

Profitability, Growth, and Influence

*Elevating the Home Care Cooperative Sector
with Formalized National Collaboration*

January, 2021



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This report is part of the Cooperative Development Foundation's Rural Cooperative Development Grant. The ICA Group and Margaret Lund wrote this report to assist CDF in its efforts to stabilize, strengthen, and scale the home care cooperative sector in order to transform the home care industry for the benefit of workers and clients. For more information visit www.cdf.coop or www.icagroup.org.

Executive Summary

The home care cooperative sector in the United States has come a long way from its humble beginnings in 1985 when two visionary leaders and twelve home health care aides came together to form the first home care cooperative. Today there are fourteen home care cooperatives across nine states, employing over 2,400 caregivers, with 1,100 caregiver-owners. While there is much to celebrate, there is still significant work ahead. To elevate the home care cooperative model to its full potential and reshape the harmful power structures that undermine the industry, home care cooperatives must grow in number, size, market position, and political influence.

Individual cooperatives cannot create significant systemic change on their own. The path forward requires deep collaboration between new and established home care cooperatives, bolstered by a comprehensive cooperative ecosystem. This allied ecosystem should include support for proactive and aggressive business development strategies, a focus on intensive member engagement and empowerment, and a commitment to national and state-based policy change. These objectives all deserve attention, energy, and participation, and are essential to addressing the underlying structural problems within the industry. To align, manage, and lead this effort, a new national institution—a secondary cooperative, functioning as a cooperative made up of individual cooperatives—can serve as the centralized, coordinating body of the movement. The mission of this secondary cooperative is to drive the profitability, growth, and influence of home care cooperatives in order to transform the home care industry for the mutual benefit of caregivers and clients.

As a result of the Cooperative Development Foundation's decade of work in the sector, a strong foundation of mutual respect and cooperation already exists amongst home care cooperatives. Building on this foundation, the sector is poised to take the next step and forge these relationships into a formal structure of collective action. To explore what it will take to bring this vision to reality, the ICA Group conducted intensive research and analysis to identify and confirm the sector's needs, solidify a collective vision for change, and develop a plan for a successful launch.

The results of that work are detailed in this report. Despite significant challenges, our conclusion is that launch is feasible, the time is right, the need and potential for impact is great, and the right product and service solutions exist. As a national federation of cooperative

enterprises that is owned and controlled by its members, the secondary cooperative can develop and provide high-quality, high-need products and services that are effectively delivered at a national scale, while supporting and amplifying local and regional efforts.

Given the modest number of home care cooperatives in existence today, the secondary cooperative will need to pursue income outside of cooperative membership dues in order to be financially sustainable. This includes expanding its member base to 25 or more home care cooperatives. This can be done by assisting new cooperative start-ups and converting existing home care companies to cooperative ownership. In the short- and medium-term, the secondary cooperative will need to leverage grants, loans, or other forms of financial support to bolster its operations while it grows to a sustainable size.

Home care is a particularly challenging industry. In most cases, a national purchasing cooperative can build its membership and reputation with one or two core products, secured at a substantially lower cost. For housing cooperatives in Canada, this product was property insurance. For consumer grocery co-ops in the U.S., it was a master contract with a key supplier. In home care, there is no such single input. In fact, the largest cost in the home care industry is labor—an expense that the sector aims to increase rather than decrease through better wages and benefits for caregivers. Public policy plays a significant role in setting wage rates in the marketplace, adding an additional layer of complexity.

We were able to identify a foundational group of products and services which will help individual cooperatives drive revenue, increase efficiencies in daily operations, improve and strengthen stakeholder experiences, and strengthen cooperative membership and engagement. We recommend that the core offerings focus on digital marketing to attract clients and caregivers and advanced training for caregivers, administrators, and board leaders. Based on our extensive research and deep work with individual home care cooperatives, we understand these products and services are needed by both new and established home care cooperatives. They can also be implemented and operational with reasonable costs and timelines. We believe that centralizing these products and services on a national level will lead to significant, demonstrable impacts on member cooperatives, while building a practice of cooperation and a community of trust that can support future activities.

A third essential core offering is policy advocacy. While individual home care cooperatives can operate successfully within their home markets, they remain vulnerable to external forces. Because of the outsized role that federal and state governments play in setting reimbursement rates and wages for the home care industry, the creation of high-quality jobs across the home care field is hindered by both political and market challenges. Powerful institutions must push for policy changes that address and remedy the effects of long-term, systemic under-investment. As the secondary cooperative grows in membership and influence, it will become more able to take on this work. Including policy advocacy services will add a layer of complexity regarding legal status, revenue streams, and member relations. In other sectors,

this policy role might be taken on by a separate organization such as a trade association. No such entity exists within the home care industry. Early and thoughtful planning will ensure that policy work and educational and business activities are carefully managed.

This report outlines an array of initial products and services organized across five broad categories. These include:

1. Client Acquisition and Retention
 - Industry-leading website
 - Client satisfaction surveying
 - Marketing and sales training for cooperative leadership
 - Professionally crafted sales collateral
 - Original content to support content marketing
2. Caregiver Recruitment and Retention
 - Caregiver satisfaction surveying
 - Caregiver recruitment tools—micro-site, job posting optimization portal, public education, and recruitment training for cooperative leadership
 - Member training on caregiving and cooperative topics
3. Agency Optimization and Growth
 - Tracking, analysis, and communication of organizational data
 - Administrative and board leadership training
 - Group purchasing
 - Financial products
4. Solidarity and Political Advocacy
 - Public awareness campaign
 - State and federal campaigns
5. Networking & Community
 - Annual conference
 - Bi-monthly technical assistance calls
 - Peer exchange network

Within each category of business-based services, aligned educational offerings will strengthen the cooperative practice of each enterprise and enhance new activities.

While each category offers distinct products and services, they have been chosen to operate as an integrated and mutually supportive set. A client marketing campaign, for example, will be more potent when it has a place within a strategic plan. Financial projections will be more useful if internal bookkeeping and accounting practices are standardized and consistent. A

jointly-owned and controlled secondary cooperative can build upon these interdependencies to deliver the greatest value. Ultimately, it should be the aim and intention of the secondary cooperative to build a suite of products and services so valuable to member cooperatives that the benefits of joining will always outweigh the costs of membership. This is a challenging task as many needed services like training and policy advocacy do not have clear corresponding revenue streams. Our research has shown that they are necessary, and creativity and innovation will be essential for success.

It is a unique moment in history. An unprecedented global pandemic has challenged and stressed home care agencies, caregivers, and clients. It has also generated significant attention and recognition of the essential role of caregiving as a profession and practice in our society and economy. It is an optimal time to launch an effort to boldly challenge the industry and build something better. The ICA Group proposes pilot testing of initial products and services in the next six months, with full-scale launch by January 2022. Alongside pilot testing of products and services, ICA will identify a representative advisory committee of home care cooperative leaders and aligned supporters, and a board of directors to advance development of products and services, confirm or adjust key membership assumptions, build ownership and leadership, and support launch. We are eager to bring the results of this work to life and look forward to a future of collective action that drives meaningful systemic change to benefit caregivers and their clients. Such change is long overdue.

Introduction and Context

In 2017, the ICA Group conducted an extensive National Home Care Strategy Analysis to identify the right approach to addressing the job quality crisis for home-based caregivers through scaled application of the home care cooperative model. In the final report, ICA outlined a strategy with three transformative impact goals. The report stated that an effective strategy must include the following goals:

Goal 1: Build systems to strengthen existing home care cooperatives, stabilize their operations, and whenever possible, improve job quality for caregivers.

Goal 2: Support new entrants into the home care cooperative field and ensure these groups have the necessary tools to maximize their chances of success.

Goal 3: Create a platform to meaningfully improve job quality (living wages and benefits, professional training, opportunities for career advancement) for a significant portion of home care workers, cooperative or otherwise, and shift the social and economic value currently assigned to home care work.

These same goals ring true today. Goals 1 and 2 have guided much of the work of the Homecare Cooperative Initiative since 2017 and implementation of Goal 3 is now a key focus to scale impact.

In the 2017 National Home Care Cooperative Strategy Analysis, ICA also identified development of a national home care secondary cooperative as the right institutional platform to achieve Goal 3. To confirm the feasibility of this approach and begin to model a plan of development, ICA has spent the past year exploring related models, identifying and confirming cooperative needs, researching and determining the right product and service solutions and related vendors, modeling financials, examining structure, and solidifying a mission and vision for the new cooperative entity. The pages that follow detail the results of our work assessing the feasibility and viability of launching a Super Cooperative for home care cooperatives.

Historical Context

Caregiving—as both a social and economic activity—is significantly undervalued by American society, and certainly in the American economy. The experiences of today's home care workers are rooted in the historical precedent of unpaid labor conducted by women and enslaved people. As the tides of society changed and unpaid laborers entered the job market, their access to more lucrative jobs and industries was obstructed. Workers were pigeon-holed into jobs that were seen as more naturally aligned with feminine qualities and skills, while simultaneously viewed as distasteful and less important.

Vestiges of the historical experience of women, women of color, and immigrant women are present in the home care industry today. In the paid sector, workers are excluded from overtime pay and other workers' protection laws. Home care workers frequently file claims of wage theft against their employers, and recognition for the work of caregiving is absent within the larger health care sector. In the broader economy, informal caregivers—predominantly women—frequently reduce their hours (and income), or completely drop out of the labor force to care for family members. Women are 73 percent more likely to permanently leave jobs and five times more likely to work part-time due to caregiving.¹

Employment outcomes are meager for individuals who become formal, paid caregivers. Wages are among the lowest in the economy, barely keeping pace with inflation. 16% of home care workers lack health insurance, and of those insured, over 40% rely on public health care coverage, primarily through Medicaid. Home care work lacks federal training standards, and 16 states maintain no training standards at all. As a result, turnover rates within the home care sector are high, climbing from 67% in 2017 to 82% in 2019. While turnover dropped back down to 64% in 2020, conditions have barely improved. These factors contribute to a caregiver shortage that shows no signs of ending. For the past four years, home care agencies rated caregiver shortages as the number one threat to their businesses.²

The industry as a whole has done little to proactively respond to the caregiver shortage crisis. The direct-care workforce remains perpetually on the edge: undervalued, under-resourced, and over-burdened. The global coronavirus pandemic has only exacerbated the long-standing, sub-par employment conditions experienced by the majority of caregivers, shining a spotlight on the true effects of long-term workforce neglect.

¹2019. Crist, C. *Journal of Gerontology*: Informal eldercare has larger labor-market effect for women. www.reuters.com/article/us-health-caregiving/informal-eldercare-has-larger-labor-market-effect-for-women-idUSKCN1SK280.
²Home Care Pulse Benchmarking Survey 2020, 2019, 2018, 2017. www.homecarepulse.com.

"Caregivers are some of the least respected workers in our economy.

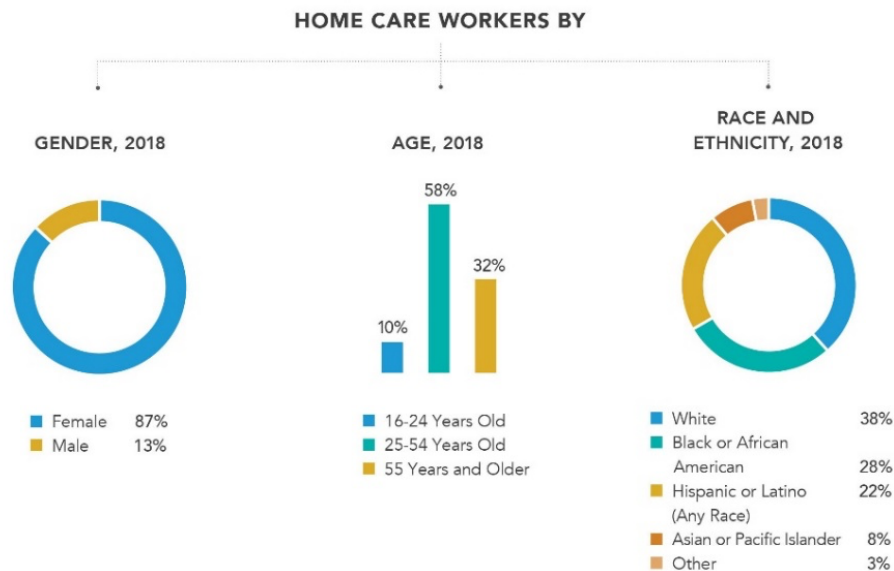
The stigma needs to end."

— PHI COVID 19 Stakeholder Survey

See Appendix A: *Home Care in the Wake of COVID-19* for a more detailed analysis of the impact of the coronavirus pandemic on the home care industry.

By redistributing ownership and power to those who have traditionally carried the home care industry, employee ownership begins to address the historic and continuing inequities faced by caregivers. Home care cooperatives are structured to value, support, and reward caregivers. On average, worker-owned home care cooperatives pay higher wages than the industry standard, provide advanced training and mentorship, and offer ownership and leadership opportunities rarely seen in the broader home care sector. While in no way a panacea, the cooperative model delivers a foundation for significant and needed home care industry change.

The following statistics from the **2020 PHI Direct Caregiver Report** illustrate the makeup of the home care workforce, and the dismal wages and support home care workers receive.

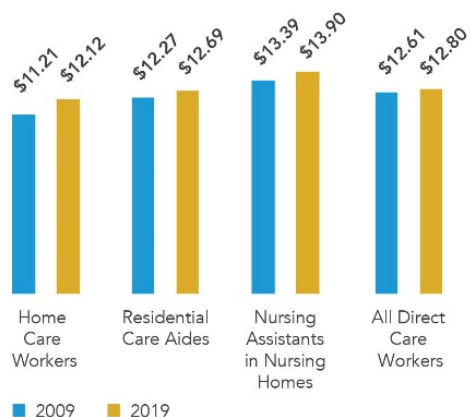


DIRECT CARE WORKER

EMPLOYMENT BY INDUSTRY, 2019



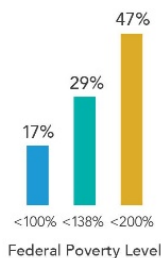
WAGES BY INDUSTRY, 2009 TO 2019



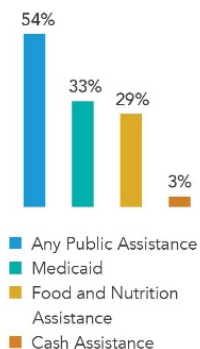
Although they make up over half of the direct care workforce, home care workers received the lowest wages in both 2009 and 2019.

