

Taking Root:
Management Skill Development
and the Immigrant Worker Cooperatives Movement

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A growing number of organizations are exploring the idea of working with immigrants to start worker cooperatives. This strategy can help immigrants who are in a precarious place in society and in the labor market to gain greater economic security and social well-being. It is a compelling concept. The success of a number of immigrant-led cooperatives around the country provides “proof of concept” and should inspire the immigrant, worker cooperative, and philanthropic communities to make major commitments to starting many more of these cooperatives.

But, of course, starting a cooperative isn’t easy. It involves overcoming all the challenges traditional businesses face plus the added issues of establishing democracy in the workplace. If there are differences of race, class, gender, nationality, and language among those involved in planning, launching, and incubating a cooperative, then the terrain only becomes more complex. As one observer put it, “these projects are not rocket science. They are harder.”

In my experience starting the TeamWorks² cooperatives, it was indeed much more difficult than I expected. Like many start-ups, we only barely survived a few “near death” experiences in the first several years. Many other immigrant-led cooperatives have also faced intense difficulty. Some have closed. All of this begs the question, “What can be done to increase the chances that new immigrant cooperatives will be successful?”

There are probably many good answers to this question, but with this paper I want to highlight one area that I think may have the biggest impact: *the deliberate, sustained training and mentoring of a generation of highly-skilled immigrant cooperative managers*. This may seem paradoxical to those who sense a contradiction between the cooperative value of democracy and the practice of professional management. But in my view, cooperative management, if done well, can actually *enhance* the meaningfulness of democracy in cooperatives (this topic merits more discussion, but is not my focus here).

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² TeamWorks consists of a worker-owned cleaning cooperative (started in 2004) and an affiliated landscape cooperative-in-formation (started in 2011) with a total of 18 workers between the two ventures. The cooperatives are located in Silicon Valley in California.

Whatever one thinks about the philosophical issues, there is a strong empirical case that the skill of cooperative management is one of the most important determinants of a co-op's success. This conclusion is shared by a wide range of observers and practitioners. The British journalist Robert Oakeshott, for example, suggested in his 1978 classic *The Case for Workers' Co-ops* that successful new cooperatives tend to be "equipped with a manager or management team which is at least not inferior to that which a conventional enterprise would enjoy"³. He based this on a fairly extensive review of the experience of worker cooperatives in Europe, including the Mondragon cooperatives.

Much more recently, and in a very different context, Minsun Ji and Tony Robinson in their new resource guide *Immigrant Worker-Owned Cooperatives: A User's Manual* cite both Ji's own experience attempting to start a cleaning cooperative in Denver and Rebecca Bauen, a key figure in the early development of the WAGES cooperatives⁴, when they suggest that "the historical record shows that hiring a professional manager" increases the likelihood of success.⁵

Cooperative management is a unique skill that deserves serious investment. We cannot simply import managers from traditional firms and expect them to be successful in cooperatives without giving them additional training and support. In some situations this may be a sensible thing to do, but I believe that the emerging immigrant cooperative movement should focus primarily on three other pathways for developing effective managers:

- **Up From the Front Lines.** In our experience at TeamWorks, some workers who have limited formal education can grow into new roles if the cooperative invests in them. We have three Assistant Managers who do part-time work in accounting, training, and quality control as they continue to also do some cleaning work.
- **Recent-college graduates.** Many immigrant students face limited employment opportunities, are immensely talented, and should be embraced by the cooperative movement.
- **Co-op developers.** Developers should not restrict themselves to working in nonprofit organizations. They can increase their knowledge and make a major contribution by taking on stints as *participant-developers*. A participant-developer is someone who becomes a fellow member-owner of a new cooperative and works in a management role during its critical early development with the intention of exiting when his or her contributions are no longer needed.

³ Robert Oakeshott, *The Case for Workers Co-ops*, London: Routledge & Kegan Paul Ltd, 1978, p. 243.

⁴ WAGES is Women's Action to Gain Economic Security, a nonprofit organization based in Oakland, California that has started a number of worker-owned cleaning cooperatives.

⁵ Minsun Ji and Tony Robinson, *Immigrant Worker Owned Cooperatives: A User's Manual*, p. 48.

I believe that if the immigrant cooperative movement invests in these three development pathways, a generation of cooperative leaders will emerge with the skills, initiative, and social commitment needed to build a wide array of cooperatives in diverse industries.

In the sections that follow, I discuss each of these three opportunities in a bit more detail before concluding by sharing my vision for a management development program specifically focused on immigrant cooperatives.

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Up from the Front Lines

TeamWorks has had good experience promoting from within. This began modestly and informally years ago when I started teaching one of the members, Bianca Sanchez, how to order all of the cleaning supplies and manage inventory. Bianca had limited formal education but is very smart and a quick learner. She had always been good with numbers and was curious about computers but had literally never had an opportunity to use one until we started working together on this project. She needed little training and quickly was managing our purchasing on her own.

