who did not speak English were encouraged to participate in English classes offered through the agency. Members were also assisted in learning to drive and in obtaining their driver's license. In the beginning, the agency provided women with access to cars in order to get to and from their work site. This practice was discontinued and the cooperative looked into providing a driver to transport the women to their jobs but this service proved to be too costly. Staff of the cooperative were also on hand to help women with their immigration filings. On a yearly basis the cooperative brought in an accountant to help the women file their income taxes. Child care services were contemplated but again, the costs dissuaded the women from seriously considering outside child care as an option.

#### ***IV. Organizational Structure and Internal Governance***

**Legal Structure:** The cooperative commenced as a training project of the social service agency. After a year of operation and with the technical assistance of an outside attorney, the business incorporated as a mutual benefit corporation. This structure was chosen because the women did not have the business management skills to run the business from its inception. It was the intention of the agency, the project's sponsor, to actualize the formation of a cooperative housecleaning business once workers gained management skills. The mutual benefit corporation structure would allow this

change to take place with relative ease. The mutual benefit corporation was dissolved after funding ran out. Today the workers operate as independent contractors with the agency providing job referral services. Members meet regularly but the cooperative business is more loosely structured than previously; the formal sponsor relationship with the agency has ceased.

**Business Management:** In its start-up phase the project supervision was conducted by the community organizer at the sponsoring social service agency. Working as a part-time project supervisor, she oversaw the work of four staff and consultants to the project: the project coordinator (part-time), a business manager (part-time, temporary), the business planning consultant and the translator.

During start-up, the cooperative was also plagued by turnover in staff. For reasons unknown, the first business manager left and a new manager was hired to take her place. This manager was knowledgeable about housecleaning operations (she had been a housecleaner herself) and spoke Spanish. The project supervisor and other agency staff were confident that her lack of experience in running a business would be compensated by her knowledge of the industry. The business coordinator also left the project after the second year because the members and the project supervisor were not confident in her skills. No one replaced her after she left.

Business records and accounts were kept by the project supervisor. Although she was only expected to contribute part of her time to the project, she found that the coordination and members personal needs required more than initially planned. Marketing and outreach became the shared responsibility of the manager and the project supervisor. Member performance and ongoing customer relations also fell on the shoulders of the project supervisor. No formal process of manager evaluation was set up and the project supervisor was responsible for evaluating all business administrative staff. Together, staff turnover, lack of continued foundation support and wage restructuring contributed to member dissatisfaction and suspicion of management which ultimately resulted in abandonment of the cooperative by the majority of the founding members.

**Decision-making:** It is unclear how involved the women were with the major business decisions related to running the business. Members were responsible for choosing the legal structure and the management kept the membership abreast of business decisions and voting took place. However, the management had a

strong sway with the membership on how decisions were made. The intent was to build the skills of the members to take on management. but the lack of interest on the part of the women made it difficult.

**Member Rules and Accountability:** Formal policies and procedures and a membership agreement were developed for the members of the mutual benefit corporation. Membership requirements included: attending weekly meetings; completing ten hours of training prior to providing paid services to clients; mastering the use of the Spanish/English Glossary of cleaning terms; and making a commitment to work as a member of the cooperative for 12 months. None of the business documents spell out the policies for the evaluation of member's work or any grievance procedure to be followed.

**Distribution of work:** Work was distributed by the Project Supervisor as new contracts came in however, the process was often viewed with suspicion and impartiality.

**Member Selection, Training and Evaluation:** In the initial planning phases of the cooperative there were between 8 to 30 women who were interested in the housecleaning business. In order to provide for a consistent and reliable membership the group decided to hold weekly meetings throughout the planning stage. Those members who showed up on a consistent basis were rewarded for their commitment by being offered the first jobs created by the business. Approximately 12 members made the commitment to the project. After this initial selection new member were admitted to the cooperative informally. Women who were interested were asked to attend weekly meetings to show their commitment. The cooperative had the policy of employing workers full-time before taking on new members but this policy was not adhered to. Today the business is still operating with eight workers -five are Latina and three are African American- two of the women are original members.

