

Convening Report-Out

Expanding Shared Ownership Models in Georgia



August 6, 2024

Executive Summary



The Georgia Shared Ownership Convening was held on August 6, 2024, at Emory University's Goizueta Business School. Hosted by The **Rutgers Institute for the Study of Employee Ownership and Profit Sharing**, The **Atlanta Wealth Building Initiative**, **Goizueta's Business & Society Institute**, and The **Georgia Social Impact Collaborative**, the event brought together more than fifty stakeholders to discuss the advancement of shared ownership models. The aim was to explore how such models could help address economic inequality and promote equitable wealth distribution, particularly in Georgia. The event featured a range of speakers, roundtable discussions, and networking opportunities designed to foster collaboration and learning among participants.

Key Takeaways

One of the main takeaways from the convening was that employee ownership is gaining significant traction as a viable tool for economic resilience and promoting racial equity. The discussions highlighted the various models of shared ownership, such as Employee Stock Ownership Plans (ESOPs), cooperatives, employee ownership trusts, and purpose trusts, and their potential to address systemic issues like wealth inequality and business closures. Another key insight was the critical role of ecosystem building, which involves creating supportive policies, educating stakeholders, enhancing technical assistance services, creating new pathways for solopreneur and/or microbusiness participation, and engaging communities to sustain and grow shared ownership initiatives.

Next Steps and Action Items

To continue the momentum from the convening, participants identified several next steps. These include forming a policy roundtable to advocate for legislation that supports shared ownership; increasing efforts to raise awareness and educate business owners about the benefits and mechanics of shared ownership models; organizing expanded convenings with community stakeholders, including funders; and providing ongoing support for local initiatives. Participants also emphasized the need for long-term commitments and collaborative efforts to build a robust ecosystem for shared ownership in Georgia.



Introduction

The Georgia Shared Ownership Convening aimed to highlight and support the impactful work led by various organizations in Georgia. The event's objectives were to provide insights into shared ownership models, explore opportunities and challenges, and discuss the current landscape and its implications both nationally and locally. Additionally, the convening sought to establish and deepen relationships among stakeholders involved in shared ownership and small business development in Georgia, fostering a collaborative environment to drive future initiatives.



Agenda Overview

8:00 AM - Registration and Breakfast Participants began the day with registration and breakfast, providing an opportunity for networking and informal discussions. This initial gathering set a collaborative tone for the day and allowed attendees to connect with peers and establish initial contacts.

8:30 AM - Welcome and Introductions John Hardman of the Georgia Social Impact Collaborative and Wes Longhofer of Goizueta's Business & Society Institute welcomed participants and introduced the day's agenda. Their remarks underscored the

significance of the convening and its objectives. Introductions centered the value of shared learning and emphasized the importance of shared ownership in addressing economic challenges and promoting equity.

8:40 AM - Grounding in Purpose Mark Hand led a session on grounding in purpose, discussing the overarching goals of the convening. He highlighted the need for intentionality in advancing shared ownership models and connecting these efforts to broader social and economic goals. Participants were encouraged to reflect on their roles and contributions to the movement.

9:15 AM - Background and Context Setting This session provided a comprehensive overview of the national and local landscapes of shared ownership. Melissa Hoover discussed national developments, while Janelle Williams provided insights into local efforts in Georgia. The session included a roundtable discussion where participants shared their perspectives and set the stage for the day's activities.

10:30 AM - Break A short break allowed participants to recharge and continue networking. This break was strategically placed to give attendees time to process the information shared and prepare for the upcoming roundtable discussions.

10:45 AM - Roundtable Discussions The first set of roundtable discussions focused on various topics related to shared ownership, including Shared Ownership 101, Transitioning to Shared Ownership, and Raising Awareness. Each table had facilitators who guided the discussions and captured key insights and questions.

11:45 AM - Lunch Discussions During lunch, participants engaged in a second set of roundtable discussions. These discussions were more strategic, focusing on practical steps and planning for advancing shared ownership models. Topics included governance, financing, and the impact of shared ownership on workers and communities.

12:45 PM - Closing and Next Steps Kim Addie provided closing remarks, summarizing the day's discussions and outlining the next steps for participants. She emphasized the importance of continued collaboration and the need for concrete actions to advance the shared ownership movement in Georgia.