HOME CARE WORKERS

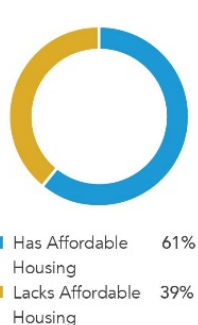
BY POVERTY LEVEL, 2018



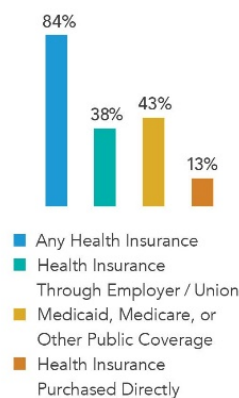
ACCESSING PUBLIC ASSISTANCE, 2018



LIVING IN AFFORDABLE HOUSING, 2018



BY HEALTH INSURANCE STATUS, 2018



Home care workers provide some of our most vital care work, yet 84% do not have health insurance and 29% do not have affordable housing.

The Home Care Cooperative Sector Overview

Over its 35-year history, the home care cooperative sector has grown from a novel idea into a budding national movement. Started by twelve passionate caregivers and a group of pioneering cooperative developers, the first home care cooperative in the U.S., Cooperative Home Care Associates (CHCA) in New York City, is now the largest worker-owned cooperative in the country. CHCA employs over 2,000 caregivers and a robust operations team, runs a nationally recognized workforce training program, and maintains a strong membership culture.

In 2020, there were fourteen home care cooperatives in operation across nine states—including five that launched in the past two years—and another dozen start-up efforts in as many states and territories. Beneficial state policy coupled with a strong and dedicated support structure provided by the Northwest Cooperative Development Center has resulted in four successful private pay home care co-ops in Washington State and a growing culture of cross-cooperative collaboration.

While cooperative home care agencies operate independently, they are linked in a strong and growing network of employee-owned agencies that are pooling knowledge, resources, and power to gain a greater market share.

The following graphics illustrate some of the many benefits of the cooperative home care model.

Business Performance

Average Wage

+\$0.54

Per hour more than non-cooperative industry peers

Average Annual Caregiver Turnover



38% versus the industry average of 82%

Median Caregiver Tenure

16 Months

27 Months

16 months; for cooperatives in operation for 5 or more years, this median increases to 27 months

Total Client Hours Billed

3,214,108

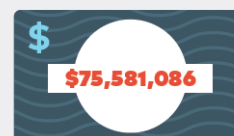
for over 3,000 clients served

Revenue From Public Payers



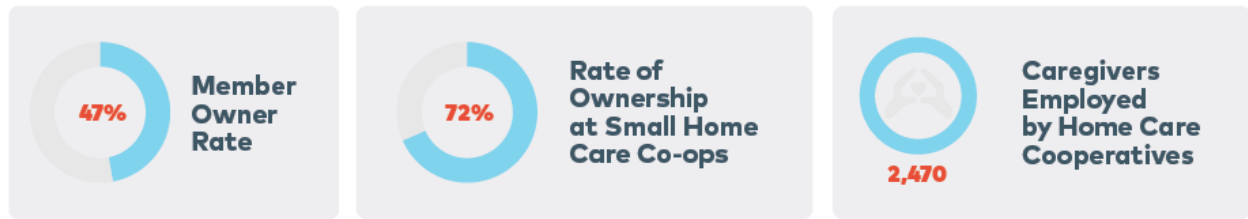
3 of 9 cooperatives provide public pay services

Total Industry Revenue



representing approximately .01% of the industry

Caregiver Impact



A Need for Deeper Collaboration and Support

While there is a lot to celebrate, there is still a good deal of work ahead to elevate the home care cooperative model to its full potential, and to reshape the harmful power structures endemic to the home care industry. This will require immediate and long-term solutions at the market and policy levels.

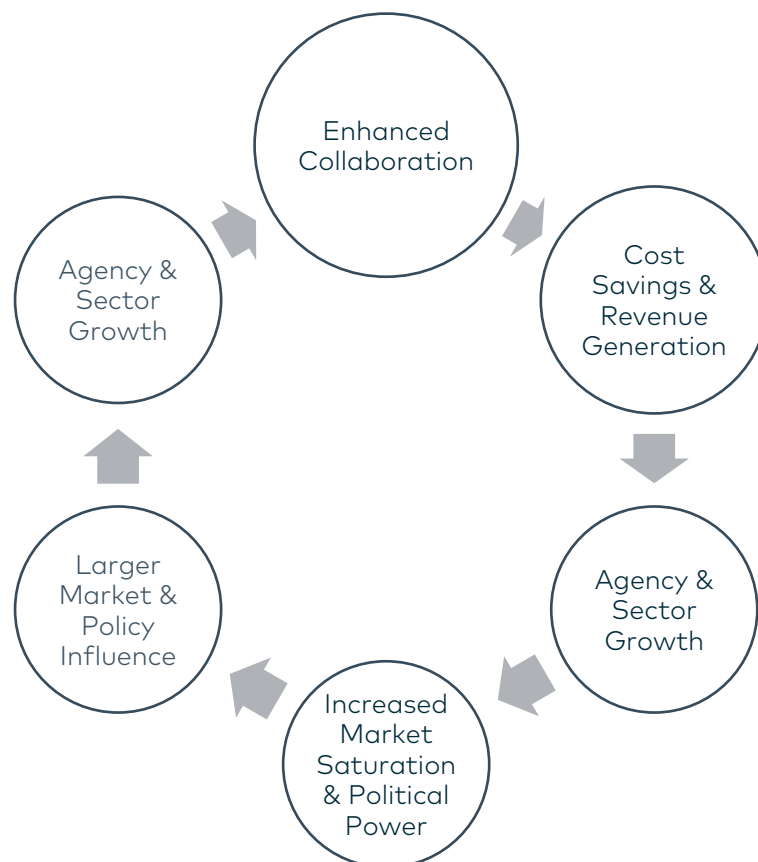
When cooperative administrators and caregivers were asked, "When thinking about the future, which of the following goals most resonates with you, or do you feel most passionate about?" a majority of cooperative leaders selected: "Co-ops are a significant presence in the home care industry (with significant market share)." This was closely followed by: "All co-ops are paying industry-leading wages (not just better wages but good wages)" and, "Cooperatives provide career advancement opportunities for caregivers."

All three responses are growth-oriented and will require a significant influx of revenue at the individual cooperative and larger sector scales. At current revenue levels, home care cooperatives struggle to compete with larger, better-resourced agencies, particularly national franchises and chains. In contrast to home care cooperatives, national franchises and chains, benefit from:

- Greater market recognition and saturation
- Well-funded, professional marketing and sales departments and current tactics
- Operational and financial functions that have been standardized and systematized
- Dedicated strategic business planning and partnership development capacity
- Access to growth capital
- Potential for political influence

The majority of these benefits are the result of centralization and scale. While no single home care cooperative can match the centralization and scale of large national chains and franchises, banding together will begin to create similar opportunities and benefits.

Already, the sector is backed by an active and growing network of cooperative developers, consultants, financial institutions, and foundations via the Homecare Cooperative Initiative which is financially supported and coordinated by the Cooperative Development Foundation with assistance from the ICA Group. Through the initiative, home care cooperatives benefit from access to training, technical assistance, networking, and best practice sharing, as well as financial and technical emergency support. There are multiple efforts underway to expand worker ownership in home care, including the development of a Launch Box to more effectively and efficiently launch and grow new home care cooperatives and a national campaign to convert conventional home care agencies into worker-owned cooperatives.



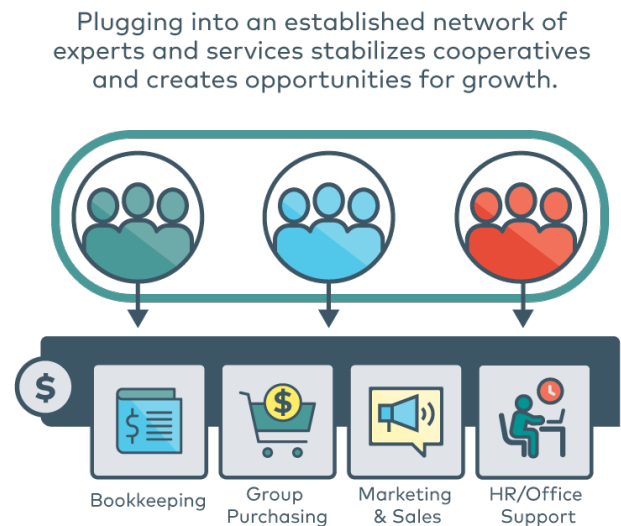
An established culture and practice of mutual respect and cooperation within the home care cooperative sector has built a strong foundation for enhanced national collaboration.

An increase in collaboration will drive more rapid growth of the sector while increasing opportunities and benefits like cost savings, revenue generation, and political advocacy. Home care cooperatives can leverage the cooperative ethos to deliver industry-leading jobs, higher quality care, and significant market gains.

Mission and Vision

The mission of the secondary cooperative is to drive the profitability, growth, and influence of home care cooperatives in order to transform the home care industry for the mutual benefit of caregivers and clients.

We envision a world where the worker-owned segment of the home care industry is large enough to significantly and positively impact pay, benefits, and opportunities across the entire sector. We envision a future where a young person who aspires to enter the profession of caregiving will be met with the same societal affirmation and respect as those seeking to enter other trained caring professions. And for every individual aspiring to become a caregiver, our vision is that there will be a worker-owned cooperative ready to welcome them.



Research Methods and Findings

Research methodology for this study consisted mainly of investigation of primary sources through personal interviews and surveys. Additional secondary sources were consulted for broader information about the field. Each source is described in detail below.

Survey

To ascertain the needs, interests, and aspirations of the core group of potential members for the secondary cooperative, ICA staff conducted a digital survey of cooperative administrators in August of 2020. Survey questions addressed the immediate, concrete needs that a purchasing or marketing cooperative might address and prompted aspirational reflections about a cooperative's future and ideal circumstances for success.

Survey Sections Included:

- Vision Setting
- Marketing
- Financial Supports
- Bookkeeping and Accounting
- Legal Assistance
- Cooperative Governance
- Legal Assistance
- Recruitment
- Training
- Group Purchasing
- Personal Protective Equipment (PPE)

Participants from nine home care cooperatives responded to the survey, representing a range of enterprises in terms of size and location (rural and urban) and covering six of the nine states where co-ops are currently located.

Interviews

ICA staff also gathered important data from more than two dozen other informants. These included industry specialists, product experts, cooperative leaders, and principals of several different analogous organizations including trade associations and secondary cooperatives operating in other sectors. Information from these individuals helped to refine the financial forecasting model and contributed to our thinking about governance and synergies between different lines of business.

Interviewees Included:

Industry Associations

- o Vicki Hoak, Executive Director of Home Care Association of America and former Executive Director of Pennsylvania Association
- o Janet Van Liere, Director of the Alternate Staffing Alliance
- o Richard Dines, Executive Engagement Strategist at the Credit Union National Association

Sector Thought Leaders

- o Karen Kulp, former President/CEO of Home Care Associates
- o Jodi Sturgeon, President of PHI
- o Jerry Philip, Vice President of Workforce Innovations at PHI
- o More than a dozen cooperative and home care experts from the National Homecare Cooperative Initiative steering committee, a project of the Cooperative Development Foundation

Secondary Cooperatives

- o Tim Ross, Executive Director of the Cooperative Housing Federation of Canada
- o Corinne Shindelar, former President, CEO, and Executive Director of the International Natural Foods Retailer Association and the National Cooperative Grocers Association
- o Vanessa Hammond, former Board President of Health Care Cooperative Federation of Canada

Product/Service/Cooperative Experts

- o Sean Pare, Director of Operations and Jason Larson, Vice President of Operations of Savings4Members: a purchasing subsidiary of CCA Global
- o Andi Putnam, Director of Clinical Programs and Compliance Officer and Anthony Greer, Director of Client Relations at Care Purchasing Services
- o Beverly Lang, Quick Books Solution Provider
- o Paul Guidice, Chief Executive Officer at CoMetrics
- o Todd Austin, Chief Operating Officer at Home Care Pulse
- o Lauren Milligran, Account Manager at HubSpot
- o David Mills, Chief Strategist and Co-Founder of Story Collaborative

- Bruce Mayer, Wegner CPA
- Hazel Corcoran, Executive Director of the Canadian Worker Cooperative Federation
- Vera Goussaert, Executive Director of the Manitoba Federation of Cooperatives

Annual Home Care Cooperative Benchmarking Survey

Since 2018, the ICA Group has conducted a nation-wide benchmarking survey of home care cooperatives. Data collected from the surveys includes a spectrum of key financial and operational metrics as well as qualitative data on key opportunities and challenges. Compiled data from the 2018 and 2019 benchmarking surveys were used to further confirm specific elements of business financial performance in need of support, and to inform development of the secondary cooperative financial model.

National Technical Assistance Calls

ICA staff have been conducting monthly and bi-monthly technical assistance calls for home care cooperative leaders for the past three years. These calls have covered a wide variety of topics raised by cooperative leaders as key educational needs. Topics have including marketing, financial metrics, communications, and governance, and typically include a dozen or more leaders from both operational cooperatives and new start-up entities. The topic requests made by cooperative leaders are reflective of real issues and needs on the ground and represent another data point for consideration. Webinar discussions and post-webinar feedback offer additional insight.

National Home Care Cooperative Conference

The National Home Care Cooperative Conference, hosted by the Cooperative Development Foundation and developed in partnership with the ICA Group, is an annual event where cooperative leaders, caregivers, cooperative developers, and aspiring cooperative owners and funders come together to network, celebrate successes of the past year, identify and address common challenges and barriers, and build a cohesive movement that strengthens and scales the cooperative home care sector. Sessions are constructed around central issues that all cooperatives grapple with and emerging opportunities that cooperative leaders would like to know more about. Sessions are presented by industry leaders and experts while working to integrate active adult learning techniques. Four years of organizing the National Home Care Cooperative Conference has provided a highly valuable perspective on the challenges experienced in home care and opportunities for effective collaboration.

Direct Technical Assistance to Home Care Cooperatives

For over five years, the ICA Group has provided direct technical assistance and strategic business consulting to more than half a dozen home care cooperatives representing rural and urban cooperatives, public and private pay cooperatives, large, median and small cooperatives, start-ups, and incubated cooperatives. This direct view into the challenges and opportunities facing individual home care cooperatives has been invaluable in informing our understanding of the needs of the collective home care cooperative sector. While there are many differences across cooperatives, there is significant overlap in key challenges and needs and thus opportunities for collective solutions.

Key Research Findings

Secondary Cooperative Survey of Home Care Cooperative Leadership

Survey results confirmed many observations regarding the main areas of opportunity for the new secondary cooperative to provide value. There is a pressing need for better resources and assistance with marketing and sales and strategic business planning, particularly assistance with financial planning and growth strategy. Leaders desire additional training in business topics for cooperative administrators and members, and in care delivery subjects for caregivers. An interdependency exists between many of the distinct products and services envisioned for the secondary cooperative. For example, a marketing campaign is more potent when it has a place within a strategic plan, and financial projections for planning are strongest when internal bookkeeping practices are standardized and consistent. Careful consideration of these interdependencies will be necessary to ensure the greatest impact during development and launch. A summary of responses to key issues follows.

