

Unlocking Economic Opportunity Through Ownership: A Project Equity Client Impact Report

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In recent years, employee ownership (EO) has gained traction as a powerful tool to [bolster economic resilience](#) in communities nationwide and help stem [small business closures](#) resulting from the Silver Tsunami. However, the promise of EO extends beyond its ability to preserve the legacy of long-standing businesses; it also creates transformative opportunities to build long-term wealth and financial security for working people.

In this report, we present key data from Project Equity's Impact Measurement & Management (IMM) program, offering insights into the economic well-being of workers at the businesses that Project Equity has helped transition to EO. Importantly, our findings highlight how employee-owned businesses can strategically combine distinct aspects of job quality—pay, profit sharing and benefits—to comprehensively enhance workers' financial security and overall well-being. While drawn from a relatively small sample of Project Equity's client businesses, our data demonstrates how transitioning businesses to EO can deliver significant economic benefits for working people and their families.

PURPOSE AND METHODOLOGY

Employee ownership offers [many benefits](#) for workers, including greater [job security](#) and access to [employee training opportunities](#), a stronger sense of [voice and ownership](#) in workplace decisions and higher [job satisfaction](#) and quality of life. The case for EO is further strengthened by its ability to help workers [build financial security](#) and generate [long-term wealth](#). For example, a [2019 study](#) found that workers nearing retirement (ages 60-64) at companies with an employee stock ownership plan (ESOP)—the most common form of broad-based EO in the U.S.—had 10 times more wealth compared with the typical American in that age group. However, while there is mounting evidence of the [economic benefits of ESOPs](#) and some [emerging data](#) on [worker cooperatives](#), further research is needed to fully understand how non-ESOP models of EO can contribute to financial security and wealth generation for workers.

Project Equity's IMM program, alongside our ongoing efforts to capture and tell stories about EO companies, is helping to fill this gap. Launched in 2021, the IMM program tracks a range of data from client businesses to which we have provided technical assistance and that have completed their transitions to EO. This data includes information



Employee-owners of California Solar Electric, a worker cooperative that transitioned in 2019 with the help of Project Equity.

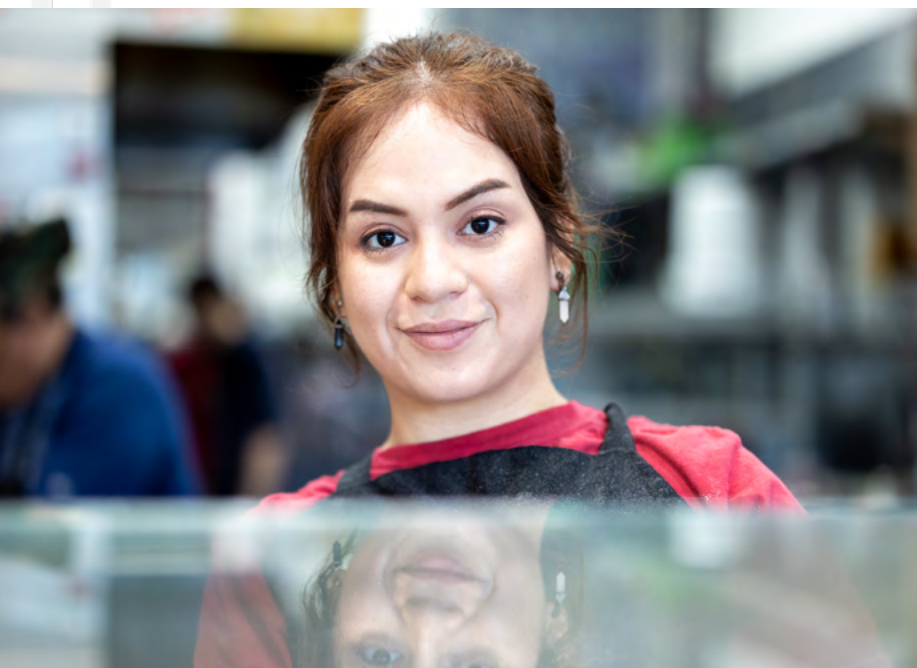
related to wages, profit sharing, benefits and other aspects of job quality, as well as business performance and worker demographics. The IMM program helps us assess how our work is delivering on the value proposition of EO while also bolstering the evidence base for EO transitions.

Project Equity has counseled more than 1,000 businesses and provided in-depth technical assistance to over 100 companies representing 2,000+ workers. 30 of these companies have completed their transition to some form of broad-based EO. Through IMM, we are compiling a robust dataset from among our transitioned client companies offering important insights into how transitioning mature small businesses to EO affects workers' economic well-being. The data presented in this report reflects ten surveyed businesses that have transitioned to worker cooperatives since 2017, ranging in size from fewer than 10 employees to nearly 50, with annual revenues from \$500,000 to north of \$10 million.