Members received training on house cleaning, contract bidding, as well as training with outside consultants on the workings of the business and the advantages and disadvantages of various business structures. The intent was to continue to provide the membership with an understanding of the intricacies of running the business so they could eventually take over the business operations. Several leaders emerged through this process but the majority of members were not interested in knowing about business management. The training on business operations was never completed.

## ***V. Overall Evaluation***

The proposal for the foundation grant stated that the cooperative venture would be evaluated for its success in reaching the following goals: increasing the participant's incomes to \$1,300 to \$1,500 per month; providing enough work to fully employ all the participating women that wished to work full-time; meeting its projected timeframe; improving women's English skills; and creating a situation in which the women facilitated their own discussions, older members volunteered to train newer members, the women contributed to marketing, bookkeeping and planning of the business, and; women were satisfied with their work and had individual plans to develop new career areas or self-employed businesses. With the possible exception of language skills and training, few of these goals were realized. The women never reached a level of full employment and therefore their income levels also lagged behind the projected goals. Furthermore, none of the women became intricately involved with the internal operations of the business and the cooperative never reached a level of self-governance and autonomy from the sponsoring organization.

However, judged from the point of view of personal growth and empowerment the cooperative had tangible results. According to staff at the sponsoring social service agency, many of the members who left the cooperative did so for "higher incomes and a brighter future." One went to school for her RN certificate and now works as an RN. Another opened a clothing boutique. A cake decorating business was started by another former Helping Hands participant, and three women started their own competitive house cleaning businesses. The Helping Hands experience was the catalyst for this advancement. The involvement generated the skills and/or the insight into the pathways for financial upward mobility.

## **ALL-BRIGHT JANITORIAL COOPERATIVE - "Entrepreneurial Model"**

### ***I. Project Background and Planning Process***

All-Bright Janitorial was developed in 1984 by the Tsing Tao Community Development Corporation (TSING TAO). The original goals were to create jobs for unskilled city residents, in particular non-English speaking Asian immigrants; to develop stable and long-term job opportunities; and to offer workers the benefits of cooperative ownership. TSING TAO was managing the multi-tenant office building that it had

developed, and so was able to give the business a major contract to begin operations. All-Bright was set up as a non-profit subsidiary of TSING TAO, with the goal of converting to worker ownership over time. When the business had not broken even after two and a half years, however, the Board of Directors of TSING TAO decided to close down the business.

Prior to start-up, the non-profit sponsor undertook a limited number of planning activities. Because of strong business development and management experience at both the board and the staff levels, TSING TAO felt comfortable in launching the venture without any real feasibility study or business plan having been developed. As a development corporation, TSING TAO's board members included a Certified Public Accountant (CPA), a real estate developer, and other business persons. In addition, a small business developer who had previous experience setting up a janitorial business was working as staff at the time. Another factor contributing to ease of start-up and support from the board was the modest level of start-up capital needed: \$6,000, which included \$4000 in equipment costs.

## ***II. Financial Performance***

Total financial investment over the two-and-a-half year operation was estimated at \$40,000 to \$50,000. One grant provided about a third of the financing; the remaining part of the investment came from TSING TAO.

**Business Volume:** As a new small business in a competitive, "insider" industry, All-Bright had a difficult time securing other major contracts besides the one with its non-profit sponsor. Although business volume did grow steadily during the life of the venture, at the same time the business decided to fold it was still short of break-even by about \$1,000 to \$1,500 a month.

## ***III. Members and their Benefits and Services***

**Wages and Hours:** At the peak of the development of the business, All-Bright was able to offer full-time work to ten members. Many of these continued to work in a new business under the former general manager after TSING TAO decided to close down the operation.