Marketing and Sales: General marketing, digital marketing, and sales continue to be a hurdle for all home care cooperatives. A gap in knowledge and access to more sophisticated digital tools hinders cooperatives' ability to target and reach clients and caregivers.

- All responding cooperatives agreed that marketing, and digital marketing in particular, is essential to the future growth of their cooperative.
- A high number also acknowledged that these tasks are challenging to find time to do on a consistent basis.
- 6 out of 9 cooperatives indicated that they would like to do more website and social media management and develop concrete marketing strategies.
- However, technical skills and fluency in utilizing marketing tools is lacking:

- 8 out of 9 cooperatives reported that they feel ill-equipped to integrate new technology and platforms and analyze the effectiveness of marketing activities.
- 7 out of 9 cooperatives reported that they feel ill-equipped to integrate Search Engine Optimization.
- Interestingly, 6 out of 9 respondents indicated that marketing activities are one of the top three tasks they would like to offload from their daily responsibilities.

These findings make a strong case for offering marketing and sales products and services through the secondary cooperative, including training to enhance internal cooperative skills.

Strategic and Financial Planning: Leaders from all responding cooperatives acknowledged a struggle to envision the trajectory of their cooperative's future and growth. Assistance with strategic planning, and financial planning to stabilize performance and facilitate growth will benefit many cooperatives.

- Cooperatives showed a consistent understanding of the need to generate a strong business plan and communicated a clear desire for assistance.
- There was not consensus regarding business growth as a goal over better financial planning at current scale. For some, the sky was the limit, while others preferred to either remain at their current scale or expand cautiously.
- When asked about barriers to growth, more than half of respondents chose a write-in response. A wide variety of issues were cited, including problems with recruitment, gaps in knowledge and skill, need for more diversification of revenue, lack of a concrete plan, and concern about how growth might affect the collaborative nature of the cooperative.
- Of those that chose available selections, 4 out of 9 respondents indicated that competition from more prominent agencies is a key barrier to growth.
- 5 out of 9 respondents indicated a need for help with financial growth projections and modeling how factors of concern might impact business performance.

These results indicate a strong opportunity for the secondary cooperative to provide services that address financial planning and growth strategy.

Training and Education for Members and the Board: Training for members and for the cooperative board of directors remains an operational and governance hurdle that is difficult for nearly all cooperatives to overcome beyond necessary compliance with state regulation.

- Only 1 of the 9 respondents indicated that they are happy with the level of training their cooperative is able to provide to members.

- The training topics that are most relevant to the current needs of cooperatives are:
 - Specialized Care: Dementia, Epilepsy, and Disability Care
 - Leadership and Board Training
 - Communication Skills
 - Financial Literacy
- Financial education and fluency of financial oversight and planning tools, such as budgeting and benchmarking, were recognized as critical to the health of a cooperative. Current training in these areas is insufficient.
- About half of responding cooperatives do bookkeeping internally while half contract it out. 4 out of 9 respondents mentioned wanting to outsource payroll management.

With only 1 out of 9 respondents noting that they feel satisfied with the current level of training their cooperative provides, there is a clear opportunity for the secondary cooperative to meet this need.

Human Resources: Only 1 of the cooperatives in the survey was large enough to have a dedicated human resources (HR) professional on staff. For most of the co-ops, HR tasks such as recruitment, retention, and administrative work were folded into the duties of different staff members. As a result, HR policies and practices are currently developed in an ad-hoc manner at each co-op, competing for attention with many other priorities.

- As people-centered service businesses, cooperative leaders recognized the importance of HR functions, and 6 out of 9 stated that it was important that this component of daily operations be done internally.
- While co-ops reported a variety of methods for tackling these essential responsibilities, 7 out of 9 felt that it was difficult to prioritize among day-to-day responsibilities.
- Notably, 5 out of 9 cooperatives spend 10 hours or less each month recruiting caregivers, and recruitment remains a continuous struggle.

Interviews

To augment primary information collected from the potential home care secondary cooperative members, ICA also conducted targeted interviews with a diverse group of business leaders representing the home care industry, successful secondary cooperatives, and successful associations in other sectors. Some of the common themes are outlined below.

Cultivating Buy-in: The ICA Group shares the cooperative sector's confidence that workers have the ability—and should have the power—to make decisions about issues that directly affect them. Operationally, the challenge for the secondary cooperative, as with any cooperative, is to establish a clear benefit to members that is tangible and timely while outweighing the time and financial costs. This will be particularly challenging as home care cooperative leaders are already strapped for both money and time. Individual solutions and successes have been hard-won, and the onus will be on the new secondary cooperative to demonstrate the wisdom of a new strategy or vendor or approach. Building trust will be essential, as will intentional, well-explained, and participatory change management.

Interviewees stressed:

- Respect natural leadership and the accomplishments of each individual cooperative. "Lean in" on the natural leaders in the group and use the cooperative to support local leadership and offer new opportunities for growth.
- Handle change with respect and give it the time it deserves.
- Encourage potential members to identify and articulate their fears so that the cooperative can address them.
- Make ownership real by requiring member co-ops to make a financial investment and have "skin in the game." This keeps members engaged and committed to both the success of the whole and their individual enterprise.
- Create a national presence that speaks to universal needs, while encouraging regional chapters to form around local issues.
- Be responsive to member feedback and input and substantiate with follow-through.
- Clearly and continuously communicate the benefits of the cooperative to members.

Serving current needs while anticipating future ones: The privileged vantage point that a national, multi-organizational enterprise like the secondary cooperative occupies is being able to view the past, present, and future of a specific industry without being hampered by the constraints of everyday operational issues. Through ICA's history of providing technical assistance to the home care cooperative sector, it is clear that collective action to organize and advocate on behalf of the sector as a whole is absolutely necessary if cooperatives are to succeed. While many of the challenges that individual cooperatives face are local in their delivery, they have systemic origins, making group action the most direct and effective means of remedying problems and creating sustainable, lasting results.

A secondary cooperative will be able to structure, hone, and deliver long-term solutions based on direct feedback and input from cooperatives, while drawing on best practices from internal

sector experts and external industry experts. A significant challenge will be to balance resources dedicated to immediate problems versus longer-term solutions.

Key points made by interviewees included:

- Many successful secondary cooperatives in other sectors launched with a primary common product offered at significant cost savings. For the housing cooperatives in Canada, for example, the initial product was a much less expensive and more expansive property insurance than any of the co-ops could individually access. This lead product convinced a core group of members to join and stay, enabling the secondary cooperative to devote time to cultivating other products and services whose benefits might not be immediately appreciated. Unfortunately, there is no such obvious product in the home care sector, and immediate needs are primarily value-added products and services that require additional spending. Careful consideration will need to be given to other pathways to produce a demonstrable ROI for members in the early years, and to generate revenue to tackle larger systemic problems that plague the industry.
- In the home care sector, federal policy plays a tremendous role in establishing reimbursement rates, and thus pay rates for caregivers, even in companies that do not participate in public programs. This creates a huge challenge for individual cooperatives, and for any secondary cooperative. While home care cooperatives rank policy advocacy low on the list of immediate needs for services and supports, public policy advocacy will be absolutely necessary to meaningfully change the home care landscape. The challenge for the secondary cooperative will be building buy-in and generating sufficient revenue to support this work in the immediate and long-term.
- A cooperative structure demands that equity be considered in all decisions, notably dues and pricing structures. Members of secondary cooperatives and other associations tend to be very cognizant of perceived inequities regarding size and geography, and these issues must be considered in governance, pricing, and related decisions.
- The secondary cooperative will need to develop messaging for members that emphasizes the benefits of a larger partner entity that keeps a pulse on movements in the field and developments that are in the best interest of members. Co-ops are open to this messaging, but the secondary cooperative cannot assume that all member co-ops will understand and support collective action if that action is not linked directly to their local lived experience.
- A universal challenge for an industry organization like the secondary cooperative will be finding a balance between attracting enough members to support robust programming while creating robust programming to attract enough new members.

Establishing standards and a culture of data-driven decision-making: The cooperative home care sector has seen some early successes in harnessing data to effectively illustrate the cooperative difference. Benchmarking data from three annual surveys conducted by the ICA Group resulted in the documentation of tangible differences like higher wages and lower turnover rates. Building on this early success will be one of the key responsibilities and most compelling opportunities of the secondary cooperative. For the food cooperative industry, harnessing, communicating, and putting data into practice in a coordinated and effective manner has resulted in significantly better financial performance of the sector and individual stores. This presents a promise of similar benefits for home care cooperatives. Collective data from the home care cooperative sector will be crucial for effective advocacy and systems change.

Financial and operational data should be standardized as much as possible to facilitate clear and accurate communication and data sharing. The secondary cooperative will need to lead this effort and make the case to its member cooperatives. Offering products that will clearly and deftly provide immediate and measurable benefit to members (such as low-priced Quickbooks Online licenses and timely benchmark reporting) will be key to success.

Feedback provided by interviewees on this topic included:

- Emphasis on the importance of using accurate data to guide decisions.
- Ensure that presentation of data to member cooperatives is structured in a way to make it actionable. Combine financial reporting with financial education for the board and administrative staff.
- Collect data at regular intervals to ensure that financial and strategic plans are on course. The secondary cooperative should lead in this area.

Proposed Products and Services

Based on the research findings detailed above, the core products and services of the secondary cooperative can be organized into five main categories. These are:

- 1. Client Acquisition and Retention**
- 2. Caregiver Recruitment and Retention**
- 3. Agency Optimization and Growth**
- 4. Solidarity and Political Advocacy**
- 5. Networking and Community**

At the agency level, cooperatives are continuously working to strike the right balance between client demand (client hours) and caregiver census and capacity. At any given time, one is often greater than the other, and this balance regularly shifts from one side of the pendulum to the other. The key to success is to be operationally nimble to fulfill either demand at any given time. This means that client and caregiver recruitment and retention efforts need to be occurring concurrently and continuously. Operations and business decisions must be bolstered by an optimized back office, including data tracking and analytics and strong, streamlined operational systems. To fully actualize the home care cooperative sector's vision for high quality caregiving jobs—jobs that are well paid, recognized and valued for their important place in the health care system—efforts to shift policy will be necessary to move home care cooperatives beyond incremental improvements.

The product and service recommendations that follow are built upon the secondary cooperative's mission to drive the profitability, sustainability, and growth of home care cooperatives in order to transform the home care industry for the mutual benefit of caregivers and clients. Because there are few areas to cut costs from a home care business, the proposed products and services are focused primarily on value-added items that either drive revenue, increase efficiencies, or improve the stakeholder experience for clients, caregivers, and administrators. While we are proposing a wide range of products and services, it is fair to say that the core offerings of the secondary cooperative are digital marketing to attract clients

and caregivers and advanced training for caregivers, administrators, and board leaders. Digital marketing is the area most needed and least understood by all existing home care cooperatives, it can be easily centralized at a national level, it will increase broad awareness of the cooperative model in home care, and it is the most likely to drive significant revenue growth at both the individual cooperative and larger sector levels. Advanced training for caregivers, administrators, and board leaders is not widely available, is more expensive and inefficient to provide at the individual cooperative levels, and is most likely to increase engagement and empowerment of cooperative members at all levels. Training across roles will allow for greater peer-to-peer connection and will strengthen the overall movement.

The following sections provide greater insight into the specific needs of home care cooperatives and expand on the details of the products and services that the secondary cooperative can provide.

Client Acquisition and Retention

In line with larger societal trends, home care clients and their families are increasingly turning online to find home care services for themselves and their loved ones. According to the 2020 Home Care Pulse Benchmarking Survey, six of the top ten revenue-generating consumer marketing sources were internet-based in 2019, a trend that has continued upward year after year. At the top of the list is Search Engine Optimization (SEO).³ However, the 2019 Benchmarking Survey of Home Care Cooperatives uncovered that only 2 of 9 responding cooperatives use SEO to recruit clients. Relatedly, nearly 80% of cooperatives that responded to the 2020 Secondary Cooperative Survey (7 of 9) noted that SEO was on the list of technical marketing activities they felt least equipped to do. The majority felt ill-equipped to analyze the effectiveness of marketing activities (8 of 9), integrate new technology and platforms (8 of 9), and test promotional material messaging for different audiences (7 of 9). 6 of 9 noted a desire to do more with website and social media management and marketing strategy, pointing to a critical gap between a desire to engage in these activities and the ability to effectively do so.

Potential solutions to this challenge include offloading the marketing work to acquire clients to an outside vendor (a desire expressed by 5 of 9 cooperatives) and training cooperative leaders on marketing and sales tactics and implementation. The secondary cooperative proposes both. The secondary cooperative proposes a suite of product and service solutions that will increase the quantity, quality, and effectiveness of client marketing and acquisition efforts for home care cooperatives. These products and services will lessen the time and cost burden on individual cooperatives while increasing the impact of marketing and sales activities. These solutions span mediums, but all are client-focused. If successful, these efforts will increase:

³SEO is "the process of maximizing the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine."

- Consumer awareness of the cooperative model and the cooperative difference in home care (quality, reliability, dedication)
- Brand recognition for individual cooperatives
- Online lead generation and lead conversion
- Client retention
- Revenue from client sales

Proposed products are explained in the sections below, organized in order of importance and expected impact.

Proposed Product #1: Industry-Leading Cooperative Websites

The secondary cooperative plans to offer member cooperatives access to industry-leading, templated websites that are centrally managed by the secondary cooperative for optimized performance and locally managed for content. These websites will:

- a. Feature a design to attract and convert client leads
- b. Incorporate universal messaging on the cooperative difference, backed by quantitative and qualitative data and analytics
- c. Include Search Engine Optimization
- d. Integrate automation to improve the client experience
- e. Provide continuous monitoring for effectiveness and improvements
- f. Utilize professional photography representing real caregivers and cooperatives
- g. Offer customization of branding, coloring, and original content

Cooperatives that elect to utilize the secondary cooperative's website system will receive set-up and launch support, ongoing technical assistance, and ongoing training on effective digital marketing. Training is imagined in a cohort model, where cooperative marketing leaders gather regularly to review individual and collective performance metrics, discuss findings, and discuss proposed improvements to be rolled out across the system through an opt-in system to maintain local control with centralized support. This will have the additional benefit of building relationships amongst the members and bolstering confidence and skills in an area where many co-ops do not currently feel equipped.

