

# OUR CASE FOR SUPPORT



*Cooperative members at Promotoras Activas SF*

## **BUILDING AN INCLUSIVE ECONOMY FOR WORKERS**

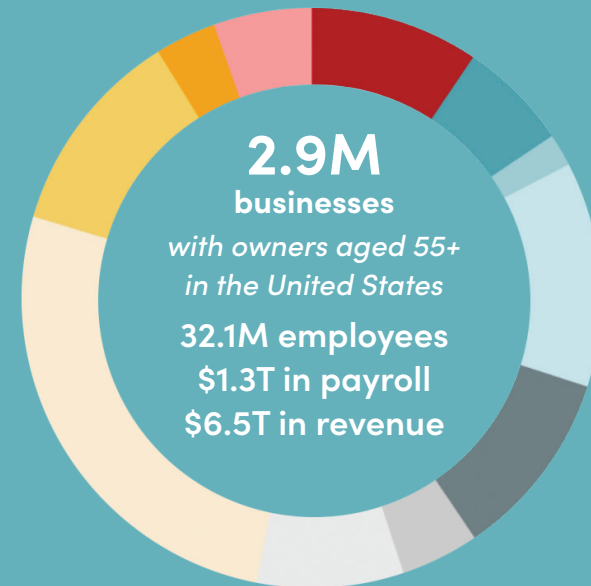
Since 2014, Project Equity has directly impacted the lives of more than 2,000 workers through employee ownership.

{ **Project Equity** }

## THE PROBLEM: INCREASING WEALTH INEQUALITY

Across America, the combination of low wages, limited opportunities for advancement, and rising housing costs have made it difficult for the estimated 53 million low-to-moderate income workers—40% of whom are Black and Latino—to participate fully in their local economies and build generational wealth. Today, the richest 10% of households own 70% of the country's wealth, including 90% of wealth from business ownership.

Meanwhile, small businesses, which make up over 99% of American companies and provide more than 50% of all private sector jobs, are struggling to attract and retain workers. These challenges are playing out alongside the “Silver Tsunami” as a wave of nearly 3 million business owners approach retirement age without succession plans. These businesses employ 1 in 5 private sector workers and account for \$6.5 trillion in revenue. Many business owners assume they will find a buyer, but according to BizBuySell, only 20% of businesses actually sell. If these businesses are not preserved, the consequences of this small business closure crisis on local communities will be devastating.



OVER 50% OF BUSINESSES IN THE US  
ARE OWNED BY PEOPLE AGED 55+



## THE SOLUTION: EMPLOYEE OWNERSHIP



**EVAN EDWARDS**  
CEO, PROJECT EQUITY

*Evan Edwards speaking at the Employee Ownership Equity Summit, 2023*

**We are at an  
inflection point in  
US economic history.**

This presents a unique opportunity for scale and impact. Employee ownership stands out as a turnkey solution that aligns the interests of business owners, workers and communities.

## THE EVIDENCE

Studies have repeatedly shown that employee ownership can dramatically increase the wealth, income, and economic stability of worker-owners, particularly those of color. We cite numerous studies in our whitepaper, [The Case for Employee Ownership](#). For example, a 2017 study found that employee-owners of color had 30% higher median wages, 79% higher

household wealth, and 36% longer job tenure. A 2019 study showed that employee-owners have dramatically more wealth than comparable workers at businesses without employee ownership and that the difference is particularly significant for Black and Latino employee-owners.



*Employee-owner at Local Ocean Seafood*



## THE EVIDENCE continued

The wealth-building potential of employee ownership is so powerful that a Harvard Business School professor found that if every privately-held company in America became just 30% employee-owned, the share of wealth owned by the bottom 50% of households and the median wealth of Black households would more than quadruple.

We have witnessed these statistics in action. Workers at businesses that we have helped to transition to employee

ownership have experienced an average 20% increase in wages. In example case studies: a Silicon Valley pizza shop shared over \$1 million in profits with its workers in its first five years as a worker-owned cooperative; a Los Angeles bakery shared roughly \$15,000 apiece with each of its workers in their first year of employee ownership; a Minneapolis cleaning company was able to reinstate a previously discontinued IRA program for all its workers with 3% company match.