## ***IV. Organizational Structure and Internal Governance***

**Business Management:** In its two-and-a-half years of operation, All-Bright went through three different managers. One of the main reasons for rapid turnover

of managers was the difficulty of attracting and keeping qualified management at a salary level that was affordable for the organization. The first manager who was hired had extensive industry and business management experience. He started out as a three-quarter time staff person, and then became a consultant to the business, which was too expensive for the business to afford. He soon left to continue doing consulting work. The last manager hired had experience in the janitorial industry but little background in business administration.

**Internal Governance:** Despite its original goals, no transition to worker ownership ever took place. No training or structures for self-governance were ever developed either. The business is no longer in operation.

## **KLEAN-UP JOBS REFERRAL COLLECTIVE - "Jobs Referral Model"**

### ***I. Project Background and Planning Process***

Klean-up Jobs Collective was founded in July of 1988 by a diocese-based pastoral program in Southern California that offers a variety of social services to its constituency of low-income, primarily Latino population. Klean-up was created to provide jobs and community support to ever-increasing numbers of Central American and Mexican unemployed residents, most of them monolingual Spanish-speakers. The goals of the sponsoring organization in launching Klean-up were:

- to assist workers in securing a job (for many, their first job of any kind);
- to help members learn about job rights;
- to build a supportive community members; and
- to increase members' self-sufficiency through improving English language and other survival skills in the U.S.

Klean-up was patterned directly after UNO Jobs Referral Collective, which had been serving a similar population group in northern California for two years. Like UNO, Klean-up evolved out of a church-based job referral program, where immigrants were matched up with housecleaning jobs through parish churches. This job bank operated as a social service program, with no organized follow-up on work referrals, and a "hand-out" mentality, according to its staff person. About 10 to 15 jobs were passed along to immigrants at the center each week, mostly secured through phone calls to members of parish churches. After learning about the success of the UNO project in creating a jobs collective



in northern California, staff members visited and decided to develop a similar model back home.

The sponsoring organization undertook an eight month planning process, including a feasibility study by outside consultants, which was not particularly useful in helping the cooperative identify or reach its target market. The business was planned and launched by two sisters of the parish, who had worked at the jobs desk but had no prior business development experience. They benefitted from a considerable amount of consulting from the founder and director of UNO in all areas of planning the organizational structure and setting up administrative systems. Klean-up received \$26,000 in start-up funding from one church-based funder and other local religious congregations. The cooperative was launched with a staff of three, including the coordinator and assistant coordinator (the two staff persons who planned the venture), and a half-time staff person who worked with the membership. According to these original coordinators, it was difficult for many members to make the transition from a jobs bank program to a cooperative with rules and responsibilities. Many of the original members ended up eventually leaving, since they found they no longer received preferences as before.

In the last year, Klean-up started another jobs collective at a second site in the same metropolitan area, which it operates with the same administrative staff and policies. Klean-up staff and sponsors are also in the process of launching additional small ventures, including a thrift shop, which is hoped to bring in additional revenue.

## ***II. Financial Performance***

Klean-up has not yet broken even financially, after four years in operation. At this point, about 35 percent of their operating budget of \$200,000 is covered by business income (employer donations), with another one percent by membership dues. The rest of their operating funds come from foundation grants, including a major, three-year grant from a national church-based funder. The difficulty in becoming financially self-sufficient was attributed to the following major factors:

- high overhead costs;
- drop in demand for services since the recession; and
- loss of jobs when members' take on their employers' jobs outside of the collective.

## ***III. Member Benefits***

There are presently a total of 160 members in Klean-up, predominantly women. Only about a quarter of these members have full-time work through the cooperative, with the majority of members working less than half-time. Members wages ranged between \$6.00 and \$7.50, depending on the number of hours worked. Donations are requested from employers at \$1.00 to \$1.25 per hour. No job benefits are currently provided by the cooperative, although educational services and support are emphasized. English classes are provided through the sponsoring organization, with teachers and learning materials brought into membership meetings. Other educational presentations are incorporated into membership meetings which cover such areas as parenting and preventive health care.