Fortunately, because of increased reliance on web-based products and marketing tools, there are a variety of potential approaches and products that can deliver an effective website product and meet the goals outlined above. Based on ICA's research, the most effective options are outlined below.

HubSpot is a leading all-in-one software platform for inbound marketing, sales, and customer service. The HubSpot platform includes customer relationship management (CRM), content management (CMS), marketing, sales, and customer service software which can be used individually or together in an integrated system. The HubSpot platform will allow the secondary cooperative to:

- Create professional website templates that can be applied and modified by individual member cooperatives.
- Create and roll out specialized micro-sites for specific needs such as caregiver recruitment and referral partner development.
- Continuously monitor website performance at the central level and push improvements out across the member network while maintaining control at the local level to add or modify content.
- Improve the efficacy of cooperative member websites and online marketing and sales activities while reducing individual costs through group purchasing and centralized management.

The secondary cooperative could set up and manage the HubSpot system through an enterprise-level product that will allow staff to view analytics of individual members and the collective group and manage website performance of individual and collective member sites. At the same time, each individual member cooperative would have local control of their individual site including messaging and content, photography, and graphics. Members could move their site and content from the HubSpot platform at any time but will need to seek outside support to do so. Conversely, WordPress or other existing sites can easily be moved onto the platform, and HubSpot provides free technical support.

The secondary cooperative could approach this alone or with the support of a professional marketing firm with experience using and optimizing the HubSpot software and relevant experience developing digital marketing and sales strategy, collateral, and messaging in the home care industry. While more costly, engaging a professional early on will reduce the time to launch and reduce the time spent by secondary cooperative staff learning how to use and optimize a new system. Engaging a professional firm will position the secondary cooperative to provide a quicker return on investment to member cooperatives, which is likely to bring more revenue into the secondary cooperative. Over time, the secondary cooperative will likely move this capacity in-house to reduce costs and increase efficiency. The ICA Group has had discussions with several potential vendors including one promising vendor, Story Collaborative, with deep HubSpot expertise and home care industry experience.

WordPress is a widely used and highly celebrated web development and hosting platform. According to WordPress, over 39% of the web runs on its platform. WordPress is used by new companies and bloggers as well as major brands like TIME, TED, and Spotify.

Key benefits and features of the WordPress software platform include:

- Open source (source code is freely available and may be redistributed and modified)
- User-friendly
- Flexible, allowing for ample modifications and upgrades
- Owned by users, rather than a proprietary platform, meaning owners (cooperatives) can move at any time

Many of the home care cooperatives host WordPress websites, and onboarding onto the platform will be more seamless than transitioning to a new platform like HubSpot. Finally, whenever a cooperative chooses to move off the secondary cooperative platform, they can seamlessly export their site and host it at a different location with limited difficulty.

In contrast, the downsides to WordPress include:

- WordPress is not specifically designed for lead generation and conversion. Modifying it for this purpose, including adding automations and other upgrades, are known to cause delays and other systems glitches.
- Centralized analysis and management of multiple sites is more complex, and the secondary cooperative will have to work with a developer to design and build a customized system and dashboard rather than building from a platform designed for this purpose.

Like the HubSpot solution discussed above, it will be highly advantageous for the secondary cooperative to engage a sophisticated marketing, sales, and website system developer to build the centralized system and professional templates for cooperative use. Over time, secondary cooperative staff could presumably take over management of the system to reduce costs.

Other potential platforms:

- **Webflow** is a platform for website building that can be easily duplicated and managed for members and integrated into a primary content management hub. This platform will require integration with a marketing email platform such as Constant Contact, Hey Orca, or HubSpot Marketing. Key features of Webflow include site building and editing, and high customization.
- **Wix** cannot leverage a central content management system but will allow for easy duplication of template websites that can be easily edited by member groups. This

platform will require integration with a marketing email platform such as Constant Contact, Hey Orca, or HubSpot Marketing. Key benefits of Wix are easy design and content management.

- **Sitecore Content Hub** integrates into a web platform of choice to push content across media outlets. The main benefit is data streamlining and tracking to see which content gets the most activity across the network. It is great for building reports. The key feature of Sitecore Content Hub is content management.
- **Brandcast** is easily deployable, offering customizable templated websites for sub-brands, and creating spaces for shared content, cross-team collaboration. This platform will require integration with a marketing email platform such as Constant Contact, Hey Orca, or HubSpot Marketing. The key feature of Brandcast is content management for "franchise" and sub-brand structures.

Proposed Product #2: Client Satisfaction Surveying

Customer satisfaction has always been a core indicator of business success and this continues to be true in today's digitized world where consumer's opinions are heavily influenced by online reviews. In home care, customer satisfaction and customer opinion play an especially important role, as past and current client referrals are the number one source of new customers. According to the 2020 Home Care Pulse Benchmarking Survey, client referrals are the top referral source for 22% of home care agencies, representing 73% of annual revenues. The 2019 Home Care Cooperative Benchmarking Study identified client and word-of-mouth referrals as the top referral source for home care cooperatives.

While customer satisfaction is undoubtedly top-of-mind for home care cooperatives, few have formalized systems for client satisfaction surveying, data trend collection, tracking, and analysis. The secondary cooperative will provide member cooperatives with access to third-party client satisfaction surveying to ensure service quality and continuous service improvement, capture client testimonials and quotes to support cooperative marketing, and provide quantitative and qualitative data on the cooperative difference in home care. This kind of specific and hard data should be a big draw for membership, while also providing clear evidence for the advantage of working jointly. Participating home care cooperatives will benefit from:

- a. Administration of monthly third-party client satisfaction surveys based on size
- b. Access to an individual cooperative dashboard with findings, data analytics, and direct quotes for use in promotional materials
- c. Access to anonymized sector-based data to support the cooperative difference in the sector for local and national marketing and grant applications

In a world where home care agencies are numerous but quality is mixed, data and testimonials confirming quality are significant differentiators. Data supports direct client sales and will be invaluable in negotiations with potential referral partners and in the development of contracts. The key to client retention is satisfaction. Satisfied clients will continue services and refer others. According to Home Care Pulse, home care agencies who do client satisfaction surveying retain clients 28% longer and see an average annual revenue increase of 28%.

There are a variety of potential approaches and products that can be pursued to deliver third-party client satisfaction surveying to cooperative members. These options range from contracts with third-party vendors who conduct the surveys and produce a dashboard and report results, to in-house development of a survey platform utilizing Qualtrics or another customer satisfaction software system. Several potential platforms are discussed below.

Home Care Pulse (HCP) Experience Surveys are conducted by phone and cost \$16 per completed survey at the lowest available rate. HCP asks 5-6 standard questions including a question about how likely a client or caregiver would recommend the agency (Net Promoter Score), which is understood to be one of the most important indicators of future growth outlook. Data is compiled in an agency-specific dashboard and benchmarked against comparable agencies using HCP's product. HCP produces a monthly satisfaction survey report card which can be viewed in aggregate or at the individual responder level. Those with high satisfaction ratings are eligible for special recognitions from HCP including their "Best of Home Care" awards. The recommended number of surveys is calibrated based on agency size, and the secondary cooperative can make adjustments at any time. Contracts run for a minimum length of 12 months, and HCP quotes a 28% average increase in revenue by product users. HCP's product has the capability to build out an enterprise-level dashboard for the secondary cooperative to benchmark home care cooperatives, aggregate sector results for comparison, and select data to provide evidence of the cooperative difference in home care.

The primary benefits to using HCP's survey platform include a specialized focus on home care, immediate application with limited staff involvement, and the ability for cooperatives to achieve "Best of Home Care" ratings from HCP, which are widely recognized and respected in the home care industry. The primary downside is the singular application of the product for home care client and caregiver surveying, the sole focus on phone-based interviewing (though HCP is actively conducting beta testing of text and email surveying), and cost.

Qualtrics XM (Experience Management) is the most widely used customer experience management and monitoring software platform on the market with over 11,000 clients including major brands like Coca-Cola and Hulu. Qualtrics XM offers a highly sophisticated and modifiable template-based software system, optimized for digital applications. The system is built to collect, monitor, analyze, and manage both experience data and operational data to monitor holistic company performance. Qualtrics XM focuses on identifying and closing

customer experience gaps to drive value back to the bottom line. While Qualtrics XM does not specialize in home care, it will be possible for the secondary cooperative to import industry benchmarking data to drive industry comparisons.

Primary benefits to using Qualtrics XM include:

- Flexible and adaptive application (can manage satisfaction surveying, data collection and analysis, and industry benchmarking)
- Variety of available survey modes, including email, text, and phone
- User-friendly design
- Ownership and control over data will be held by the secondary cooperative and individual cooperatives rather than a third-party entity

SurveyMonkey, Google Forms, and FormTitan offer the lowest-cost options. Secondary cooperative staff could develop and email a survey on behalf of home care cooperatives or provide a survey form for cooperatives to adapt. While collecting some feedback will be better than collecting no feedback at all, this approach is not likely to be as effective. Email surveys have the lowest response rate of all modes, and phone costs will likely equal or near third-party vendor costs when accounting for secondary cooperative staff time. Analysis of individual and collective data will be manual and cumbersome. Given the availability of sophisticated platforms like HCP Experience Surveys and Qualtrics XM , one of these simpler options should only be pursued if the cost of use is prohibitive.

Proposed Product #3: Marketing and Sales Training

While a key value proposition of the secondary cooperative is centralizing marketing and sales work, cooperatives will be more successful if they also build their internal capacity to do this work. A cooperative leader armed with the most up-to-date information on marketing strategy and tactics will be better equipped to leverage and implement products and services to drive business growth. The secondary cooperative will provide access to regular training on cutting-edge client marketing, sales, and client retention topics to ensure continued growth and sophistication of internal cooperative marketers. Training will include:

- a. Regular webinars on key topics
- b. Rotating training cohorts to support deeper exploration of key topics
- c. Access to resource guides that support best practices
- d. Annual sessions at the National Home Care Cooperative Conference

Secondary cooperative staff and external experts will provide this training. One of the secondary cooperative's early hires will be an internal business development consultant to lead

marketing, sales training, and the development and management of products and services. Professional partners will serve as regular content experts. Cooperative leaders will be encouraged to share learnings and best practices through these same platforms. Training will be provided for free as part of membership, and for a fee to non-members. Training presents an ample opportunity to launch and grow sub-products, which could serve as an additional source of income for the secondary cooperative.

Proposed Product #4: Professional Sales Collateral

While less important in relation to cooperatives' bottom line, professional non-digital sales collateral, including template brochures and sales sheets, will further enhance overall marketing and sales. These materials will incorporate the same cooperative difference messaging and professional photography developed for the digital marketing solutions from the secondary cooperative. These will be available to new members upon sign-up and will allow for customization. The cost of developing each template ranges from \$500 to \$2000. External experts will be engaged to develop these products until the secondary cooperative employs a staff member with the appropriate expertise.

Proposed Product #5: Original Content to Support Content Marketing

Content marketing—a strategic approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience and drive profitable customer action—is broadly considered to be a new form of marketing.⁴ Companies today are expected to generate and provide content to prospective and existing customers. Common forms of content marketing are blogs, which represented 86% of all content marketing in 2019,⁵ infographics, videos, podcasts, and social media. Successful content marketing drives SEO, inbound leads, and increases customer loyalty. Businesses that use blogs have 97% more external links to their websites and 434% more indexed pages for a web search, known as Search Engine Response Pages (SERPS).⁶

While home care cooperatives understand that content marketing is important, few have the time to generate regular content and many lack knowledge of how to do this effectively. The secondary cooperative will offer access to a monthly suite of original content that both addresses client and caregiver needs, and explains and celebrates the cooperative model and cooperative difference in home care. Utilization of the secondary cooperative's content will drive SEO, and cooperative leaders will gain insight into the types of content that are most

⁴According to the Content Marketing Institute: contentmarketinginstitute.com/what-is-content-marketing.

⁵The State of Content Marketing, 2020 Global Report: www.semrush.com/state-of-content-marketing.

⁶ SERP 101: All About Search Engine Results Pages: www.wordstream.com/serp.

successful, building internal knowledge and skills. Content marketing will also be a topic for marketing and sales training.

Professional bloggers typically charge by the word or by the post, with estimates ranging from \$5 to \$400 per post. The secondary cooperative could leverage internal staff to create written content and external consultants to provide more professional content, including videos and infographics. We estimate the following costs:

- **Blog posts:** \$100 per post; 1 to 2 hours conducted by internal staff
- **Social media posts:** \$25-50 per post; .5 to 1 hour conducted by internal staff
- **1-page infographic:** \$400; 4 to 6 hours conducted by external vendor
- **1–2-minute video:** \$1200 to \$1500; 12 to 16 hours conducted by external vendor

It seems reasonable to assume that secondary cooperative staff could produce two unique blog posts and two social media posts per month, for a monthly cost of \$300 and an annual cost of \$3600. We estimate two infographics and videos in the first year, at an annual cost of \$3800. An early cost estimate for annual content generation is \$7400. Additional content and capacity to develop content could be built over time, allowing costs to be distributed across members and member fees.

Caregiver Recruitment and Retention

For the past four years, home care agencies across the nation have rated caregiver shortages as their number one threat.⁷ This is unsurprising considering home care workers are among the lowest paid, with an average pay rate of \$11.40 per hour. Benefits are limited, hours are inconsistent, training is insufficient, career advancement is nearly non-existent, and the work is emotionally and physically taxing. The result is a severe shortage of caregivers and a high caregiver turnover rate.⁸ Caregivers have felt more unsupported, unappreciated, and excluded than ever during the COVID-19 pandemic.

Home care cooperatives are structured to value, support, and reward caregivers. They pay higher wages, provide advanced training and mentorship, and offer ownership, leadership, and professional development opportunities. Home care cooperatives also benefit from higher retention rates. In 2018, home care cooperatives saw an average turnover rate of only 38%, less than half the industry average of 82%. 2018 data also showed that cooperatives paid caregivers an average of 54 cents more per hour.

This data points to a competitive, yet slim edge. While cooperatives paid more per hour in 2018 than their non-cooperative peers, the rate of increase was greater at non-cooperative

⁷Home Care Pulse Benchmarking Surveys: 2017, 2018, 2019, 2020 www.homecarepulse.com.

⁸64% in 2019, 82% in 2018 and 66.7% in 2017 according to Home Care Pulse annual benchmarking surveys.

agencies.⁹ Turnover at home care cooperatives has remained consistently low, however industry-wide caregiver turnover dropped to 64% in 2019. These trends point to greater recognition and appreciation of caregivers by the industry. While this is a positive shift, cooperatives will need to raise professional standards to maintain their edge. Today's reality is far from the cooperative vision of respected, stable, good-paying caregiving jobs. Even within cooperatives there is more work to be done.