Background on Shared Ownership

Shared ownership refers to various business models where employees, community members, or other stakeholders hold an ownership stake in an enterprise. This can

include Employee Stock Ownership Plans (ESOPs), cooperatives, employee ownership trusts, and purpose trusts. These models aim to distribute wealth more equitably, enhance financial security for workers, improve workplace culture and satisfaction, and contribute to long-term business sustainability. By promoting democratic decision-making and aligning business practices with social goals, shared ownership models can address critical issues such as racial wealth inequality and economic instability.

Several factors currently driving the growth of employee ownership include:

- **Movement Building:** The employee ownership community has come together at the national and state levels to build awareness, advance policy, and increase synergy with other major movements, such as sustainable business and racial equity, which helps position broad-based business ownership as a powerful tool to address growing inequality.
- **Institution Building:** Significant progress has been made in building infrastructure within the employee ownership community, and engaging universities, banks, attorneys, and the public sector, expanding the movement's influence.
- **Capital:** There is a growing awareness among impact investors that [they have a role in supporting employee ownership](#). Some--including foundations and mission investors--have now made commitments to investing in shared ownership.
- **Policy Advancements:** Federal policies, including [engagement from the Biden-Harris administration](#), are evolving to support and promote employee ownership.

Key Presentations and Discussions

Shared Ownership: The National Context (Melissa Hoover)

Melissa Hoover from the Rutgers Institute for Study of Employee Ownership and Profit Sharing provided a detailed overview of the national landscape of shared ownership. She highlighted the history and evolution of ESOPs and cooperatives, noting that while these models have deep roots, the current moment is characterized by an upsurge of interest, including renewed focus on employee ownership as a strategy for racial equity and economic justice. Hoover discussed the various motivations behind the employee ownership movement, from business performance

to social justice, and emphasized the need for a spectrum of interventions that can be tailored to different stages of a business's life cycle.

Hoover outlined a few key milestones for employee ownership, including an acceleration of policy supports in recent years:

- **1980s:** Legal frameworks embedding employee ownership began to take shape.
- **2018:** The [Main Street Employee Ownership Act](#) recognized the role of employee ownership and mandated SBA support, though it did not include dedicated funding.
- **2020:** Employee-owned businesses experienced fewer layoffs during the COVID-19 pandemic compared to their non-employee owned counterparts.
- **2021:** The American Rescue Plan (ARP) included provisions for employee-owned firms to access the \$10 billion [State Small Business Credit Initiative \(SSBCI\)](#) at the Treasury Department.
- **2022:** The [CHIPS and Science Act](#) acknowledged the benefits of employee ownership and made provisions for it in three Economic Development Administration initiatives.
- **2023:** The Work Act authorized the Department of Labor to establish an employee ownership division and work with state employee ownership centers.

Hoover noted that despite these advances, many of the mandates for employee ownership are unfunded or lack dedicated financial resources. However, Hoover also noted a growing movement at the state and local levels to support employee ownership. For instance, states like Colorado, Washington, Massachusetts and California are making significant commitments in both funding and staffing to advance employee ownership initiatives. Additionally, state groups are collaborating to build networks of employee-owned businesses and practitioners.

Noting that employee ownership – and shared ownership generally – is having a moment, Hoover identified key drivers of recent growth both locally and nationally:

- **Institution Building:** Expanding the employee ownership community of practice by strengthening support within universities, often in collaboration with the Rutgers Institute, service providers (banks, attorneys) and public sector agencies from the Department of Labor's Employee Ownership Division to Colorado's Employee Ownership Office.
- **Movement Building:** Growing alignment among employee ownership organizations as well as intentional connections to other communities and movements with interest in employee ownership as a form to address inequality and encode values into business.

- **Activated Capital:** Increasing investment from impact investors in employee ownership, from small firms like Apis & Heritage to private equity giant KKR to foundations like Kellogg and Ford, alongside growing innovations in employee ownership forms, such as employee-owned trusts, ESOPeratives, and various forms of equity compensation.
- **Policy Advancements:** Significant legislative progress at the federal level, as well as state and local public sector funding, legislation and other support.
- **Local and Regional Ecosystem Efforts:** Growth of funded local initiatives to support shared ownership, with examples from cities like Chicago, Boston, New York, Pittsburgh and regions like Western North Carolina and the rural Northeastern border.