## ***IV. Organizational Structure and Internal Governance***

Legal Structure: Klean-up operates as a program of the sponsoring agency, a non-profit, diocese-based organization. Legally, members are independent contractors, who request that their employers contribute a donation to Klean-up. In this way, the collective is able to protect itself from issues of employer liability, and protect the non-profit status of the sponsoring organization.

Management: Klean-up is managed by an administrative staff of four, including a coordinator and assistant coordinator who are responsible for financial management, marketing, and overseeing all operations. Up until now, the sponsoring organization has maintained control over all major financial and personnel decisions. This has been seen as problematic by former Klean-up staff, since the sponsoring agency operates with a social program orientation instead of with an entrepreneurial, business focus.

Klean-up has had difficulty retaining and developing competent managers since the departure of its two founding coordinators, who worked closely as a team. After their departure, one of the members was hired as coordinator, and served a brief stint before being asked to leave by the sponsor. The sponsoring organization's decision that he was not capable of handling the job created a major rift among members, and between members and the sponsors. The cooperative operated with an assistant coordinator during an interim period, a member who had taken on increasing responsibilities over time. A new coordinator was recently hired from the outside, and it is too soon for an evaluation of that

person's skills. According to the sponsoring agency's program director, the new coordinator was hired for his "people skills" and aptitude to learn quickly, rather than previous business management experience. She cited the enormous difficulty of hiring bilingual, committed managers for the salary that was offered.

Worker turnover and work quality were also noted as business management problems. Employers often prefer to pay workers their full price as independent contractors, without returning a donation to Klean-up. In addition, the sponsor claims that there have been problems in the past with poor referrals that have kept Klean-up from maintaining a consistently high level of business. This is especially important, given the cooperative's reliance on word-of-mouth advertising. Other marketing has been done through newspapers and church networks.

**Internal Governance:** Klean-up members participate through a board of directors, committees, and general membership meetings. The board's responsibilities are to facilitate membership meetings, oversee the committees, review and set policies, review sanctions and settle grievances, and review major business decisions like hiring a manager or starting up a new venture. In this latter area, the board and staff of the sponsoring organization control decision-making. Board members receiving training from the original coordinators in running meetings, reading financial reports, and understanding how the business is managed.

The cooperative functions with the following committees: 1) education; 2) fundraising; 3) rights and responsibilities; 4) grievance; and 5) the anniversary committee, which plans the annual event. Participation in committees is required, and members meet weekly after the regular membership meeting in which jobs are distributed. Committee chairs run the meetings loosely, and decision-making is generally by consensus. The committees with the most participation are those involved in planning social activities and fundraising events.

**Member Selection, Training and Evaluation:** Klean-up has recently gone through a process of tightening its member selection procedures, which has proven successful in improving member participation, according to the assistant coordinator. Formerly, the cooperative accepted all new applicants based on their need for jobs. New applicants are now admitted in groups, and taken through a process that includes three half-days of orientation and training about Klean-up's history, in-

ternal structure, and member policies. Applicants are then tested on their retention of this information, and asked to sign a member contract which commits them to basic reporting and participation requirements. New members pay a \$20 fee to join the cooperative, along with annual membership dues of \$25. Training in housecleaning methods is given to incoming members on a one-time basis.

**Distribution of Work:** New jobs are apportioned to members by the coordinators, based on their judgment of worker performance, need, proximity to the job site, and customer preferences. According to some members, this system naturally favors those members who work most closely with the administrative staff and sponsoring agency.

**Member Policies and Accountability:** The policies put in place by the original staff were modeled to a great extent after the UNO Jobs Referral Collective. Currently, new rules are discussed at board and member meetings, and approved by majority vote. The coordinators hold members accountable to rules, applying sanctions which include a temporary suspension from receiving new jobs or permanent expulsion. The grievance committee hears appeals against sanctions or other actions, and makes recommendations to the board for their approval.