Increasing revenues and profitability is a critical component of a plan to increase caregiver recruitment and retention at home care cooperatives. Increased revenues will allow cooperatives to pay higher wages, distribute patronage dividends, provide enhanced benefits, and increase access to high-quality training. But the cooperative difference is about much more than pay and benefits. It is also about ownership, membership, and voice. To grow their competitive edge, cooperatives will need to actualize their core values and practices.

It is a rare opportunity for a caregiver to own a financial stake in their agency and have an equal vote on important policy and business decisions. These concepts are foreign and perhaps intimidating to most caregivers. Few have had access to information about business operations and finances and fewer have been asked for input. Beyond revenue and profitability activities, the secondary cooperative must also support cooperatives in growing and strengthening membership. Engaged caregiver-owners who contribute to and reap the benefits of their cooperative's successes will be unmatched ambassadors for the cooperative model. These efforts will reduce turnover and enhance quality of care, giving cooperatives an additional edge in the marketplace.

The secondary cooperative is proposing the following product and service solutions to increase caregiver recruitment, retention, and member engagement. Building from the comprehensive Caregiver Recruitment Toolkit produced by the Cooperative Development Foundation, drawing on key aggregate data and learnings from caregiver surveys, and leveraging the proposed website platform for client acquisition, the secondary cooperative will offer an enhanced set of tools including:

- Caregiver-focused satisfaction surveying
- Advanced caregiver recruitment tools
- Member training on caregiving and cooperative topics

The following sections explore a set of initial product and service offerings.

⁹Per ICA's 2019 Home Care Cooperative benchmarking data, 2018 overall wage increase was +\$.22 cents for home care cooperatives and +\$.49 cents for non-cooperative state-based competitors, demonstrating that the larger industry is catching up and eroding cooperatives' edge.

Proposed Product #1: Caregiver Satisfaction Surveying

Home care cooperatives fundamentally differ from their conventional competitors in that they are legally structured to give voice to member-owners on issues of business significance. They are not, however, legally required to facilitate experiential feedback, which is critical to satisfaction maintenance. As with client satisfaction surveying, few agencies, cooperative or conventional, have formal, multi-pronged systems to solicit information on caregiver experience. Consequentially, critical data goes uncollected, issues go unaddressed, and successes are not recognized in a timely way.

Best practice dictates that every agency should have at least three lines of feedback for caregivers in addition to feedback from clients¹⁰ including:

1. Regular supervisor check-ins
2. A clear, well-communicated option for delivering feedback
3. Proactive, consistent surveys that:
 - a. Identify issues before they become problems
 - b. Flag replicable successes

When unresolved, small issues often become big issues. A 64-82% average caregiver turnover rate paints a clear picture of an industry in which caregiver issues are frequently unaddressed.

To increase and institutionalize caregiver voice in home care cooperatives, the secondary cooperative will offer member cooperatives access to industry-leading caregiver satisfaction surveying. Surveys will capture 1) quantitative and qualitative data on caregiver satisfaction, 2) areas for workplace improvement, 3) proof of concept of the cooperative difference for caregivers, and 4) caregiver testimonials to support caregiver recruitment. Participating home care cooperatives will benefit from:

- a. Administration of objective monthly third-party caregiver satisfaction surveys
- b. Access to an individual cooperative dashboard with data analytics and direct quotes for use in promotional materials
- c. Access to anonymized sector-based data to demonstrate the cooperative difference for external audiences

There are dozens of home care agencies to choose from for both clients and caregivers. All claim to be the best employers, offering the best pay or the greatest flexibility. For home care cooperatives, claims of better employment land flat without real data and caregiver testimonials to back them up. For the average caregiver, ownership or membership in a

¹⁰Based on December 15, 2020 Home Care Cooperative Technical Assistance webinar by Evan Westensee of Home Care Pulse: "Client and Caregiver Feedback: How to Get it & What To Do With It."

cooperative will have little meaning and could even feel intimidating. Cooperatives will need to demonstrate the cooperative difference with facts and relatable voices.

Caregiver surveys will produce critical insights for improvements to the caregiver experience, enhanced retention, and will provide testimonials that are invaluable for recruitment. Proof of the cooperative difference will also drive continued interest in the model from funders, government leaders, and other stakeholders. Given that caregiver recruitment and retention is a significant challenge, proof of improved recruitment and retention rates will likely entice more conventional agency owners to consider a transition to the cooperative model.

There are a variety of approaches and products that could deliver caregiving satisfaction surveying to cooperative members. These include contracts with third-party vendors who conduct surveys and produce a dashboard and report results, in-house development of a survey platform utilizing a customer satisfaction software system, and conducting in-house surveys. The secondary cooperative will leverage the selected system (see client acquisition and retention section for product details) to offer caregiver satisfaction surveying, offering a greater opportunity for cost savings, efficiency, and systems optimization.

Proposed Product #2: Caregiver Recruitment Tools

In an industry plagued by a severe shortage of caregivers, recruitment is a constant challenge. In theory, home care cooperatives are in a better position to attract caregivers, but they compete with well-resourced chains and franchises that are more visible and efficient. According to Home Care Pulse, the number one reason most caregivers accepted their current job was because it was the first job offered to them.¹¹

In order to lead caregiver recruitment, home care cooperatives must be more responsive. While industry benchmarking data tells us that non-cooperative entities are more effective at attracting and quickly responding to prospective caregivers, they are not more effective at retaining caregivers once hired. If cooperatives improve their recruitment efforts, they will have a significant market advantage.

Drawing on best practices from chain and franchise recruitment models, the secondary cooperative can help agencies attract the best caregiver candidates. Best practices include clarity of messaging, speed of response, simplicity of application and processing, flexibility, training, recognition, and respect.

¹¹Kunz, Conner for Home Care Pulse, 2017, What do caregivers look for in a job? <https://www.homecarepulse.com/articles/what-do-caregivers-look-for-in-a-job/>

Recruitment-Focused Websites:

Any website must be accessible and informative without overwhelming the visitor with too much information or a cumbersome design. In home care, it is critical that websites speak to prospective clients and referral partners, generating interest and leads. Given the centrality of caregiver recruitment to the success of home care cooperatives, these same websites must also be designed to attract new caregivers.

Methods and tools to balance client acquisition and caregiver recruitment are often splintered. Efforts to attract either group strains the time and focus of administrative staff. The secondary cooperative envisions centralizing and streamlining these two tasks. Caregiver recruitment website solutions could be layered upon the proposed client acquisition website solutions explored earlier in this report. Regardless of the web platform used, a system of micro-sites will be employed to target and reach specific audiences. These micro-sites will provide immediate access to information and actions tailored to a specific audience. As with the client focused micro-site, the caregiver micro-site could include automations and systems integrations for a streamlined application process. We recommend that the secondary cooperative first integrate one component to the website, followed by an expanded micro-site for caregiver recruitment.

A website designed for caregivers will utilize many of the same features of its counterpart. Home care cooperatives will communicate a professional and high-quality experience to applicants with modern templates, automations, and the ability to make adjustments based on analytics.

Upon accessing the cooperative's expertly-crafted website, applicants will find:

- Language that addresses applicants' needs and interests
- Job postings that acknowledge and respect the dynamic lives of caregivers
- Job postings that stress the importance of soft skills
- Key benefits of working at a cooperative:
 - Opportunities for participation and leadership
 - Emphasis on member-owner input
 - Selection of leadership
 - Profit-sharing
- Clear information about the hiring process
- Easy access to hiring documents

The development of this solution will follow the same process and leverage the same systems as the client-facing website solutions previously addressed. Selections will be made during the business planning and launch planning phases.

Member cooperatives can elect to add the caregiver recruitment micro-site to their existing, independent website, or can elect to buy in to the full website offering. In either case, member cooperatives will receive support with set-up and launch, ongoing technical assistance, and ongoing training on effective digital marketing. Like caregiver surveying, the micro-sites and related collateral will leverage selected products, systems, and vendor experts.

Job Posting Optimization Portal

The majority of home care cooperatives rely on a limited pool of job posting platforms including Indeed, Facebook and Craigslist. These platforms are crowded with seemingly identical caregiver job postings. A job posting optimization portal will not only help cooperatives stand out, it will support optimization of job postings for greater success across all platforms.

Job optimization systems like PandoLogic distribute a company's existing job postings to a wider network of recruitment websites. Utilizing real-time analytics that look at click rates, time cycles, search trends, and language, job postings are adjusted and distributed across recruitment sites based on optimal conditions.

PandoLogic utilizes a monthly cost structure that does not limit the quantity of job postings, evenly distributing posting efforts between all open jobs. PandoLogic can reduce recruitment costs by 25%-50% while improving the candidate pool. This portal, however, is a costly solution and will likely only be feasible at a larger membership scale. Secondary cooperative staff will explore opportunities for group discounts or other group benefits on job posting sites like Indeed and myCNAjobs.

Non-Digital Supports

Many cooperatives also rely heavily on direct caregiver referrals, which is notably the most effective means of bringing in qualified candidates. The secondary cooperative could provide support and offer strategies to grow internal referrals. Training sessions on caregiver recruitment and retention best practices, peer exchanges, one-on-one coaching, and incentive programs could serve as additional ways to support cooperatives in their recruitment and retention efforts.

The secondary cooperative will also conduct national outreach to caregivers and caregiver networks to increase awareness of cooperative employment opportunities. Outreach may include articles and blogs on popular caregiver recruitment and training sites, presentations at caregiver events, and networking with workforce development organizations.

Proposed Product #3: Member Training

The secondary cooperative could play a significant role in the advancement and delivery of caregiver training, including advocating for a federally-recognized core skills and advanced skills training and certification program for home care workers. Early on, the secondary cooperative will focus on:

- Advanced caregiving topics to support on-the-job success
- Cooperative training to improve revenue generation and member engagement

The secondary cooperative will draw on the existing expertise of the Homecare Cooperative Initiative, making state and regional training accessible to cooperatives across the country. It will also engage national experts from outside the initiative to bolster existing capacity.

We anticipate that the secondary cooperative will offer the following trainings in year one:

Advanced Caregiver Training

- Dementia care (PHI, National Alzheimer's Association, or similar)
- Client Communications and Managing Difficult Clients (PHI)

Cooperative Membership:

- Introduction to Home Care Operations (including key inputs that drive business and impact revenues, wages, and growth)
- Introduction to Home Care Cooperative Governance (an overview of board, management, and member roles, and the value of active engagement)
- Introduction to Home Care Financials (including key terms, fiscal roles and responsibilities, and measures of success)

The above offerings will help caregivers improve their knowledge and skills and will increase quality of care and internal cooperative engagement, serving as a key differential within the broader home care industry.

The secondary cooperative also plans to offer board trainings for new and continuing board members. These trainings could be offered at regular intervals to accommodate multiple cooperative boards, or could be conducted on an individual basis. Trainings will employ a combination of in-person, virtual, and train-the-trainer models.

Beyond the proposed products and services outlined above, there is ample opportunity to add and expand offerings to bolster caregiver recruitment and retention. Once operational, the secondary cooperative will establish a caregiver advisory group to guide key needs.

Agency Optimization and Growth

An effective back office is integral to cooperative success. The secondary cooperative will help member cooperatives adopt more efficient and adaptive systems for collecting payments, scheduling staff, and onboarding new employees.

As the need for new systems, procedures, and workflows is identified, the secondary cooperative will help member cooperatives integrate new solutions and adapt to change. Altering familiar processes can often be intimidating and overwhelming. The secondary cooperative can play an instrumental role in the process, standardizing key systems and functions to ensure continued optimization and improvement. Similar to franchise offerings and centralized management within chains, this optimization should help to level the playing field with conventional competitors.

For the secondary cooperative to effectively support member cooperatives with operational optimization and growth, the products and services offered must:

- Standardize daily tasks to create efficiencies
- Offload tasks to increase staff capacity and optimize use of time
- Provide access to professional guidance (including legal, accounting, and HR) that is often difficult for individual cooperatives to afford or identify

Effective products and services will:

- Allow staff to spend more time on responsibilities that require a direct personal touch, such as member engagement, development of referral partners and proactive growth activities
- Empower cooperatives to operate at a more sophisticated level and compete in the marketplace

An evaluation of the current home care cooperative network has identified four areas where intervention will be most impactful:

- Tracking, analysis, and communication of organizational data
- Administrative and board leadership training
- Group purchasing
- Financial products

Each is discussed in detail below.

Proposed Product #1: Tracking, Analysis, and Communication of Organizational Data

The previous three years of collecting, analyzing, and presenting results from the Home Care Cooperative Benchmarking Survey has highlighted the power of metrics to demonstrate the impact of the cooperative model. These metrics keep a pulse on the home care cooperative sector, help create a broader understanding of ongoing needs, and identify key opportunities for development at the network level. The secondary cooperative will continue to expand upon this important work by standardizing and streamlining data collection, analysis, and reporting at the secondary cooperative and local cooperative levels.

Access to aggregate, standardized data at predictable and recurring intervals will allow the secondary cooperative to identify and anticipate common challenges and needs. At the sector level, the secondary cooperative will be able to devise collective strategies and solutions that are supported by measurable goals. At the local cooperative level, the secondary cooperative will develop and monitor reporting expectations, helping to improve administrative capacity. Access to regular data, benchmarked against the home care cooperative sector and broader industry, will provide important insights into the successes and challenges of the cooperative entity. Home care industry experts frequently note sophisticated data tracking and analysis as the key differentiator between successful and struggling home care agencies.

The secondary cooperative will assume the role of sector benchmarking, continuing to produce an annual sector benchmarking report, and will add monthly and quarterly benchmarking to support timely discussion and action. The secondary cooperative will work with administrative staff to monitor and utilize core data, including client hours and cash flow, on a weekly basis. It will assist boards and management with translating the data into actionable context, incorporating trend analysis and comparison with performance and industry benchmarks. This will include developing a tailored benchmarking report for each member and meeting with boards to identify new goals and measures to monitor and discuss progress.