FINDINGS

Among the surveyed businesses, eight have shared pre- and post-transition wage data with us. These companies' employees are earning 20% more on average than they did before the companies became employee-owned. One example is Happy Earth Cleaning in Minneapolis, which increased median wages by more than 30% from \$13.70/hr in 2019 before their conversion to \$18/hr in 2022. Happy Earth's wage growth is particularly significant in light of the [typically low wages](#) earned by professional house cleaners. Employees at Bay Area-based A Slice of New York Pizza—in another generally [low-paying industry](#)—have also seen their wages rise significantly since transitioning to EO, jumping 33% from \$15/hr in 2017 to \$20/hr in 2023 (excluding tips and bonuses). Other surveyed clients that have demonstrated strong post-transition wage growth include:

- Adams & Chittenden Scientific Glass, a Berkeley-based manufacturer of laboratory glassware, raised median wages 45% from \$19.25/hr in 2019 to \$28/hr in 2024
- California Solar Electric, a solar energy contractor in Grass Valley, California, increased median wages by 23% from \$22/hr in 2019 to \$27/hr in 2024
- Oakland-based Atthowe Fine Art Services raised average wages for entry-level roles by almost 19% from 2021 to 2023



Jamilet Manzano, employee-owner of A Slice of New York Pizza, a worker cooperative that transitioned in 2017 with the help of Project Equity.



Across these five businesses, we have seen hourly wages for non-management employees increase 30% on average in the years immediately following their transitions to EO.

Such examples demonstrate how transitioning businesses to cooperative ownership can enhance wages across diverse, often low-paying industries, improving the lives of employees and their families in the process.



Employee-owners of Happy Earth Cleaning, a worker cooperative that transitioned in 2019 with the help of Project Equity.

Workers-owners in cooperatives often benefit not only from wage gains but also from the opportunity to generate long-term wealth through profit sharing. The most common form of profit sharing in worker cooperatives is “patronage,” in which worker-owners share the profits they have generated in proportion to their hours worked. Worker cooperatives that take on debt to finance their transitions sometimes delay distributing patronage until they have paid down this debt. But many of the clients we surveyed defy this trend.

Three California food businesses illustrate the transformative impact that EO can have on wealth creation for working people, despite operating in a [notoriously low-margin industry](#). Proof Bakery in Los Angeles has shared more than \$440,000 in patronage since becoming worker-owned in 2019—an average of \$12,000-\$15,000 per worker-owner. Niles Pie Company in Union City, California was able to distribute patronage equivalent to \$4.50/hr within six months of becoming a worker cooperative in 2017. And astoundingly, A Slice of New York Pizza has shared more than \$1 million in patronage with its employees since transitioning to EO in 2017. Additional examples among surveyed clients include:

- Adams & Chittenden Scientific Glass has distributed more than \$110,000 in patronage since becoming a worker cooperative in 2019
- At a Bay Area transportation and logistics company, worker-owners earned their \$5,000 membership fees back through patronage allocations within two years of the business transitioning to EO
- Three other surveyed clients spanning manufacturing, telecommunications and food retail have distributed patronage in amounts ranging from \$3,000-\$55,000



Across the eight businesses that have provided us with profit sharing data, at least \$1.7 million in patronage has been shared with workers to date.

This figure is a powerful testament to the asset-building effects of transitioning small business to EO using the worker cooperative form. Going beyond income, assets put working families on a path toward upward mobility. For Black and Brown communities that have [historically been denied](#) opportunities to build wealth, EO can be an important tool for [closing the racial wealth gap](#).

The contributions of EO to workers' financial well-being extend beyond wage gains and profit sharing and can include a wide range of fringe benefits as well. A majority of surveyed clients provide their full-time employees with health insurance, paid leave and company-sponsored retirement benefits. Crucially, many of these businesses operate in industries that do not commonly provide workers with comprehensive benefits. At Happy Earth Cleaning, for instance, worker-owners have reinstated a previously eliminated SIMPLE IRA program since transitioning to EO, in addition to adding full coverage dental, disability and life insurance for all employees. And at Proof Bakery, worker-owners can participate in a newly launched 401(k) plan with a company match. Such enhancements are important for financial security and also highlight the impact of EO in improving workers' overall welfare.

REAL IMPACT

- **Ronnie Salas from Proof Bakery shared, "We started a 401(k) plan and we're thinking about how to better people in their personal lives and their work lives all around."**
- **Zach Dennis, Happy Earth's Dispatcher shared, "I think employee ownership is a valuable opportunity allowing worker control over growth, wages and benefits that directly affect employees."**



Employee-owners of Proof Bakery, a worker cooperative that transitioned in 2021 with the help of Project Equity. Ronnie Salas is pictured top row, first from the left.

CONCLUSION

The data presented here from Project Equity's IMM program reveal the profound economic benefits that EO can have for workers and their families, including increased wages, profit sharing and expanded employee benefits. Notably, our findings demonstrate many of the businesses that Project Equity has helped transition to EO leverage multiple elements of job quality—pay, patronage and benefits—to holistically enhance workers' financial well-being and quality of life. This direct evidence drawn from Project Equity's client base adds to existing data on the benefits of EO for workers and sharpens the field's understanding of how transitioning successful businesses to worker cooperatives can help working people move from economic precarity to financial stability, creating a more equitable economy for all from the bottom-up.

This report was authored by Tyler Rivera and Hilary Abell of Project Equity's IMM team and published in June 2024.

Thank you to IMM team member Melissa Gjerde, our Client Services team and, most of all, to the businesses that have generously shared their data with us. We are continuing to fill in and expand our dataset. Please visit Project Equity's website for future impact reports.