During these same years, Bianca became an informal operations manager. She could keep all of the schedules of several different cleaning teams in her head and so could figure out solutions to scheduling challenges much more quickly than I could. (This was in 2008, when there were six workers doing cleaning and I was serving as the manager doing sales, customer service, accounting, etc.) Whenever a new operational challenge came up, such as a worker calling in sick or our landing a big new account, the first thing I would do was call Bianca.

Around this same time, a crisis erupted that Bianca and her co-workers had to take the lead to resolve. We had just fired an employee (working in her 6 month trial period) after a long series of warnings and interventions to try to help her improve her work and be more responsible. In response, this worker's half-sister -- who was also an employee but was doing excellent work -- quit in protest. It so happened that the same day, after years of waiting, my wife and I got a call with the news that we were to adopt an infant; we had to drop everything and fly across the country.

With one-third of our small cooperative's workforce suddenly gone, Bianca played the lead role with help from other members in juggling schedules and working long hours to keep all our clients happy. She drummed up leads for new workers to fill the two empty spots and began to organize interviews. Within a week, she and the other members had decided who to hire and began intensively training the new employees.

A continent away, I did my best to help out on the phone. As the only English speaker in the cooperative, I continued to serve as the primary communication link with clients, but mostly I was preoccupied with becoming a parent. By the time my wife, daughter, and I were allowed to travel back to California a couple of weeks later, the crisis had been resolved. While stressful, this experience developed the members' confidence in their leadership and their commitment as owners to do whatever it would take to keep the business going forward.

A year or so later, tensions emerged between two camps of members. I do not know if anyone really understands all the causes, but it seems that one factor may have been resentment that some newer members felt toward Bianca because of the additional roles she played in the cooperative. By this time a new manager, Chamorro Somoza, had taken over the work I had been doing (I was no longer a member of the cleaning cooperative and was working on plans for another cooperative). Chamorro realized that if the cooperative was to continue creating more opportunities for members to grow into part-time administrative or managerial work, it would be important to formalize the process of applying for these roles. It needed to be completely transparent what the job descriptions were and how candidates would be evaluated.

We also learned that it is helpful to offer introductory training workshops before opening the application process so that interested members can get some practical exposure to the kind of work the position actually entails. This helps people to self-assess if they have the foundational skills and aptitudes needed to be successful during the on-the-job training we later give to the person who is actually selected for the job. By January, 2011, another member, Elizabeth Arredondo, had been selected for what was the first formal Assistant Manager position at TeamWorks. She is responsible for accounts receivable -- client billing, bank deposits, credit card payment processing, etc. in addition to working a nearly full schedule of cleaning.

Since then, we have created two more Assistant Manager positions following the same model: part-time (4-14 hours per week) jobs structured so that those in these roles could continue working a cleaning schedule. The Assistant Manager for Human Development, Araceli Gembe, leads training with new employees who are seeking to become members and assists with other personnel issues. The Assistant Manager for Accounts Payable, Alejandra Baltazar, has just begun training to learn how to pay the cooperative's bills, do payroll, and handle other administrative functions.

The TeamWorks' cleaning cooperative is now establishing the systems needed to grow into a larger more complex business. After three and half years, Chamorro left the cooperative in December, 2011. The members asked me to come back and assist with the transition by serving as Interim General Manager. The members determined through a process last fall that their strategic goal for the coming years was to create more learning opportunities for members. To do so, we needed to move to a management team model that would both open up more opportunities for member participation in management and create stronger organizational infrastructure needed to become a larger scale operation over the next few years. (There are

currently twelve members plus four employee-candidates working in the cleaning cooperative). We are in the midst of creating this management team system to prepare for growth.

Our effort to invest in the capacity of front-line workers to participate in management functions have not only been successful for the individuals in these positions. It has also contributed to the development of the culture of the cooperative. There is nothing like seeing a peer -- another immigrant woman without a college education -- succeeding in a managerial or administrative role to inspire members to think about what they would like to learn and do. Among other impacts, it has increased member interest in participating in governance roles. In part, this is because members are seeing these opportunities as training grounds that might help them prepare for other jobs within the cooperative.

In the long-run, the creation of this kind of human development culture within co-ops is critical to the the worker cooperative movement's success. Mobilizing large amounts of capital, cutting-edge business plans, structural and theoretical innovations, and good training programs are all important but will prove insufficient to sustain cooperative development if members themselves do not want or are unable to embrace opportunities to learn and participate in management. It is possible to integrate the values of learning and participation with the need for skilled management, but it requires a deliberate long-term effort -- especially in fields where many co-op members likely have have very limited formal education.