The table below outlines the key financial and operational data that the secondary cooperative will collect on an annual, quarterly, and monthly basis, and data that cooperatives will collect and analyze on their own with initial training, as needed:

Recurring Basis (Monthly/Quarterly)			Annual Basis
Operational Data	Cooperatives should monitor internally	<ul style="list-style-type: none">○ Total client hours○ Total FTEs○ Caregiver utilization rate○ Total formal referral partnerships○ Average hourly service rate○ Travel time/ mileage	<ul style="list-style-type: none">○ Total client hours○ Total admin staff○ Lifetime value of caregivers○ Lifetime value of clients○ Caregiver tenure

	Secondary cooperative will collect from members	<ul style="list-style-type: none"> ○ New hires/ attrition ○ Total client hours ○ Total FTEs ○ Average hours per client 	<ul style="list-style-type: none"> ○ Total client hours ○ Total admin staff ○ Caregiver turnover
Financial Data	Cooperatives should monitor internally	<ul style="list-style-type: none"> ○ Total debt service ○ Revenue by payer ○ Cash on hand ○ Total fixed costs ○ Receivables ○ Payables ○ Per client and caregiver acquisition cost (quarterly) ○ Hourly gross margin ○ Caregiver wages 	<ul style="list-style-type: none"> ○ Payer rates ○ Annual budget
	Secondary Cooperative will collect from members	<ul style="list-style-type: none"> ○ Quarterly P&L ○ Revenue by payer 	<ul style="list-style-type: none"> ○ Annual budget ○ Payer rates ○ Annual financial statements ○ Caregiver wages

Electronic Health Records and Accounting: All current cooperatives have an established internal system for monitoring the care of clients in the form of Electronic Health Records software (EHR), as well as an accounting system that tracks associated revenue and costs from serving clients. While all software can be compared on its usability, features, and integrations, none of these components truly matter unless the operator is fluent in the software's full scope of capabilities. It is assumed that these systems reduce time spent on manual processing, freeing time for other more important and forward-thinking tasks. Due to the nature of home care—constantly changing schedules and low margins to support office staff—cooperative administrators are almost always navigating time scarcity. Generating fluency in software takes time to make time.

Each cooperative currently uses their own unique pairing of EHR and accounting software. Price, availability, compatibility, and ease of utilization are all considerations for onboarding new systems. Ideally, the secondary cooperative will unite its member cooperatives through equalized systems that are similarly organized, speak the same language, and can be easily and quickly troubleshooted through a network of support. For example, a centralized accounting system via QuickBooks Online will allow the administration of the secondary cooperative to access, but not interact with, each member cooperative's accounting system. Access will allow secondary cooperative staff to run reports and analysis without interference,

adding to administrator staff capacity. After integration, home care cooperatives will have a similar chart of accounts, allowing for individual and collective analysis and comparison, and specific and timely recommendations for improvements. Centralizing client and caregiver management systems among member cooperatives will significantly decrease the time spent on collecting and sharing client and staffing data, creating reports, and benchmarking data, making information more accessible and more actionable. There are numerous systems that could be employed for this function including the popular ClearCare Online, or others such as AlayaCare, AdaCare, and Generations.

Dashboards: Dashboards are visual representations of key organizational metrics that quickly convey trends and correlations, providing cooperative leaders with a window into the impact of key metrics on the short- and long-term health of the business. Dashboards come in many styles but can be categorized in two ways: 1) a static report demonstrating a specific point in time, or 2) an interactive portal where the user can manipulate the data to answer questions and inform strategy. The secondary cooperative will produce both. The proposed centralized database will allow cooperative leaders and designated secondary cooperative staff to quickly customize reports for varying audiences including cooperative boards, membership, and external lenders, funders, and payers. A dashboard produced for a board will speak to different interests than a dashboard for caregivers, but both will pull information from the same database. Finally, the secondary cooperative will produce recurring internal reports for each cooperative that map its individual progress and benchmark each cooperative among its comparable peers. By harnessing the full power of centralized technology systems for accounting, and EHR and HR software, cooperatives could shave significant time from administrative tasks, and could use that time to develop meaningful relationships with the community and to conduct other high-touch activities.

Dashboards help cooperatives:

- Make decisions based on real-time operational and financial data
- Quickly access historical information for planning tasks like creating budgets or for lenders and investors
- Produce polished and accessible reports for multiple audiences
- Prime cooperatives for growth by demonstrating business strength and quality care through measurable variables

The Annual Benchmarking Survey will continue to be a larger comprehensive report that offers a high-level overview of the home care cooperative sector for internal and external audiences. It will be significantly less cumbersome and time-consuming for home care cooperatives to participate in, as report data will either be accessible or previously provided to secondary cooperative staff.

Proposed Product #2: Administrative and Board Leadership Training

In the home care industry, training is associated with the requirements of caregiving, largely set by state requirements. This makes sense based on the nature of the work. Within home care cooperatives, however, caregivers must also be trained on basic business operations and finances, and on cooperative principles, membership, and governance. The same is true of cooperative management, office administrators, and board leadership who must have a deeper understanding of business operations and finances, and cooperative systems and structures. The secondary cooperative will be the champion the home care cooperatives need, centering important trainings that uplift professional development and confidence in roles, while directly contributing to the success of the cooperative as an enterprise.

In addition to the caregiver member-focused trainings which are focused on the individual, the secondary cooperative will also provide trainings on critical topics identified by administrators, board members, and cooperative developers that support individual upskilling and business optimization. To create a model that encourages adult learning, a peer cohort model will be used whenever possible. Trainings will be provided at several intervals throughout the year at either no cost, or a low subsidized cost to cooperatives.

The sections below provide detail on initial trainings to be offered by the secondary cooperative in alignment with training needs identified by home care cooperative stakeholders.

Administrative Training

Many cooperative administrators have a deep understanding of the home care sector and the constraints of the labor force. However, many new administrators lack formal business training including budgeting and financial modeling, marketing and sales, human resource management, staff recruitment and onboarding, and customer service design. The learning curve for new administrators could be shortened with focused and well-structured trainings that develop skills, setting administrators up for long-term success. Administrators are often the first point of access for clients and caregivers, and it is imperative that they are armed with the right tools and skills to foster progress.

The first suite of administrative trainings will likely include:

- Communication skills (new and existing entrants)
- Office procedures (new entrants)
- Records management (new entrants)
- Office technology and computer applications (new entrants)
- Marketing and sales (new and existing entrants)

Administrative trainings will include training for new entrants, including start-ups, and advanced topics for more senior administrators and cooperatives farther along in their

development or operational history. The secondary cooperative will draw on the expertise of existing cooperative administrators to serve as paid trainers and will leverage outside expertise for advanced topics.

Board Leadership Training

For caregivers that are voted into board positions, the new role comes with increased expectations of participation and oversight. Moreover, board members are a key component to the cooperative's checks-and-balances, and require dynamic, participatory, and empowered dialogue with management to ensure the cooperative remains on track with its mission, vision, and goals. Given that the home care industry largely undermines the voice and power of home care workers, stepping into board roles is often a significant and sometimes intimidating challenge for caregivers.

While the majority of cooperatives provide some level of board orientation, few provide ongoing training or coaching to ensure board members succeed or advance in the role. Real-time issues and questions come up, roles and responsibilities blur, and complex conflicts arise. A core function of the secondary cooperative will be to support cooperative board members by providing comprehensive and ongoing board training, access to as-needed coaching support, and connection to a larger network of sector peers.

The first suite of Board Leadership trainings will likely include:

- Collective problem-solving
- Communication
- Conflict resolution
- The entrepreneurial mindset
- Financial management and decision-making
- Effective management of the manager

Board trainings will be delivered by a combination of cooperative developers, external content experts and experienced board leaders. Peer cohorts will be utilized where possible to increase learning and connection.

Proposed Product #3: Group Purchasing

In August of 2020, the ICA Group tested the first service pilot of the proposed secondary cooperative: group purchasing PPE for interested home care cooperatives. This initiative was a reaction to scarcity and price gouging for PPE during the first phase of COVID-19. The ICA Group, acting as a secondary cooperative, mobilized its network of supporters in the home

care and logistics sectors, sent inquiries to suppliers, aggregated supply needs from the cooperatives, and completed a purchase of 2,000 N95 masks that were distributed from Equal Exchange's storage facilities in Portland, Oregon.

Upon formal launch, additional group purchasing offerings will be rolled out. PPE will likely be a continued need, as will standard caregiving supplies including gloves and uniforms. Group purchasing can be extended to software systems, tech solutions, and product licensing. As the secondary cooperative grows, so will its buying power and market leverage. One such example that could yield significant financial benefit to member cooperatives is workers' compensation.

As the second largest direct labor expense and one that is legally required, workers' compensation is a necessary burden for cooperatives. Each cooperative currently negotiates and purchases coverage on an individual level. The secondary cooperative envisions aggregating this need. Through coordinated safety trainings and procedural adjustments, cooperatives could demonstrate a lower risk to insurers, decrease costs, and take advantage of collective purchasing. Secondary cooperatives in other sectors have provided significant benefit to their members by doing this.

One possibility is an increasingly popular idea in the insurance industry: the creation of insurance trusts for specific industries. Members of the trust buy in to a collective account that has specific intentions of coverage. Payments to the trust are held securely and paid out on an as-needed basis. Coverage for things like workers' compensation will be included in the buy-in and continued payments will theoretically be a smaller dollar amount and equally compliant with regulations.

Finally, state regulations make group purchasing of items like health insurance and background checks complex without significant state-specific scale. But these items will be a continued focus of research and attention for secondary cooperative staff, as the benefit could be great.

Proposed Product #4: Financial Products

Another common need is consistent sourcing of capital. Capital needs include business lines of credit and start-up and growth loans. Business lines of credit are particularly important for agencies that currently serve or plan to serve public pay markets. Public sector payors can take weeks, if not months, to process invoices, but caregivers need to be paid bi-weekly or weekly, creating a potentially worrisome squeeze on cash flow. Because the major input into caregiving is labor, home care agencies have very little elasticity in their accounts payable to cover costs when payments are delayed. Even small cooperatives serving exclusively private pay markets, cash flow can be an issue. In months where a particularly large bill, such as a semi-annual insurance payment, is due, small cooperatives with limited working capital can

face short-term trouble paying their bills, even when business operations are fundamentally sound.

Home care cooperatives reported varying success negotiating reasonable products to meet their short-term credit needs from local banks. While some were able to secure adequate financing from community sources, many were not. Experiences included board members or managers required to make personal guarantees for the co-op's debt, or being turned down for credit outright. Some co-op leaders reported feeling reluctant to approach a bank for what they needed.

While access to growth loans has been more positive, the small and unpredictable margins in the home care sector often make lenders, even those familiar with home care cooperatives, weary. Start-up loans are even harder to secure, forcing many home care cooperative entrepreneurs to invest significant unpaid time in cooperative launch.

In response to this need, the ICA Group was central to the founding of a new community development loan fund, the Fund for Jobs Worth Owning (FJWO). FJWO specializes in high-impact sectors such as home care and child care, where worker-owners face challenges in securing appropriate financing due to a lack of collateral, and conventional lenders are not familiar with the worker cooperative model. The secondary cooperative can build on this foundation, working extensively with the FJWO to structure a set of financing products for its members, responding to their needs in a streamlined and supportive way.

Various services of the secondary cooperative, from board training to HR support to coordinated financial benchmarking, will all improve the business performance of member cooperatives. This will increase their credit standing and perhaps warrant a negotiated discount from the FJWO. The secondary cooperative can work with the FJWO to expand its repertoire of financing products, perhaps including exclusive offerings for secondary cooperative members. One idea is to share loans for individual co-op members, enabling them to borrow against their equity stake in their home cooperative.

Future Products

In addition to the products outlined above, the secondary cooperative could add significant benefit to members by offering on-demand legal, accounting, and HR advice and coaching. This would bring timely insight and mitigate risk by bolstering cooperative administrators with professional support. Engaging national experts on retainer will be one strategy to offer this service. Given the low immediate need for these services and the high cost, these services will be added over time as membership grows.

From the perspective of the secondary cooperative, cross-member integration of a caregiver management software platform such as ClearCare would also be ideal. This would arm each

cooperative with reduced-cost, industry-leading caregiver management software, allowing the secondary cooperative to provide centralized training and individual support on technical issues. Importantly, allow the secondary cooperative to integrate the software with other platforms such as Qualtrics for easy data collection, analysis, and benchmarking. Moving all cooperatives to one software system may not, however, be realistic. This will need to be explored with guidance and input from early members.

Solidarity and Political Advocacy

A final group of needed products and services could be described as solidarity and advocacy. These differ from marketing activities, which are designed to promote a specific cooperative, and instead focus on advancing the sector as a whole. Activities will center on advocacy for workers in the industry, seeking better pay, better working conditions, and increased recognition and respect.

In other countries, and in U.S. cooperative sectors that are more well-developed like credit unions or utility cooperatives, these kinds of advocacy tasks are typically conducted by a trade association. Trade associations advocate for their members in Congress, take on public education campaigns, and develop materials and resources to support members in their own local issue campaigns. With the support of a separate trade association, secondary cooperatives operating in the sector will generally be free to focus on shared business endeavors such as group purchasing or common contracts. Home care cooperatives are not so fortunate.

A public policy and advocacy presence is vital for the success of the co-ops making up our prospective membership. Key issues include:

- Medicaid reimbursement rates have an oversized role in setting wages for the entire industry, representing over 70% of all revenue in the home care industry. These rates are unreasonably low and set the industry standard. All home care businesses, whether private pay, public pay, or a mix, are influenced by federal policy.
- The entire industry is set on an unsustainable course. Demand for home care services is growing, wages are stagnant, labor shortages are looming, and the status quo cannot hold. Influencing the outcome of these incompatible trends will require that home care workers find ways to speak with a single, influential voice.
- As a low-wage sector with many small players, home care cooperatives are not in a position to influence policymakers directly. To be successful, they need the services of a trained and savvy policy staff, and that expense can only be shouldered if it is shared among many.
- Home care work suffers from a significant lack of respect and prestige. A public relations campaign to change public perception of the work is a task that will be most effective and most beneficial if approached in solidarity with other home care workers.

Most of the activities described in this study are designed to support and enhance the performance of each individual member cooperative as a business, helping them build market share, be more strategic, and get better results for their time and money. Transforming the entire home care industry, however, will require a set of efforts and activities that go beyond networking, group purchasing, and growing member revenues. Creating high-quality jobs across the home care field is ultimately a political challenge—one that requires institutions that are powerful enough to successfully push for policy changes that address systemic under-investment.

The effort needed is twofold: one set of activities is policy-related (advocacy) and involves showing up at the right places and firmly pushing policymakers for reforms, backed with data and testimony from constituents. The other set of activities is more related to public perceptions and self-confidence (solidarity) and is designed to celebrate caregivers and change the way that clients, workers, and the public view the important work of home care.

A frequent tension within business alliances is the amount of energy spent on supporting activities that deliver member benefits in a clear, specific, and immediate way, and other activities that may benefit members as a whole but have more long-term, diffuse, and opaque results. It is a challenge to build support within a group of businesses to pay for tasks like advocacy.

Secondary cooperatives exist to improve the efficiency and bottom lines of their member cooperatives. It would certainly be easier for the new secondary cooperative to concentrate on activities that produce immediate financial benefits for members. However, unless the secondary cooperative incorporates the advocacy aspects of a trade association, catalyzing a change in economic conditions, member cooperatives will have a very difficult time staying in business.

