



Kendeda Fund Announces More Than \$24 Million In New Grants To Expand Democratic Employee Ownership in America

Multi-year Support for Four Leading Organizations Will Preserve Small Businesses, Empower Thousands of U.S. Workers, and Demonstrate Alternative Models for Wealth Building

August 26, 2019 (Atlanta, GA) – The Kendeda Fund today announced it will make more than \$24 million in new grants to significantly expand democratic employee ownership across the United States. The investment, which will be completed by 2023, is among the largest in Kendeda’s history and is expected to dramatically expand alternative models for wealth building in America and empower thousands of workers who have traditionally lacked economic stability and opportunities to build wealth.

A private Atlanta-based grant maker known for supporting economic inclusion, education, the environment, veterans, girls’ rights, gun violence prevention and more, The Kendeda Fund will provide grants to four prominent mission driven organizations to lead the effort, each with a proven track record for advancing employee ownership.

The organizations selected are: The Fund for Employee Ownership (at the Evergreen Cooperative Corporation), the ICA Group, Nexus Community Partners, and Project Equity.

“Small businesses are the backbone of local economies. They ensure that communities are vibrant, retaining the wealth they generate, and are resourceful in hard times,” said Diane Ives, the Kendeda Fund advisor overseeing the grants. “Together, the Fund for Employee Ownership, the ICA Group, Nexus Community Partners, and Project Equity are shaping the future of business ownership in America, and transforming how the public and private sectors -- including investors -- approach small business succession, retention, and legacy preservation.”

In the next five years the four organizations plan to retain small businesses in local communities by transitioning companies from private ownership to employee ownership. Kendeda’s funds will directly enable more than 100 business transitions, and those businesses will model the opportunity for many more. Kendeda anticipates that transitions to democratic employee ownership will be seen as an accessible option for many retiring business owners who can look to these recent examples as inspiration, and who can turn to these leading organizations for the technical and financial know-how to ensure businesses grow and employee-owners thrive.

“There are different ways to democratize companies and empower workers. The Kendeda Fund chose to focus on employee-owned cooperatives because they offer an accessible governance structure for small- and medium-sized businesses at risk of closure when the owners retire,” Ives explained.

According to Ives, The Kendeda Fund has identified three goals for its \$24 million investment:

- Make communities more vibrant by retaining more businesses and expanding local ownership
- Improve job quality and confront the racial wealth gap that has long divided American communities and inhibited economic growth
- Inspire the philanthropic and impact investment communities to see democratic employee ownership as a necessary -- and profitable -- strategy for business growth

Housed at the Evergreen Cooperative Corporation in Cleveland, OH, The [Fund for Employee Ownership](#) provides mission-driven capital to create quality jobs via employee ownership. The Fund acquires businesses from retiring baby boomers, converts those businesses to worker ownership, and supports them as part of the Evergreen Cooperative Corporation. With Kendeda's support, The Fund for Employee Ownership will focus on manufacturing and service industries in Northeast Ohio, with special consideration for companies that provide goods and services to the region's anchor institutions.

"The Kendeda Fund's investment dramatically expands our ability to create employee-owned businesses which will anchor healthy companies in the region, improve job quality, and grow a robust and more equitable economy in Cleveland and other communities," said John McMicken, CEO of The Evergreen Cooperatives. "For us, success will be measured by the increase in employee-owned businesses, along with an impact investment model that others are able to replicate. We look forward to working with our partners to transform lives and neighborhoods."

Headquartered in Northampton, MA, the [ICA Group](#) seeks to change the nature of work by building businesses and institutions that center worker voice, grow worker wealth, and build worker power. With Kendeda's support, ICA will focus on business conversions in the home care and child care industries, creating and improving jobs in two caregiving sectors that are currently dominated by low wages and few benefits. ICA will also assist business conversions in Massachusetts and New York, two states that are thinking expansively about the opportunities employee ownership can provide to their economies.

"Bad jobs are an endemic problem in the US—jobs that prevent low income workers, especially people of color and those in rural communities, from securing economic stability," said ICA's executive director David Hammer. "At ICA, we transform bad jobs into jobs worth owning, creating wealth in the communities that need it most."

[Nexus Community Partners](#), based in St. Paul, MN, works to advance equitable and just communities in which all residents are engaged, recognized as leaders and have multiple pathways to opportunity. By supporting business conversions to worker-ownership, Nexus aims to ensure communities of color have mechanisms to own the wealth their labor has helped to create. As an intermediary, Nexus supports cooperative ecosystems to leverage the resources of public, private, philanthropic and nonprofit partners. With support from Kendeda, Nexus will focus their efforts on industry sectors that are most likely to employ people of color and have the highest concentration of potential conversions, including manufacturing, construction and health care services.

"Business conversions sit at the intersection of multiple opportunities to build wealth and create sustainable change in our communities," said Repa Mekha, President and CEO of Nexus. "In addition to

business retention and job creation, worker ownership is a powerful strategy for disrupting patterns of gentrification. The model opens on-ramps for folks that very likely have no other entryway to entrepreneurship. In many ways, business conversions are like gifts with the capacity to keep on giving.”

[Project Equity](#) works with partners around the country to raise awareness about employee ownership as an exit strategy for business owners, and as an important approach for increasing employee engagement and wellbeing. Headquartered in the San Francisco Bay Area, Project Equity drives transitions of successful, often long-standing, companies to employee ownership in order to sustain and foster high quality jobs, workers’ voice and agency, professional development, and community wealth building. It has a 15-year vision to leverage the “Silver Tsunami” to scale-up employee ownership as baby boomers reach retirement age. Project Equity plans to expand its efforts to 10 regions, focusing on the manufacturing sector, mission-aligned, triple bottom-line companies, and businesses with a frontline workforce.

“Community and local government stakeholders are feeling the impact of the Silver Tsunami as baby boomers sell their beloved businesses to out of area buyers or simply close them down,” said Hilary Abell, co-founder of Project Equity. “Local leaders are hungry for solutions that support small business retention and build community wealth. We are seeing an upswell of demand for employee ownership from cities and small business advocates across the country, indicating real opportunity for scale.”

About The Kendeda Fund

The Kendeda Fund is a private Atlanta-based grant maker that supports the dignity of individuals and the sustainability of communities through investments in transformative leaders and ideas. Founded in 1993, the Fund has made more than \$700 million in grants. In 2013, The Fund began a focused 10-year spend out across all of its core programs, with the goal of developing new pathways to solve seemingly intractable problems, supporting transformative leaders, and advancing solutions that benefit people and planet. Learn more at www.kendeda.org or on Twitter @KendedaFund.

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