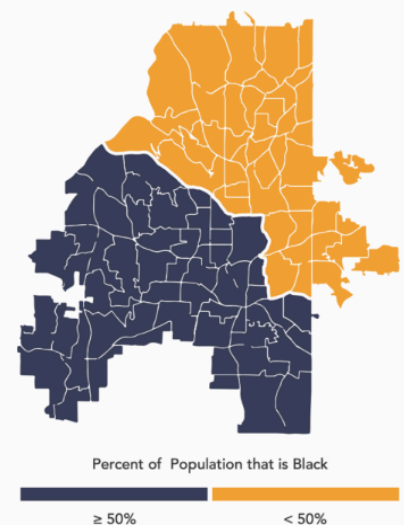
Hoover concluded by emphasizing the critical role of public sector involvement and the importance of collaboration to build a sustainable ecosystem for shared ownership.

The State of Black-Owned and Women-Owned Businesses in Georgia

Dr. Janelle Williams, of Atlanta Wealth Building Initiative (AWBI), provided insights into the local landscape of shared ownership in Georgia, focusing on the unique challenges and opportunities that small businesses of color face. New research from AWBI reveals the state of economic inequality across both Atlanta and Georgia. Research highlights included:

- There is a significant wealth gap in the City of Atlanta, where the ratio of White to Black wealth is at an alarming 46:1.
- Racial segregation throughout Atlanta's neighborhoods contribute to the prevalence of occupational segregation that limits economic mobility for Black workers. The disparity is seen in a pattern of segregation along north-south lines within the city, leaving 18 majority-Black neighborhoods within a 2-mile radius of a bank yet still leaving folks subject to payday lending.
- Earnings for Black workers in Atlanta trail well-behind those for white workers. Similarly, revenues generated by Black-owned businesses

Atlanta's neighborhoods are segregated along a clear line



lag behind White-owned businesses. Black-owned businesses remain concentrated in lower revenue category industries.

- This revenue trend is particularly acute with respect to minority, woman-owned businesses. Dr. Williams shared, “If the average revenue of minority, women-owned businesses matched that of white, women-owned businesses, 4 million new jobs and \$981 billion in revenue would be created.”

AWBI’s research provides a clear call-to-action for Georgia to reconcile racialized economic disparities. Shared ownership as well as greater access to capital are essential strategies for addressing these inequities. As such, Dr. Williams discussed the current efforts to promote shared ownership in Georgia, including the work of organizations like the Georgia Center for Employee Ownership and Project Equity. Additionally, she drew attention to local organizations on the front lines that utilize shared ownership models, such as [Gangstas to Growers](#) and [The Guild](#). She also addressed the legislative environment, noting the recent passage of laws that impact small businesses and workers. Such legislation includes the temporary suspension of the 8(a) program and interim guidance requiring current participants to submit detailed narratives to establish social disadvantage. The implication places an additional burden on small businesses of color.

For more information regarding AWBI’s research, please [see slides from Dr. Williams’ presentation](#) and the [Building a Beloved Economy Report](#).



Roundtable Discussions



Roundtable #1 - Shared Ownership 101

Led by Marie Davies and Tom Strong

This session aimed to demystify the concept of shared ownership and provide attendees with a clear understanding of its benefits, challenges, and implementation strategies. Marie Davies and Tom Strong began by outlining the different forms of shared ownership, including Employee Stock Ownership Plans (ESOPs), worker cooperatives, employee ownership trusts in, and purpose trusts. They highlighted the historical context and evolution of these models, emphasizing how they have been used to promote economic resilience and equity. The session covered:

Employee Stock Ownership Plans (ESOPs): There are roughly 6,500 ESOPs in the United States. They are a type of retirement plan without it being a draw on employees' paychecks; employers contribute to the accounts. They are the most complicated of the shared ownership models, and require a minimum of 20-30 employees. ESOPs set up as S-corporations pay less tax, and are more easily able to secure loans from banks.

- There are 155 ESOPs in Georgia. Publix is the largest organization in the state; another notable example is JE Dunn Construction.
- 31,342 ESOP participants are covered with 18,171 current employees
- 92 local communities contain at last 1 ESOP company
- 8 Georgia companies set up an ESOP in the most recent year
- Georgia holds more than \$3.1B in total plan assets
- Georgia ESOPs paid out \$386M in benefits in the most recent year

Worker Cooperatives: There are 400-500 worker cooperatives in the United States, but across the world it is the most common type of shared ownership. Each worker is an owner, each with one vote, and employees purchase shares in the company.