The secondary cooperative will include a range of advocacy and solidarity activities. Co-op leadership should explore ways to partner with other organizations, secure earned media, or find alternative funding sources to support these activities. Some initial activities could include:

- Lobbying and policy support in state markets, based upon a critical mass of caregivers and opportunity to make meaningful change
- Support for members to participate in state and regional task forces
- National and state awareness campaigns addressing stigma and lack of prestige of home care
- Research, articles, and press releases about the impact of worker ownership in the sector and the critical role of home care workers
- Strategic partnerships with aligned groups
- Role and voice in the national dialogue about aging

As membership and revenues grow, the secondary cooperative imagines building out national programs that can bolster and provide further proof of the cooperative difference in home care, including:

- Advanced skills certifications
- National core skills training
- cooperative standards accreditation
- Value-based payment models for cooperative adoption

Formalized programs of this nature will bolster advocacy efforts.

Networking and Community

Cooperatives frequently cite the importance and impact of peer exchange and technical support. Home care cooperatives already benefit from and enjoy a strong sense of solidarity and connection through the Homecare Cooperative Initiative via an annual conference, bi-monthly peer exchange and technical assistance calls, and direct peer-to-peer and cooperative-to-developer networking. This work is critical for the secondary cooperative. The secondary cooperative intends to take on the coordinating activities of the Homecare Cooperative Initiative and build upon the incredible foundation built by the Cooperative Development Foundation and the Initiative's steering committee. Immediate and simple activities include development of a member and sector contact database, a home care cooperative listserv, and a monthly newsletter.

Legal Structure and Governance

The legal structure proposed is a secondary cooperative—a federation of cooperatively-owned enterprises that is, itself, owned and controlled by the member cooperatives. This is a common structure in advanced cooperatives systems, but rarer within the larger economy. More common alternative structures are a looser network of organizations, a not-for-profit trade association, and a single hierarchical consolidated enterprise.

A defining characteristic of the secondary cooperative is the sometimes-complex interplay of independence and interdependence. Each cooperative member is its own independent business, responding to local needs and the desires of its own members. This fundamentally differentiates the secondary co-op from a chain of franchises where control, if not ownership, is centrally concentrated. Equally important to the success of a secondary cooperative is the concept of interdependence. In a loose network, or even a trade association, membership is voluntary, sometimes fluctuating, and primarily focused on specific short-term goals or projects that do not require substantial systemic coordination. Networks are useful for building relationships and for basic information exchange, but the resulting relationships are not necessarily deep. Trade associations can be powerful institutionalized networks of similar businesses, but they take on broad policy issues and services that are of interest to a wide spectrum of their constituents, rather than tailor their activities to the specific needs of certain members.

Secondary cooperatives are defined by economic linkages between members. In a secondary co-op, there is a close connection between the economic success of the cooperative and the economic success of the member, and services are designed to promote the larger group. In a secondary cooperative, there is a direct ownership and governance linkage between the overarching enterprise and the ultimate individual beneficiary (the caregiver-member) that is absent in other competing structures, including benevolent nonprofit associations. Such a structure has advantages, but it can also be cumbersome. Cooperative theory lends some guidance on the most effective ways to organize an efficient, democratic, and consultative secondary cooperative. Professor Brett Fairbairn, formerly of the University of Saskatchewan's Centre for the Study of Cooperatives, outlined three principles for the governance of federations of cooperatives, characteristic of high-functioning enterprises:

- 1) **Economic Linkages** between members and the federation must be significant and meaningful, and members must understand it to be so. Members will support the cooperative because they trust that the cooperative is acting in their best interests, and this trust emerges from the very structures and practices of the co-op federation, including its communications.
- 2) **Transparency** is vital for members of the federation to be well-informed of the secondary cooperative's business and financial results. Members must have a thorough understanding of the industry and sector in which they operate and understand the different interests or positions of different stakeholders. Such information and transparency takes education, but it builds trust, and trust is one of the central business advantages of the secondary cooperative. Trust makes members loyal, and member loyalty helps build the business and carry it through hard times.
- 3) **Cognition**, according to Fairbairn, is the state of being a "thinking organization." It has a sense of its own mission and identity within the broader industry or sector, and regularly discusses, revisits, and revises this mission. Being a thinking organization helps the secondary cooperative embrace innovation, understand and reconcile competing interests, and adapt to a changing environment.

Building these three practices into the secondary cooperative's business and governance practices will, according to Fairbairn's extensive research, give the organization the greatest chance of benefiting from the advantages of consultative democratic business structures (loyalty, efficiency, innovation, resilience) while not being weighed down by competing tensions between and within the membership.

" Governance is the set of formal and informal arrangements by which power is allocated and exercised in any system with interdependent actors."

— Professor Brett Fairbairn

The Role of Education in Governance

The array of services identified by home care cooperatives in our survey was broad, ranging from straightforward volume purchasing activities like PPE to board education and policy advocacy. In places like Quebec where there is substantial institutional government support for cooperatives, advocacy is taken on by quasi-governmental sector-specific associations, and secondary cooperatives are free to focus on group purchasing activities. William.coop, a purchasing cooperative in the child care sector in Quebec, has 621 members and revenues of over \$31 million CAD. In the U.S., cooperative sectors that have strong trade associations are

able to spin off successful secondary cooperatives, offering a specialized set of services. In the utility sector, the National Rural Electric Association is a very effective lobbying and advocacy voice, and it offers cost-effective board training and other group services to their member cooperatives. Secondary cooperatives, like the National Information Solutions Cooperative, focus on providing a specific and specialized product or service, such as group development and purchasing of software and technology that addresses complex regulatory and security issues.

In the home care sector, there is no industry-wide trade association that meets the needs of cooperatives. The home care industry has trade associations at state and national levels which are helpful in some circumstances, and the worker cooperative sector has a national association which is useful in other circumstances. But there is no other body meeting the needs identified in our survey.

This is a challenging situation. In most successful secondary cooperatives, it is easy for members and board members to see the financial and economic linkages between the federation's activities and their own affairs. This makes it easier for board members to bring relevant expertise to the table, and to clearly and accurately report back on federation activities. They can see timely and meaningful results of that investment. When the secondary cooperative is involved in policy and sector development, this becomes more difficult. Success may be opaque, and board members may feel that they have less to contribute, becoming less invested in and supportive of these activities. This is not an inevitable conclusion, just a cautionary tale.

The secondary cooperative can invest in board education, actively and repeatedly linking the range of activities to the successes of the member cooperatives. Fairbairn notes that business federations do not tend to succeed when price, efficiency, or economies of scale are the only concerns of member organizations. Multiple stakeholders, who may value the different roles of the federation differently, can encourage broader buy-in from members and cultivate a deeper understanding and commitment to the sector.

The secondary cooperative can also take advantage of its role as a board education resource to strengthen its own governance. In large trade associations such as the NRECA for electric cooperatives and CUNA for credit unions, board training is readily accessible and available from the trade association. This has the advantage of being low-cost and convenient, but it doesn't necessarily build relationships between individual co-ops, or between trainees and the training entity. Our secondary cooperative can turn the lack of affordable and available board training¹² into an advantage by using its capacity to build the cooperative. Arctic Cooperatives Ltd. in Canada, an extremely effective network of general-purpose stores serving very remote communities in Arctic Canada, does just this. Training for community board members is a

¹²Home care cooperatives that are located near a cooperative development center generally have access to high quality, low-cost board training. This resources is not consistently available nation-wide.

central function, whose primary purpose is to act as a joint purchaser and provider of store inventory. These two activities may not appear to be related, but they very much are. As community-based board members travel to Winnipeg for regular board training sessions, they build relationships and gain a significant understanding of the Arctic Cooperatives' operations and its importance. These training sessions help co-op leaders identify the next generation of rising leaders, contributing to the sound governance of member cooperatives and the secondary co-op.

Fairbairn suggests another successful governance tool for federations and secondary cooperatives: view the business federation as a type of common pool resource and follow Nobel Laureate Elinor Ostrom's design principles for the stakeholder governance of common pool resources.¹³

Board Composition:

Every cooperative with a diverse membership base faces the issue of balancing interests of members. For national organizations, a key differentiating factor is location, and geographic diversity is a common criteria for board composition of secondary cooperatives and trade federations. Typically, board members run for a district seat to represent their part of the country, sometimes with the addition of at-large seats. Other co-ops, like the Independent Natural Food Retailers, use the nominating process rather than formal allocation of board seats, to encourage geographic diversity.

Within the home care cooperative sector, the most striking difference between potential members is size, with one potential member dwarfing the rest of the sector. For purchasing cooperatives, size is also a frequent consideration for the allocation of governance rights or board seats, or the size of purchases from the secondary co-op. While this may violate the "1 member, 1 vote" principle on the surface, the argument is that 1) larger cooperatives represent a greater number of underlying members, and 2) the more a member purchases from the federation, the more they contribute and invest, warranting more oversight. Almost all of the most successful federations cited in Fairbairn's research tie voting rights in part to patronage of the central organization.¹⁴

Other considerations include the role of any state associations, whether staff or board members of member cooperatives are recruited as board representatives, and the inclusion of allied organizations in the cooperative membership. Trade associations often include a formal role in governance for state bodies. CUNA for example, is a national organization founded by

¹³These include: 1) clear rules for membership, 2) allocation of decision-making rights in accordance with investment in success of the shared enterprise, 3) quick access to conflict resolution services, 4) participation in the making and modification of rules, 5) member selection of their own monitors, and 6) governance activities organized in multiple layers. Two others less relevant to our situation are 7) graduated sanctions, and 8) minimal recognition of rights by a governmental body.

¹⁴Fairbairn, Brett. 2020. Unpublished manuscript.

state credit union leagues and maintain a strong governance role. In other cases, like the very successful Cooperative Housing Federation of Canada, the national organization began first, and only later started admitting provincial associations into their membership. Approaches to board representation also differs. Arctic Cooperative board members are all community-based members of their member cooperative boards, in line with the federation's objective to act as a tool for local leadership development. The National Cooperative Grocers Association takes the opposite approach, with an entire board of general managers. The Health Care Cooperative Federation of Canada allows both.

A final consideration is the role of affiliate organizations in membership. The Canadian Housing Federation of Canada also allows affiliate organizations, including provincial associations, key vendors, and other allies to be members, and these organizations represent 5-10% of members. Allowing affiliates increases the diversity of experience on the board without undermining democratic member governance, while expanding revenue

These are all important considerations for our emerging secondary cooperative. Fortunately, whatever initial decisions are made can be reevaluated at a later date. CUNA, the large national credit union trade association, has significantly revamped its governance system several times to better balance considerations of geography, size, and affiliate representation. Fairbairn, noted throughout, argues that an important aspect of long-term sustainability is for governance arrangements to evolve as the federation grows and membership grows and changes.¹⁵

For our secondary cooperative, an initial board structure might prioritize geographic diversity, given the small number of cooperatives forming the initial membership base. We may also seek a balance between enterprises involved in public pay and private pay work. Size, and patronage of the cooperative should be an important consideration for board representation. Allocating specific board seats for representatives of cooperatives whose business will literally make or break the financial performance of the federation in its early years is reasonable and strategic, with additional board seats available for members of smaller cooperatives. A diverse board made up of directors and administrators of member cooperatives will also be beneficial. Serious consideration should be given to the allowance of a limited number of allied memberships, both to raise additional equity and to enhance the experience present at the board table.

At this time, it does not appear to be beneficial to allocate governance rights based upon patronage, since it is not clear which specific products will generate a surplus that will make up any patronage. In the first several years, the secondary cooperative will be trying out various products to gauge member interest and satisfaction, and the federation will only be able to accurately assess member patronage after the start-up phase. It is better to allocate board

¹⁵Fairbairn, Brett. 2020. Unpublished manuscript.

seats based upon representation and reexamine once there is data about actual cooperative operations.

In summary, we envision a dynamic board structure that is representative of the diversity of cooperative membership in the broadest sense (geography, market, size, role in the cooperative), is supportive of a comprehensive social mission, and where influential positions are reserved for those entities with a clear and compelling stake in the success of the secondary co-op. Fairbairn notes, "One of the telling signs of an impending federation failure may be when leaders begin to view the governance form itself as a problem, rather than a resource that could help it more effectively compete."¹⁶ Taking the practical advice of others and committing to a practice of continual board education coupled with periodic reevaluation of board composition will help the new secondary cooperative function at its highest level.

Relationships Between State and National Entities

The relationship between state associations and any national body merits some consideration. Should a member of a state-wide home care association, for example, be given free or reduced membership in the national body? Within CUNA, the credit union trade association, state leagues were founding members and have significant residual governance rights. In the Cooperative Housing Federation of Canada, an entity whose organization preceded the establishment of provincial bodies, the relationship is negotiated on a case-by-case basis.

Some services are better delivered at the local or regional level. Group purchasing typically relies on volume and is a clear activity for a national association. Marketing activities undertaken by the national body can serve to support local outreach in the community. Policy development and strategy from a macro perspective might be a national activity, while lobbying is best left to local contacts. Financial analysis is very powerful when coordinated at the national level, but it can also provide unique insights when applied at local and regional levels. Group training on board responsibilities or industry basics may be best when delivered by a reliable and trusted advisor at a local level, but content could also be developed and coordinated on a national level. Peer mentoring relationships are best done at a local level but can also be nurtured nationally if participants can rely on regular in-person and virtual meetings. The social capital and trust that is built between cooperatives is easier to attain at a local level but is also possible to achieve at national co-op gatherings. The best relationship between any potential state entities and our national federation is highly variable. It is certainly possible to envision scenarios where an effective network of state home care cooperative associations will interact regularly in a mutually supportive way with a national body. Since there are currently no state home care cooperative associations, it seems best to treat the emergence of each organization on a case-by-case basis.

¹⁶Fairbairn, Brett. 2020. Unpublished manuscript.

Financial Model

For home care cooperatives, the primary benefit of membership in the secondary cooperative is the opportunity to access value-added products and services that generate revenue. This includes products and services that:

- Attract and retain new clients and caregivers
- Streamline and enhance internal operations
- Decrease expenses

The secondary cooperative plans to deliver this value by charging reasonable monthly membership dues, while seeking new and creative ways to raise additional revenue through service contracts, event fees, sponsorship, and grants.

A truly successful secondary cooperative is one whose members would never dream of quitting because the effect on their own business operations would be too detrimental. This is our goal. The products and services described in this report provide ongoing and long-term benefits to member cooperatives. They address immediate gaps and challenges but also position member cooperatives and their membership for long-term growth and advancement. Each proposed product and service has value on its own, but most, if not all, are also mutually-reinforcing, and have a high likelihood of improving financial performance.

The core challenge of the secondary cooperative is that the true value of some of these services may only be recognized over the medium- to long-term, and some may be difficult for members to appreciate as the benefits of this work will be less direct. Because profit margins are so slim and cash is so tight, benefits of the secondary cooperative must have tangible and compelling short-term benefits or co-op leaders will not be able to justify the expense.