## ***V. Overall Evaluation***

The sponsor and coordinators of Klean-up call it a qualified success in providing jobs and leadership opportunities to its members. A major increase in the members' education and personal skills development was seen over time, as members began to facilitate meetings, elect board members, organize committees, plan events, and deal with conflicts and grievances on a regular basis. The major factors attributed to the level of success so far include the assistance and model offered by a predecessor jobs collective, (UNO), and the commitment of staff and members in leadership positions. Klean-up has been able thus far to maintain this high level of staff and attention to member organizing due to a substantial funding base, which is not expected to continue into the future. Klean-up clearly faces a major challenge in matching its high business costs with greater revenue. The greatest weakness of the collective has been its inability to secure more jobs for its membership, attributed in part to lack of entrepreneurial expertise, especially in the areas of marketing and new venture development.

## APPENDIX B

### METHODOLOGY

The study commenced with the identification of all pre-cooperative businesses in California which met the criterion and definition posed in the introduction above. Cooperatives were identified in two primary ways. First, drawing on our own experience as technical assistance providers in the community economic development field, the investigators drafted a preliminary list of cooperatives. This list was augmented through discussions with other local consultants, technical assistance providers, and community organizers who had been involved with the development of several of the cooperatives. Secondly, the investigators spoke to members of the academic community and technical assistant intermediaries to inquire about the existence of cooperatives in their area. At this point no attempt was made to screen the list.

Once a list had been generated, the investigators sent out a letter of inquiry to each of the organizations identified. As way of introduction, the letter stated the purpose and goals of the investigation and requested their participation in the study. Follow-up phone calls were made to gather information on: 1) whether they had in the past or currently were operating a cooperative; 2) the type of business being operated; 3) the organizational, social and economic goals of the sponsoring organization in launching the business; 4) the number and profile of the workers; and 5) a contact name at the sponsoring organization and the business manager's name. Three cooperatives were eliminated from the survey phase either because they did not have employment as a primary goal or because they were never intended to be cooperative businesses. A final list of fifteen cooperatives were surveyed at the level of founders, managers and/or workers (see list in Table 1).

Our study sample included 13 cooperatives in Northern California, two operating in Southern California. One cooperative fell under our definition and is included in the summary although it is no longer in business. In general, the organizations which sponsored and founded these cooperatives and pre-cooperatives were either church-based organizations, social-service agencies, and community development organizations.

Based on the information gathered in our preliminary survey four survey instruments were developed. They were: 1) a sponsor survey, 2) a manager/coordinator survey, 3) a worker survey, and 4) a sponsor/

manager survey.

The sponsor survey was developed to ascertain the role that the sponsoring organization undertook in the planning and start-up of the cooperative. The survey instrument included questions on: the organization itself (the type, size, staffing, and age), the origins of the project (the target population, their major needs, how the idea to launch a cooperative was conceived, and the previous experience of the sponsoring organization in launching this type of project), the business planning process undertaken (what activities were pursued with respect to developing a business plan, who was involved and took the lead in the business planning, staff, consultants, etc.), the business development and start-up phase (how were workers hired, what training was received, who was involved with daily operations), the type of funding received, and the overall performance of the cooperative (economic performance, success in self governance, ability to meet the needs of the workers/members and evaluation of why cooperative has been successful or not successful). Telephone interviews were conducted with staff at the sponsoring organizations who were involved in founding the cooperatives.

The second survey, a manager/coordinator survey was developed to gather information on the daily operations of the business. Staff involved in managing and running the cooperatives were interviewed by phone or in person using this instrument. The instrument queried the staff person on: his/her experience and background in running a business, his/her job responsibilities and expectations of the job when hired, the problems and obstacles faced during business planning and start-up, the major financial and social goals of the project, the current operations of the business (staff members, responsibilities and overall performance of the industry), sources of financing, governance structure and policies and procedures, ways the project had succeeded, factors impeding success and challenges in developing a worker cooperative.

A total of 28 workers from nine cooperatives were interviewed as part of this investigation. The survey questionnaire focused on obtaining information on the needs and benefits of the members of the cooperative. The first section of the questionnaire included information on the workers' economic and ethnic backgrounds. Questions were developed to ascertain the goals of the workers in joining the cooperative. Questions were also posed on the working conditions, type of work, and wages and hours of the workers. Members were

asked how the cooperative was structured and governed and whether they received training in group process and cooperative development. Finally, the workers were polled on the advantages of this job over others and whether their expectations of the job and cooperative had changed over time.

