

Learning from Mondragon

In April 2023, Co-op Cincy led a delegation of 40 from Greater Cincinnati to tour Spain's Mondragon, one of the largest associations of worker-owned businesses in the world



Background on Worker Ownership



What is worker ownership?

- A worker-owned business is owned and controlled by its workers
- Also called employee ownership
- Research shows worker, company, and community benefits

Types of worker ownership

- Worker cooperatives (or co-ops)
- Employee stock ownership plans (ESOPs)

Learning from Mondragon: **The Who**



Co-op Cincy

- A nonprofit that supports a local network of worker-owned businesses through training, ongoing coaching, & loans

The Delegation

- Civic, business, philanthropic, and faith leaders from Cincinnati and Dayton
- Worker-owners from Co-op Cincy's network of 16 businesses
- Representatives from Co-op Cincy's sister organization Co-op Dayton

The Why



Mondragon's Success

- 70,000 people employed in an association of 80 worker co-ops
- Businesses range from a grocery chain to engineering & logistics firms
- 10th largest corporation in Spain, with sales in 150 countries

Record of Reducing Inequality

- Worker-owned and -controlled
- Founded in 1956 at a time of poverty, unrest & polarization
- The Basque region now has Spain's lowest poverty rate & level of inequality

The What



What did the delegation do?

- Toured cooperatives in Mondragon
- Spoke with business leaders from various cooperatives as well as Mondragon's incubator
- Visited Mondragon University

Co-ops we visited or heard from:

- Fagor Electronica, a semiconductor supplier
- Grupo Ausolan, an industrial catering company started by women
- Eroski, a supermarket chain

Reflections



See coverage in [The Cincinnati Business Courier](#), [Movers & Makers](#), & more

Takeaway 1

The cooperative model has the power to transform Cincinnati's economy

- The cooperative model may be unfamiliar to some in the U.S., but Mondragon shows us what's possible
- Greater Cincinnati has a similar population size as the Basque region as well as similar conditions at Mondragon's founding (such as widespread inequality)



Takeaway 2

We can build wealth by balancing the needs of people and business

- In the Mondragon association, there's an emphasis on balancing community needs (jobs, people) and business competitiveness (profits)
 - 10% of profits goes toward community



Takeaway 3

Work is changing because of tech – & we can intentionally build our future economy

- We can cultivate an economy of shared ownership and decision-making
- We are on our way. In Greater Cincinnati, there are currently about 5,000 workers employed in businesses with 100% employee-owned ESOPS (employee stock ownership plans).



Gov. Support for Worker Ownership

Recent city investments in co-ops:

[Minneapolis, MN](#): \$300,000

[Madison, WI](#): \$3.2 million

[New York, NY](#): \$3 million

[Santa Clara, CA](#): \$150,000

Examples of state support:

[CO](#): Expansion of tax credit program this month

[WA](#): New legislation enacted this month. Establishes tax credit and loan fund

[CA](#): Legislation creating an employee ownership development hub (2022)

[CA](#): Bill introduced that provides contracting bid preference to worker-owned companies (2019)

Federal activity:

[Worker Ownership, Readiness, and Knowledge \(WORK\) Act](#): Authorizes \$50 million program to help establish and expand state employee ownership centers (2022)

[Tech Hubs](#): Program includes employee ownership in strategy to expand tech and innovation businesses (2022)

Next Steps for Cincinnati (1 of 2)

- The City Council recently said it wants 25% of its \$8M Human Services Fund to support comprehensive workforce development
- Worker-owned businesses empower workers by offering family-sustaining jobs and providing ownership opportunities to people from marginalized groups
- **NEXT STEP 1:**
 - In 2022, Co-op Cincy requested \$300K and was awarded \$100K in funding
 - This year, Co-op Cincy is requesting \$400K

Next Steps for Cincinnati (2 of 2)

- **Co-op Cincy's \$400K request:**
 - **\$200K for business coaching and technical assistance**
 - **\$200K for loan fund, which enables businesses to overcome barriers**
 - **Includes \$100K toward a loan loss reserve that would catalyze an additional \$250K-\$500K of investment**
- **NEXT STEP 2:**
 - **Create worker-owned business designation**
 - **Prioritize worker-owned businesses in the awarding of city contracts (similar to bill introduced in California)**

Co-op Cincy's Impact

- Since being founded in 2011, Co-op Cincy has helped launch and support a network of 16-worker-owned businesses in Cincinnati
- Co-op Cincy offers training, technical assistance and loan access

Organizations Represented on Mondragon Trip

- Greater Cincinnati Foundation
- Congressman Greg Landsman's office
- New Prospect Baptist Church
- Living God Church
- ImpactCincy
- All-in-Cincinnati
- Taft Stettinius & Hollister LLP
- IntrustIT
- Co-op Dayton
- Co-op businesses from Co-op Cincy's network
- Omega CDC
- University of Dayton



Desired impact: an economy that works for all!



Image from <https://heatherboushey.medium.com/why-we-need-an-economy-that-works-for-everyone-and-how-to-get-it-ed94eff45e2>