

## Evergreen Cooperatives: a brief case study

### Localise West Midlands



#### What is the Evergreen Cooperative Initiative?

The American-based Evergreen Cooperative was launched in 2008 by a network of Cleveland institutions including the Cleveland Foundation, the Cleveland Clinic, University Hospitals, Case Western Reserve University, and local government. Its aim is to create living wage jobs for 43,000 low-income residents (median household income below \$18,500) in six neighbourhoods within an area known as the Greater University Circle (GUC).

#### What are the cooperative's objectives?

Inspired by the famous Mondragon co-operatives in the Basque Country, the cooperative is at heart a bottom-up organisation, aiming to encourage local economic inclusion and build the local economy from the ground upwards as opposed to trying to attract outside corporations in a "trickle down" approach. The 'evergreen' strategy is to catalyse businesses that are owned by their employees, creating jobs first, followed by training in order to overcome the block often faced by low income/unskilled workers in gaining employment. This approach is evident in the aims of the organisation, which are:



Source: [www.opensource.com](http://www.opensource.com)

3. The promotion of public understanding of cooperative principles and how cooperatives and other community wealth-building models function;
4. To encourage and enable cities and other areas throughout Ohio and the United States to implement their own local programs based on these principles,

1. The promotion, coordination, and expansion of economic opportunity and wealth building through a network of green, community-based enterprises;
2. The promotion of community stabilisation and revitalisation of the under-invested neighbourhoods within the Greater University Circle and similar areas of the City;

#### How successful has the cooperative been?

The Evergreen Cooperative currently consists its over-arching umbrella organisation which identifies and pursues new opportunities, and three businesses: the Evergreen Cooperative Laundry (ECL) and Ohio Cooperative Solar (OCS) both launched in October 2009 and the Green City Growers launched in 2011.

Evergreen Cooperative Laundry	Ohio Cooperative Solar	Green City Growers
<ul style="list-style-type: none"> <li>• Provides commercial sale health care linen laundry for Ohio.</li> <li>• At full capacity, will clean \$10-12 million of laundry a year and employ 50 residents of GUC.</li> <li>• Smallest carbon footprint of any industrial scale laundry business in northeast Ohio- uses significantly less water and energy.</li> </ul>	<ul style="list-style-type: none"> <li>• Community based clean energy and ‘weatherisation’ Company that will ultimately employ as many as 75 residents.</li> <li>• Owns, and maintains large-scale solar generators on the roofs of the city’s biggest non-profit health and education buildings.</li> <li>• The institutions, in turn, purchase the generated electricity from OCS.</li> <li>• Predicted that within 3 years, OCS will have more than doubled the total installed solar in the entire State of Ohio.</li> </ul>	<ul style="list-style-type: none"> <li>• Recently finished 230,000 square foot community hydroponic greenhouse.</li> <li>• Will produce more than 4 million heads of fresh lettuce and more than 300,000 pounds of basil and other herbs a year.</li> <li>• GCG will sell to Cleveland’s anchor institutions as well as the regional food distribution network within 125 miles of Cleveland.</li> </ul>

Although still at a relatively early stage in its implementation, as well as its direct benefits in the local area the Evergreen Cooperative arguably has made significant progress in priorities three and four. It has attracted substantial financial support in the form of multi-million dollar financial investments from the US government (particularly from its housing and urban development branch). It has also capturing the attention and interest of the US media and of officials and philanthropists in a number of other cities across and beyond the States seeking to replicate the “Cleveland model”. In the UK, [Co-operative Futures](#), [New Start Magazine](#) and the [new economics foundation](#) have been promoting and learning from the Evergreen model.

What next?

The current short term goal (over the next three to five years) of the Evergreen Cooperative Initiative is to catalyse the creation of up to 10 new profit-generating and worker-owned cooperatives based in the Greater University Circle area of Cleveland. It is projected that, together, these 10 businesses will employ approximately 500 residents and each business will be designed as the greenest within its sector in north-east Ohio. Current financial projections indicate that after approximately eight years, a typical Evergreen worker-owner, who would previously have been long-term unemployed, will possess an equity stake in their company of about \$65,000.

The longer-term objective is to produce 5,000 new direct jobs for Clevelanders over the next 10 to 15 years and in doing so, to stabilise and revitalise neighbourhoods within the area.

How can we learn from the Evergreen Cooperatives in the UK?

Initial evidence from the Evergreen Cooperatives suggests that they offer multiple benefits; they are employee-owned, profitable, green and strategic in operation, focusing on redistributing wealth rather than just creating jobs. By nature, they offer communities more of a say in local economic decision-making and are inherently responsive to local needs. They are an excellent example of community economic development where, by decentralising the economy, power is redistributed to more local stakeholders, people are more connected and the local economy is more robust to external shocks. Localise West Midlands has recently researched the [social benefits of community economic development](#) and how these can be integrated into the mainstream economy. Is the Evergreen model an appropriate model to scale up such beneficial forms of development in the UK?



Source- Evergreen Cooperatives, Cleveland, Ohio

While ultimately more than self-sustaining, the Evergreen Co-operative needed an initial cash injection to get established. £3.6 million was available from day one provided by national and local government bodies, tax credits, a community foundation and two banks. Replication in the UK may therefore depend on the foresight of those with responsibility for what economic development funding remains in the current time – whether from the private sector, charitable organisations or national and local government. As it develops, Evergreen funding is intended to come from Community Share Options, which should be equally replicable in the UK, where already successful examples of this include [Brixton Energy co-operative solar project](#).

The Evergreen Co-operative’s success has also come from the willingness and ability of several local economic anchor organisations to be major contractors for the co-operative’s services. In the UK, the type of anchor organisations Evergreen targeted are not autonomous purchasing bodies, as Cleveland Hospitals are, but part of our local authorities and the NHS which have much more proscriptive purchasing policies. This could present challenges.

A related challenge for the UK is that we don’t have a culture of creating local enterprises to meet demand, which has been another factor in Evergreen’s success. From the co-operative perspective this can be tackled: like Evergreen, we can create the over-arching structure that has the responsibility to create new enterprises from identified local needs and to support them all. But it’s a major challenge on the procurement side. Here, the mainstream approach is for procurers and commissioners to select existing local service providers on a ‘best value’ basis but with no framework for what to do if such

providers are absent or do not meet expectations, resulting often in contracts with huge organisations who, with oligarchical status in the economy, have little incentive to generate social returns nor to be responsive to the procurer’s needs. This culture will need to be created if Evergreen Co-ops are to be successful in the UK.



Source: Department of Energy and Climate

Another thing that strikes a UK audience is that this model is *for profit*. Many of us who are concerned with social objectives are used to thinking of beneficial economic activity as non-profit. Our [Mainstreaming CED](#) research

identified how fully private sector enterprise can be redistributive and socially beneficial, but surely the Evergreen co-operative model gets the best of both worlds: the social aims to target those in disadvantage, but the commitment to enable the enterprise profits to go to those same people, rather than hoovered up into the dominant elite shareholder economy.

What can be gained from the replication of the Evergreen model in the UK depends on our ambition. We could employ it for our disadvantaged areas, providing the tools for many people to lift themselves out of poverty. This would be great. But we could also scale it up into a model for how a much greater proportion of our businesses and services operate.

#### Links

[The Evergreen website](#)

[Evergreen Co-ops Youtube channel](#)



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