The last survey instrument developed was the sponsor/manager survey. This survey was developed as a hybrid between the sponsor survey and the manager/coordinator survey. The need for this survey was evident from our preliminary survey of the cooperatives, which revealed that in some cases the person in charge of running the business was a staff person with the sponsoring organization who had been involved in the project from inception and had made a switch to business management/or cooperative coordination.

All surveys were pretested and refined based on these initial interviews. A total of 17 staff members, managers or coordinators from the sponsoring organizations were interviewed; and 28 workers from nine cooperatives were queried as well.

Worker interviews were obtained through two primary methods. Cooperative coordinators were asked to discuss the project with the membership and to request volunteers. The investigators, in some cases, gave short presentations on the project and asked people to participate in the survey. An attempt was made to select workers with diverse backgrounds with respect to gender, age, immigration status, length of time in the cooperative, and level of participation within the cooperative. Although we attempted to obtain an unbiased sample of workers to interview in reality, due to self selection and request for volunteers, we ended, in half of the cases, with workers who were the most involved in their cooperatives.

Interviews were conducted between February and July 1992. The task of finishing interviews, in some cases with three different groups (sponsors, managers and workers) proved to be quite an undertaking due to staff turnover and the difficulty of working around workers' and managers' schedules.

Once all surveys had been completed case studies were compiled on each cooperative. Follow-up phone calls were made to clarify discrepancies across the survey respondents and to fill in gaps in information.<sup>7</sup> Information from each case study was used to identify commonalities and differences in experience across all cooperatives.

## FOOTNOTES

<sup>1</sup>The term "business" is used loosely throughout this report to refer to an economic development venture which may or may not be a for-profit, taxable business entity.

<sup>2</sup>For the purposes of this study we use the term "pre-cooperative" interchangeably with "cooperative".

<sup>3</sup>UNO Jobs Referral Collective I and II are run by the same administrative staff in two separate sites. We refer to both of them as the UNO Jobs Referral Collective.

<sup>4</sup>The majority of the homecare contracts are subsidized by the public sector through in-home support services.

<sup>5</sup>The reader should note that not all the cooperatives surveyed for this study fall pristinely into one model. The typologies established here, however, provide a general framework for understanding the basic characteristics of each approach and/or model taken by the cooperatives.

<sup>6</sup>Please see the description of the Adelante model in the Case Study section of the text.

<sup>7</sup>Again, manager turnover and/or absences precluded the ability to gather completely comparable sets of data.



## ABOUT THE CENTER FOR COOPERATIVES

The Center for Cooperatives was established by the California Legislature in 1987 as a Center in support of research, education, and extension activities to "advance the body of knowledge, concerning cooperatives in general and address the needs of California's agricultural and nonagricultural cooperatives..."

The Center's objectives are to promote:

- **EDUCATION.** The Center offers formal and informal educational programs to those involved in cooperative management and develops teaching materials for all levels of interest.
- **RESEARCH.** To help the state's cooperatives reach their objectives, research is conducted on economic, social, and technical developments. A practical aspect of this research: the provision of competitive research grants, and studies for government agencies on how cooperatives can help achieve public policy objectives.
- **OUTREACH.** The Center informs the public on cooperatives and their significance to the economy of California.

Located on the University of California, Davis campus, the Center is a University-wide academic unit. Its teaching and research resources are drawn from expert professionals from all University of California and state university campuses, other colleges and universities, as well as sources indigenous to the cooperative business community.

The Center has established an endowment fund to receive gifts and contributions from the public, foundations, cooperatives and other like sources.

For more information about the Center or its programs and publications, call 916-752-2408—FAX 916-752-5451 or write: The Center for Cooperatives, University of California, Davis, CA 95616.