Immigrant College Graduates

TeamWorks' Associate General Manager graduated last year from Stanford University with a degree in Management Science and Engineering. She is an immigrant from Guatemala. At TeamWorks, she is gaining real-world exposure to a full array of business challenges: marketing, sales, customer service, operations, personnel, financial management, and strategic planning. On top of that, she is learning about cooperativism. She was recently voted into membership after completing her six month trial period and is about to attend the U.S. Federation of Worker Cooperatives national conference in Boston. TeamWorks has also just hired an immigrant college graduate from Mills College in Oakland, California, to fill the newly created position of Customer Service Manager.

These women and their peers across the country, sadly, are seriously undervalued by our society. They are super talented, persistent, and incredibly hard working. They are the first in their families to go to college. I can see some of them becoming cooperative leaders who after gaining experience managing service cooperatives in fields like cleaning go on over the coming decades to join with others to start an array of worker cooperatives in information technology, clean energy, local food, and other sectors.

Part of my inspiration for this vision comes from the five co-founders of the first Mondragon cooperative. They came from working class backgrounds and had graduated from college. During and immediately after their studies, they worked at the large traditional manufacturing

plant, Union Cerrajera, located in the town of Mondragon. Both the plant and the town were highly stratified; there was no tradition of class mobility. They attempted to work with the company's owners to open up pathways for advancement for blue collar workers, and they themselves were able to advance into low-level management positions. But they soon found themselves up against a "glass ceiling" and in conflict with the owners' anti-worker attitudes.

The resulting frustration with the injustices they were experiencing led them to use their talent and training to form the first Mondragon cooperative. Their leadership then played a key role in spinning off other cooperatives and, crucially, in the formation of Mondragon's bank, Caja Laboral.

I believe that some fraction of the young immigrant leaders coming out of colleges and graduate schools today will become the core of a powerful worker cooperative sector that will, over the next several decades, compete at scale with the traditional business structures in our country that are in many instances failing communities. It is our job to nurture those leaders' development.

Participant-Developers

Many of us interested in the social goals of cooperativism do not have a lot of business experience. Before starting TeamWorks, I had a 15-year career in a combination of community organizing, community development, and philanthropic work, all of it nonprofit. I had visited the Mondragon cooperatives in 1998 and been deeply inspired. I wanted to help bring cooperativism into the mainstream in the U.S. But I had no business experience.

I could have used my experience to start another nonprofit that would seek to help start cooperatives. There is a place for this. But I chose instead to throw myself into actually starting a cooperative as a participant-developer. The first task was to figure out how to establish and run the business. I recruited one other worker and she and I began cleaning houses. I went to workshops at a local small business development center to learn accounting and basic business planning. We set up a website, learned about insurance, payroll taxes, cleaning methods and supplies, quality control, customer service... every aspect of small business.

The business gained its first customers more slowly than I hoped. We were experiencing classic start-up business problems, including charging too little (a year and a half in, we had to do a major price adjustment and lost a third of our clients) and taking on unnecessary expenses (we rented an office prematurely and had to jettison it and work out of our homes for a number of years). We learned countless other lessons.

The path I took as participant-developer may have been a little extreme; in the early years, we had no partnerships with other cooperatives or nonprofits beyond the workshops I attended at the local small business development center. I do not recommend replicating precisely what I did. But I could imagine modified versions of it where a co-op developer joins with other workers

to start and manage a new cooperative with support from the cooperative movement and co-op development organizations.

One of the obvious advantages of this kind of path is that the participant-developer gains real hands-on experience. It also changes the dynamic between developer and developed. The relationship can still be complicated and problematic, but it is more deeply rooted in solidarity than other assistance models. The genuineness of the partnership make it more likely that differences such as race, class, and gender can be navigated successfully.

Finally, the participant-developer approach is pragmatic. By rolling up his or her sleeves and fully joining in the project as a fellow member-owner, a participant-developer may in some instances add just enough additional management capacity into the mix to tip the balance and make it possible for a new cooperative to succeed. And in the process, new leaders and managers get trained and mentored by working shoulder-to-shoulder.

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I want to close by suggesting that it would make sense to create a cooperative management development program to support people emerging on the three paths outlined above. Such a program would provide some opportunities for folks to step out of the day-to-day work and get some theoretical training that will help orient and bolster the bulk of their learning which happens on-the-job. It would also foster relationships among people from different immigrant cooperatives who are having similar experiences and who can informally teach each other so much. And it would provide ongoing mentoring to help participants reflect on what they are learn
ing and integrate concepts and tools into their work building immigrant-led worker cooperatives. Such a program would go a long way in supporting a generation of leaders who could go on to develop a wide array of cooperatives in diverse sectors of the economy over the coming decades.