- There are fewer than a dozen worker cooperatives in Georgia, including Pecan Milk Co-Op and Peachy Green Clean Cooperative.

Employee Ownership Trusts (EOTs): There are roughly fifty perpetual purpose trusts in the United States, the majority of which are employee ownership trusts. They originated in the UK, and now exist in Canada and other countries. They are trusts and, similar to non profits, established for perpetual purposes, including employee ownership. They are less regulated, but in the United States don't receive any tax incentives yet. They can be of any size, and it is easier for startups to transition to this model.

- There are no employee ownership trusts in Georgia that we know of - yet!

For more statistics on employee ownership, see [Employee Ownership 101](#) from the Georgia Center for Employee Ownership and USFWS's [directory of worker cooperatives](#).

The session also surfaced **why participants were interested in employee ownership**. Reasons included: wealth building, economic development, employee buy-in, succession planning, community impact, workforce development, legacy preservation, looking to sell a business, and establishing a perpetual path for the company. The group also discussed some of the **barriers to widespread employee ownership**, including the lack of public awareness and the misconception that shared ownership must be 100% to be effective.

Participants explored the practical aspects of transitioning to shared ownership, discussing the necessary steps and considerations for businesses. This included the legal and financial implications, the role of governance, and the importance of employee engagement and education. Davies and Strong also addressed common

misconceptions and provided real-world examples of successful shared ownership implementations. The discussion underscored the importance of tailored approaches based on the specific needs and contexts of businesses. Attendees left with a deeper understanding of shared ownership, equipped with actionable insights and resources to explore these models further in their own organizations.

Roundtable #2 - Transitioning to Shared Ownership

Led by Matthew Epperson

Participants explored the steps and challenges involved in converting businesses to employee-owned models. Key points included the importance of storytelling and raising awareness among business owners about the benefits of employee ownership. The discussion also covered the role of HR professionals, exit planners, and mentors in facilitating these transitions.

Roundtable #3 - Putting Shared Ownership into Practice

Led by Br'Anna Williams of Sweet Sol

Participants delved into the practicalities of implementing shared ownership models in their businesses. The discussion covered the critical differences between worker cooperatives and ESOPs, emphasizing the importance of consensus-based decision-making and the benefits of shared ownership structures in enhancing employee engagement and retention. Participants also explored the tax advantages and patronage benefits associated with cooperative models. Williams shared insights from Sweet Sol's journey, highlighting the challenges and successes they encountered while transitioning to a worker-owned model. This session provided valuable, actionable strategies for attendees considering or currently navigating the shift to shared ownership.

Roundtable #4 - Raising Awareness about Shared Ownership

Led by Sarah McBroom

This roundtable highlighted strategies for increasing awareness and engagement among business owners. Participants emphasized the need for diverse storytelling to capture various experiences and outcomes of shared ownership. They also discussed

the importance of retention and guiding business owners through different models of readiness.

Roundtable #5 - Role for Policy in Shared Ownership

Led by Colin M Delargy

This discussion focused on the critical impact of policy in fostering and sustaining shared ownership models. Delargy emphasized the need for supportive legislation that can facilitate the transition of businesses to employee ownership structures. Participants explored various policies at the federal, state, and local levels that have historically supported cooperatives and ESOPs, such as the Main Street Employee Ownership Act and community development grants. The conversation also highlighted the importance of advocacy and the role of government agencies in promoting shared ownership. Delargy and attendees discussed strategies for effective policy advocacy, the potential for new legislative initiatives, and the importance of building strong coalitions to support these efforts. This session underscored the necessity of a robust policy framework to enable the growth and success of shared ownership models, ensuring that they can contribute to economic resilience and equity on a larger scale.

Roundtable #6 - Role of Investors and Philanthropies in Advancing Shared Ownership

Led by Jeff Woodward

The discussion centered on the experiences of three grassroots, cooperative businesses - Market 166, Pecan Milk Cooperative, and Gangstas to Growers - and their individual experiences accessing capital and investment. Each business described the difficulty in growing a financial resource-base needed to sustain operations and grow to fulfill mission and impact goals. The following themes emerged.