*Employee-owners at A Slice of NY*



*Na Young Ma, original chef-owner of Proof Bakery*



*Employee-owners at Happy Earth Cleaning*

## OUR VISION

We envision a more equitable society where:

- **Black, Brown and low-income workers** have higher quality jobs and wealth building opportunities through employee ownership.
- **Employee ownership is a preferred business strategy**, driving a multiplier effect within national and regional business ecosystems
- **Local business ecosystems** are enriched with professional service providers with the knowledge and expertise to support employee ownership transitions
- **Employee ownership is adopted and promoted** as an economic development strategy by government officials, policy leaders and changemakers



*Charlene Taylor, employee-owner at Research Development Associates*



## WHY PROJECT EQUITY?

Co-founded in 2014 by women with deep ties to immigrant communities and long histories of fighting for workers' rights, we are recognized as a national leader in the movement to harness employee ownership to address income and wealth inequality, honor business owners' legacies, and maintain thriving local communities.

Since our inception, we have educated over 10,000 business stakeholders on employee ownership as a succession strategy,

counseled more than 800 businesses, and provided transition and post-transition technical assistance to more than 100 companies representing over 2,000 workers. Today, Project Equity is a Black-led organization headed by CEO Evan Edwards, who is driving our efforts to bring employee ownership to scale nationwide while simultaneously creating a deep impact for workers through business transitions.



*Project Equity's Leadership Team: Evan Edwards, Hilary Abell, Stacey Smith and Alison Lingane*



## OUR PROGRAMS

### Awareness raising and education

We increase awareness of, and interest in, employee ownership among business owners, workers, business advisors, policymakers and the general public through: strategic marketing and PR; regional data studies highlighting the risk of small business closures from the Silver Tsunami; educational programs that demystify preconceived notions about employee ownership; and targeted courses that empower business advisors to add employee ownership guidance to the services they offer their clients.

### Technical assistance

We guide businesses through every step of becoming employee-owned. Our staff provide hands-on support ranging from understanding whether a transition is a good fit for the owner's needs and the workers' futures, to coordinating the multi-layered transition process and building capacity to thrive once employee-owned. We know that small business owners often face challenges in accessing capital from traditional banks for employee ownership transitions and as a result, we launched the Employee Ownership Catalyst Fund, which allows our clients to receive direct financing for the transition of their business.



*Laura Flores, Senior Client Services Manager, Project Equity*





*Evan Edwards, Chief Executive Officer, Project Equity and Melvin Carter, Mayor of St. Paul, Minnesota*

## OUR PROGRAMS continued

### **Ecosystem development**

Scaling employee ownership as a widely adopted business strategy requires robust regional ecosystems that create and satisfy growing demand. We build these ecosystems through partnerships with diverse stakeholders spanning the private, nonprofit and public sectors, including national and regional efforts in diverse parts of the country. Our goal is to build a cadre of business advisors and capital providers dedicated to employee ownership in order to drive demand for this business strategy.

### **Policy and government partnerships**

We work with local government partners and leverage national networks to expand employee ownership within local communities. Through our public policy work, we collaborate with peer organizations in the fields of employee ownership, quality jobs, and socially responsible business to educate and advocate for the recognition and adoption of employee ownership as an economic development strategy.



## REAL IMPACT

1. Profit sharing from her co-op gave Sarah Vegas the biggest paycheck she'd ever earned.

2. Being a cooperative member helped Mercedes Garcia lift her family out of debt and buy a home.

3. Christian Garcia's increased earnings enabled him to move his family to a bigger apartment, closer to work.

4. By centering their workers, A Slice of New York defied food industry trends and survived the pandemic without a single layoff.







*Employee-owners at Alternative Technologies*

## JOIN THE MOVEMENT

### Your support makes change possible

Project Equity donors create pathways for economic resiliency that achieve both deep impact for workers and national scale for employee ownership.

**DONATE TODAY**

### Contact

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{ Project Equity }



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