Access to Capital: Participants noted the tension between conventional investment approaches and the needs of grassroots organizations, emphasizing the importance of designing technical assistance and matching organizations with appropriate support.

- Both Pecan Milk Cooperative and Gangstas to Growers were able to access debt financing through impact lenders, Seed Commons and the National Black Food & Justice Alliance. However, their experiences accessing this needed capital varied greatly. Some lending experiences felt unsupportive and tenuous through the underwriting process. While other experiences were generally

positive - with one business even being able to access an advance on their loan to address cash flow constraints.

- With respect to Market 66, this early-stage cooperative business has had trouble visioning where it might find sources of capital. Leadership anticipates roadblocks accessing conventional investment. Grocery stores are constrained by access to capital. They need several million and have no operating history. There is a long phase of building community support. These businesses are not non profits but are not designed to maximize returns either.
- **Jonny Newburgh**, of Low-Income Investment Fund, offered that CDFIs need to do a better job of adapting their credit boxes when evaluating the relative financial strength of grassroots businesses. This was endorsed by Nijil Jamal Jones who shared that cooperatives and grassroots organizations have an incredible amount of resilience. Those businesses survive, often in spite of undercapitalization, because of their impact and community-connectedness.

Technical Assistance and Capacity Building: Participants noted the role of technical assistance in growing organization strength and attracting investment capital. Some key comments included:

- **Abiodun Henderson**, of Gangstas to Growers, shared that G2G recently hired staff and embedded structure supported by philanthropic capital. The business, professional development, and marketing classes weren't adequate. Can we do sales projections? There is a need in teaching people to coop members with different business skills.
- **Nijil Jamal Jones**, of Pecan Milk Cooperative, wondered what the plan was after the financing. A lot of Black cooperatives are in the entrepreneurial wilderness and folks are unsure about what they need and microlending is what is needed. Apply for the loan, provide projections and materials. There needs to be some sort of technical assistance – developing sales projections, marketing, etc.

Justice Finance Principles: The conversation also included a brief discussion of the role of reparative and restorative capital in advancing shared ownership. In particular, foundations should consider how they bring both grants and patient, catalytic investment dollars to shared ownership ventures.

Roundtable #7 - Impact of Shared Ownership on Workers

Led by Ifeoma Ajunwa

The conversation centered on the tangible and intangible benefits that shared ownership models provide to employees. The discussion highlighted how shared ownership can lead to enhanced financial security for workers, citing research that shows employee-owned businesses often offer better wages and benefits compared to traditional businesses. The discussion also delved into the psychological and cultural impacts of shared ownership, such as increased job satisfaction, higher levels of engagement, and a stronger sense of community and purpose among employees. Participants shared stories and data demonstrating that workers in shared ownership environments are more likely to be invested in the success of their company, leading to improved productivity and business resilience. The conversation also addressed some of the challenges, including the need for ongoing education and support to ensure employees can fully participate in governance and decision-making processes. This session highlighted the transformative potential of shared ownership in creating more equitable and motivated workplaces.

Roundtable #8 - Managing Multi-Stakeholder Ownership

Led by Avery Ebron and Melissa Hoover

The discussion addressed the governance structures of employee-owned businesses and the financial models that support them. Participants talked about the interplay between governance and financing and the importance of creating opportunities to "fail forward." They also discussed the unique governance challenges faced by cooperatives and ESOPs.



Strategies for Ecosystem Building



Education and Awareness

Developing educational programs and resources is crucial for increasing understanding of shared ownership models among business owners, employees, and the broader community. This includes creating accessible materials, offering training sessions, and leveraging media to promote the benefits and mechanics of shared ownership.

- **Marie Davis (GACEO)** called for fireside chats to engage business owners and promote shared ownership. She mentioned that October is employee

ownership month and highlighted the success of events at companies like Choate Construction, which showcases employee-owners prominently.

- Participants discussed various challenges, such as connecting with the reparations movement and addressing occupational segregation and wealth gaps. They also explored opportunities for providing comprehensive technical assistance and aligning investment with community needs. Key recommendations included increasing the visibility of successful employee-owned businesses and engaging youth and high school students in the conversation about shared ownership.

Community Engagement

Engaging community organizations and stakeholders is key to building a supportive network for shared ownership. This involves fostering partnerships with local groups, organizing events and convenings, and creating platforms for ongoing dialogue and collaboration.

- **Imani Scott-Blackwell** emphasized the need for organizing and connecting with existing solidarity bases, particularly within the Black community. She discussed the importance of narrative-building and the potential for aggregation models to support shared ownership efforts.
- **Nathan Stuck from B Local Georgia** highlighted the importance of breaking down silos and promoting ESOPs and cooperatives through events and storytelling. He noted the progress made in raising awareness about B Corps and suggested similar efforts for employee ownership models.

Technical Assistance

Attendees discussed the need for affordable access to technical assistance services to help navigate both setting up and operating shared-ownership entities.

- **Julian Hill of Georgia State University** shared news that the Law School will be launching a new clinic with a focus on supporting the establishment of more worker owned cooperatives

The Role of Policy

The convening highlighted several significant pieces of legislation that support employee ownership. These include the Main Street Employee Ownership Act, which

aims to promote the transition of small businesses to employee ownership, and state-level initiatives in Colorado, Washington, and California that provide funding and departmental capacity to support shared ownership models.

- Suggested legislative actions to further support shared ownership include enhanced funding for technical assistance programs, more inclusive investment policies that prioritize equity and community impact, and the creation of state-level offices dedicated to promoting employee ownership. Participants also recommended increasing collaboration between public sector agencies and local organizations to ensure that policies are effectively implemented and meet the needs of communities.

Long-term Commitments and Task Forces

Establishing task forces and long-term initiatives can help drive sustained efforts to promote shared ownership. These task forces should include representatives from various sectors, including business, government, and community organizations, and should focus on strategic planning, resource allocation, and monitoring progress.

Intentionality and Inclusion

The “how” we gather and collaborate moving forward was raised by participants including the values that the group is rooted – trust, honesty, vulnerability, and grace. Intentional inclusion of different geographies across the state was also highlighted in terms of host sites for future meetings and gatherings in Athens, Macon, South Georgia, and elsewhere. Lastly, each table reported out on who was not in the room today, but should be included with invitations to join future meetings (see below).

- **Specific groups** included the Economic Justice Coalition, Cynthia Hewitt from Morehouse College, the National Black Food & Justice Alliance, and the Federation of Southern Cooperatives, the National Black Food & Justice Alliance, and the Georgia Cooperative Development Center.
- **General audiences** included Georgia based cooperatives; young people including high school and college students; research and data collection professionals; and media and storytelling professionals

Conclusion



The Georgia Shared Ownership Convening highlighted the growing momentum for shared ownership models and the critical role they can play in addressing economic inequality and promoting inclusive growth. The event underscored the importance of building a supportive ecosystem that includes education, policy support, and community engagement.

Next Steps for Stakeholders: Stakeholders are encouraged to participate in policy advocacy, education initiatives, and community engagement efforts to advance the shared ownership movement. This includes joining task forces, attending future events, and contributing to the development of resources and programs that support employee-owned businesses.

Future Events and Follow-Up Actions: Planning for future convenings and events is essential to maintain momentum and support ongoing efforts. These events should focus on sharing best practices, showcasing successful models, and fostering collaboration among stakeholders. Follow-up actions include implementing the recommendations from the convening, monitoring progress, and adapting strategies as needed to achieve long-term goals.

Go Deeper: More Resources

- **Agenda and Participant List** The [agenda, list of participants, and read-ahead](#) from the convening provide context and reference for the discussions and activities that took place. This section includes the names, organizations, and contact information of attendees, highlighting the diverse range of stakeholders involved in the event.
- **Additional Resources and References** The [shared Google Drive](#) offers a location for participants to share materials, including about their organization, that would be helpful to others learning about shared ownership. It includes links to reports, articles, upcoming events, and organizations that offer valuable information and support for those interested in learning more about employee ownership models.
- **Images and Visual Notes from the Event** [Photos of participant responses](#) and table discussions document participants' input on three questions: "What are you working on?"; "What do you hope for today?"; and "What do you have planned for 2025?" [Additional photos of speakers, table breakouts, and more](#) are also on the shared drive.
- **Social Change Ecosystem Map:** For further exploration of movement building and its connections to broader social change efforts, visit the [Social Change Ecosystem Map](#) provided by the Building Movement Project.