Value Proposition

The value for home care cooperatives to join the secondary cooperative can be demonstrated by presenting the standard individual costs for similar products, and the cost of those same services provided by the secondary cooperative. Some cooperatives are not currently investing enough to realize benefits in certain products and would therefore experience increased costs

by joining the secondary cooperative. Diligent research assumes that membership will generate enough new revenues that will offset and even surpass the cost of membership, making the initial investment more palatable for smaller members. Product and service ROIs will be carefully studied in a pilot roll-out phase to test assumptions and trigger needed adjustments.

On a subtle but possibly more impactful level, membership in the secondary cooperative is likely to decrease the emotional isolation felt by cooperatives. By having a centralized partner that can quickly access dependable marketing, recruitment, legal, HR, and financial information, and connect cooperative leaders to fellow peers, cooperatives decrease their risk and increase their confidence in making decisions. While not an obvious benefit, a key result is stronger and more sustainable operations.

The table below provides an overview of initial, anticipated product and service costs on an annual basis.

Product and Service	Annual Costs
Marketing Tools (website templates, web hosting, analytics, and growth driven design)	\$12,000
Content Creation (blogs, social media posts, videos, and infographics)	\$7,400
Leadership Training (Admin and Board)	\$4,500
Bookkeeping and Dashboards (QuickBooks and bookkeeping services)	\$10,000
Caregiver Certification Training ¹⁷	\$11,000
Client Satisfaction Surveying (templates and survey usage)	\$3,000
Total Market Value	\$47,900

¹⁷Assuming 50 caregivers at an average cost of \$220 per caregiver—this does not include training wages, just the provision of materials.

Using current home care cooperative P&L's as an inspirational baseline, the following table demonstrates the anticipated cost and benefits that secondary cooperative membership will provide for a diverse set of cooperatives.

	Start-Up/ Small Co-op	Small Established Co-op	Medium Co-op	Large Co-op
Current Revenue	\$315,000	\$600,000	\$5,000,000	\$55,000,000
Current Expense for Same Products and Services Only¹⁸	\$5,000	\$15,000	\$40,000	\$1,595,000
Annual Secondary Co-op Membership Dues	-\$9000	-\$10,800	-\$24,000	-\$84,000
Savings/Losses from Membership	-\$4,000	+\$4,200	+\$16,000	+\$1,511,000
Increase in Revenue from Utilization of New Products/Services	2%	2%	2%	2%
Realized Increase in Revenue	+\$6,300	+\$12,000	+\$100,000	+\$1,100,000
Financial Benefit from Co-op Membership	+\$2,300	+\$16,200	+\$116,000	+\$2,611,000

¹⁸Assumes current expenses for same products and services are eliminated and absorbed into membership costs.

As this table demonstrates, each cooperative need only increase their revenue by 2% to recoup their investment in the secondary cooperative and add profits to their bottom line. Our research indicates that this is a very conservative estimate, and actual returns should be much higher.

Secondary Cooperative Start-Up

To get off the ground and quickly demonstrate value to members, the start-up phase of the secondary cooperative must be adequately planned and executed. Assuming a 6- to 12-month pilot phase that engages two large and two small cooperatives, followed by a one-year start-up phase that increases membership to nine cooperatives in the following year, the secondary cooperative will need to make an investment of \$80,000-\$100,000 to launch. This will depend upon confirmation of several cost variables and relationships with vendors.

Key Revenue Drivers

Equity Contributions (Non-Revenue)

The secondary cooperative is a cooperative of cooperatives. It requires that each eligible member contribute equity within the first year of membership. This is in addition to ongoing annual membership dues. Equity contributions are based on a cooperative's revenue at the time of membership and will be adjusted as cooperatives reach new revenue thresholds. The most efficient way of doing this is to adjust membership dues for a short period to cover the difference in equity as the cooperative graduates.

The secondary cooperative anticipates testing an initial suite of core services and products with four pilot home care cooperatives. Since the pilot cohort will be the test case for the secondary cooperative's initial suite of offerings, the pilot cohort will not be asked to invest equity until the end of the pilot phase and the official launch of the secondary cooperative. Assuming all four pilot cooperatives elect to join the secondary cooperative at the time of official launch, we can estimate approximately \$30,000 in initial equity investments.

Annual Revenue	Equity Required
\$0-\$299K	\$200
\$300K-\$500K	\$1,500
\$500K-\$1M	\$2,000
\$1M-\$2M	\$3,000
\$2M-\$4M	\$4,000
\$4M-\$6M	\$5,000
\$6M-\$10M	\$6,500
\$10M-\$49M	\$10,000
\$50M+	\$15,000

To make the new expense of equity more manageable, if a cooperative cannot pay their equity share in full, or within 3 months of joining, the Fund for Jobs Worth Owning will offer equity loans with friendly terms to all new members. While equity is important, the secondary cooperative will not allow equity contributions to be a barrier to membership.

Equity contributions from member cooperatives will establish a financial and emotional buy-in by member cooperatives and will create a financial foundation for the secondary cooperative. The ICA Group and the entrepreneurial Director will serve as the lead fundraisers for this effort. Early equity contributions from the pilot cohort, paired with proof of concept from pilot initiatives, will provide a strong foundation to pursue grants, donations, loans, and other equity investments to support expansion and growth. Matching donations and loans with friendly terms will be the most optimal products. Over the long-term, as membership and equity grows, funds can be leveraged in creative ways to expand services and cooperatives, such as developing a pro-active agency acquisition and conversion fund.

Membership Dues

Membership dues are structured to be proportional to the revenue cooperatives earn. As a cooperative's revenue grows, so will their membership dues. It is worth noting that these current dues structures could be adjusted before launch. Dues will never be increased beyond what is reasonable for co-ops to pay, and will always consider the monetary value that membership contributes to cooperatives. As a cooperative of cooperatives with cooperative representatives in board seats, cooperatives will have a strong voice in evaluating and setting appropriate membership dues.

Revenue Size	Monthly Dues	Annual Dues
\$0-\$299K	\$100	\$1,200
\$300K-\$500K	\$750	\$9,000
\$500K-\$1M	\$900	\$10,800
\$1M-\$2M	\$1,200	\$14,400
\$2M-\$4M	\$1,500	\$18,000
\$4M-\$6M	\$2,000	\$24,000
\$6M-\$10M	\$3,000	\$36,000
\$10M-\$50M	\$3,500	\$42,000
\$50M+	\$7,000	\$84,000
Conversion	N/A	\$5,000

In the case of conversion, monthly membership dues will only go into effect once a home care business has transitioned to employee ownership. In the interim, the secondary cooperative will provide consulting, training, and access to discounted systems and solutions at a single cost of \$5,000 (presumed to be 10 months). After that, the new cooperative will be integrated as an independent cooperative and contribute both equity and monthly dues.

Additional Revenue Drivers

The secondary cooperative will continue to identify and integrate additional revenue-driving activities over time. This will not only ensure its sustainability, but also its continuous growth. Possible revenue drivers for the secondary cooperative include:

Insurance and Background Checks: As the census of the secondary cooperative grows, the opportunity to take advantage of group pricing for standard costs will also grow. Costs that each cooperative shoulders individually, like workers' compensation, background checks, and medical insurance could be collectively negotiated at a national or state level.

The secondary cooperative will purchase plans at discounted bulk group costs and provide each member access to plans with cost savings. The secondary cooperative will collect the equivalent of a brokerage fee for provider identification, negotiation, coordination, and roll-out.

Training Fees: It is the intention of the secondary cooperative to offer caregiver and administrator training as part of membership costs. However, there may be opportunities to charge non-cooperative agencies for trainings. As the scope and level of sophistication of training is increased, this approach may need to be reevaluated. Basic trainings could always be offered for free or for a nominal amount, while advanced trainings could be offered for a market-comparable cost. Whenever possible, the secondary cooperative will secure funding or pro-bono services to support training and education so that cost does not prohibit access.

Fee-for-Service: As the secondary cooperative grows it may be possible for the entity to offer fee-for-service offerings including conference speaking engagements, growth consulting, and member engagement consulting. This will need to be balanced carefully as existing Homecare Cooperative Initiative members, including local cooperative development centers, should first be invited to participate in service delivery.

Sponsorship/Vendor Fees: Most industry associations, federations, and other secondary groups rely in part on sponsorships from supportive adjacent vendors. This can come through annual conference sponsorships, website and newsletter sponsorships, and vendor finders fees. It would be wise for the secondary cooperative to access this funding pool. While it is unlikely to drive significant funding early on, this could become a more significant funding source as membership grows.

Supporting Membership: As the cooperative grows and expands its influence, supportive parties could lend their support to the secondary cooperative and its network of members by purchasing small amounts of equity. These small equity shares will come with clear by-laws for a scope of input, influence, and profit-sharing. Overall, a diverse set of voices that orbit the cooperative will help innovation and provide a broader perspective.

Nonprofit: In addition to the strategies discussed above, the secondary cooperative may pursue the establishment of a nonprofit arm to leverage available grant dollars for loss-leader items like training, training scholarships, industry research, and pro-bono assistance to start-up groups. This nonprofit arm would operate separate from the larger secondary cooperative but would be actively informed by its work and larger industry and policy trends. Alternately, secondary cooperative staff could partner with existing nonprofits to apply for grant funds to benefit secondary cooperative members. For example, the secondary cooperative could support PHI in applying for grant funds to support caregiver training.

Secondary Cooperative Costs

Pilot and Launch

The Pilot Phase will be a critical time to determine which products and services are financially accessible and add value to cooperatives' operations and financial outcomes. The initial package of services is structured to address the three immediate concerns of client acquisition and retention, caregiver recruitment and retention, and a need for internal systems that are structured and optimized for growth.

The pilot package presented below outlines one-time costs, and include the following products and services:

Product	Included with Product	Cost
Micro-site System	Strategy and messaging development, client acquisition micro-site; caregiver recruitment micro-site; secondary cooperative micro-site; HubSpot onboarding	\$36,000
Dashboard Creation		
QuickBooks Online Licenses (2 Co-ops)	Software that tracks revenue and expenses and shares information directly with secondary cooperative	\$790
Bookkeeping Chart of Accounts Design	Organized template of a home care cooperative's chart of accounts, and integration to each QuickBooks license.	\$1,050

<i>Bookkeeping System Set-Up (2 Co-ops)</i>	Transfer of previous accounting system to new standardized chart of accounts	\$2,100
<i>Bookkeeping Training (2 Co-ops)</i>	One-on-one training to member cooperatives on utilization of new software and accounting practices	\$2,100
<i>Client Satisfaction Surveys</i>	5 user accounts that track relational and transactional net promoter scores, customer satisfaction, and transactional customer effort score	\$14,002
Total		\$56,042

Additional costs related to the launch of the secondary cooperative that are not included in the pilot package outlined above include legal costs for incorporation, branding expenses, including logo and name development, and the development and coordination of initial training offerings. Many of these costs, including branding, development of basic member and board trainings, and staff time required to coordinate and prepare the secondary cooperative for launch will be absorbed by ICA. Final costs will need to be calculated before beginning the work. For caregiving training, ICA anticipates utilization of PHI's Core Competency training, requiring fundraising for licensing and consulting costs.

IdeaCo, ICA's trusted marketing and branding partner, will develop a full branding package that includes a unique name, logo, palette, and branded templates. This information will be used to officially file the secondary cooperative as a legal business.

Cost Per New Member

The secondary cooperative will take on incremental, variable costs with each new member. Costs include website platform fees, QuickBooks licenses, an increased volume of satisfaction surveys, and an increased number of training participants. We presume that the secondary cooperative will be able to access better bulk pricing for certain products over time as the census of members grows. The cooperative will also be positioned to add sophisticated products like insurance or background checks, offering significant value to members and making fee revenue from brokers a real possibility.

While start-up cooperatives that earn between \$0-\$299K will not be able contribute dues to offset the cost of their membership, the second tier of membership—\$300K-\$500K of annual revenue—will offset costs. We presume that the membership dues from larger members will help offset the cost of membership for start-ups, and all members, regardless of size, will benefit from group activity. As membership grows, overall costs should trend down, benefiting all member cooperatives regardless of their size.

The following expenses are estimated for onboarding and set-up of each new member:

Product	Included with Product	Cost
Unique Micro-site	A micro-site integrating cooperative branding, information, language, and effective and impactful client and caregiver stories.	\$2,000
Caregiver Training	Ten high-quality training modules tailored for adult learners	\$1,000
Leadership Training	Staff time for two annual eight-hour trainings	\$0
Admin Training	Staff time for two annual eight-hour trainings	\$0
Bookkeeping Set-up and Training	Transfer of previous accounting system to new chart of accounts; one-on-one training on new software and accounting practices	\$3,150
QuickBooks License	Software (cost savings experienced after 25 licenses)	\$395
Surveying Onboarding	Customer Experience (CX) software for distributing and collecting client satisfaction information	\$1,700
Total		\$8,245

Ongoing Costs

Ongoing costs include product maintenance and continued technical support. During the first four years of full operation (2022-2025), the secondary cooperative will employ 1 FTE, and then increase to 1.25 FTEs in 2026, and 1.5 FTEs in 2028.

The table in Appendix B aggregates many of these costs into single line items. Each line item includes several, rolled-up expenses. For example, social media content creation and website hosting are included as marketing products, the annual board meeting is an administrative expense, and QuickBooks license purchase and renewal are also administrative expenses.

Assuming matching funds of two times the equity contributed by member cooperatives, and a committed loan of \$400,000 over four years from the Fund for Jobs Worth Owning, the secondary cooperative will remain cash positive until 2030. Until then, the secondary cooperative will need to implement cost-saving measures or integrate additional products and services that drive revenue for member cooperatives to justify an increase in membership dues.

Key Takeaways

The secondary cooperative's financial structure is inherently dynamic. Revenues and expenses will be in a constant state of change as new members join and leave, existing members reach new revenue brackets, new products and services are introduced and ineffective ones are discontinued, and cost savings thresholds are reached and trigger deeper discounts. Currently, the key revenue driver for the secondary cooperative is membership dues from cooperatives, but these can and should be supplemented with incremental revenue from the purchase and resale of consolidated products as the secondary cooperative reaches adequate scale. New revenue-generating products and services and product and service discounts will be continuously vetted with research and supported by ROI analysis for the benefit of both the member cooperatives and the secondary cooperative.

Conclusion

As a movement, the home care cooperative sector has articulated a vision for a day when co-ops are a significant presence in the home care industry with a significant market share, all co-ops pay good, industry-leading wages, and cooperatives provide career advancement opportunities for caregivers.

These are audacious goals in today's home care landscape.

We can make our vision a reality with the creation of a secondary cooperative. Significant and numerous challenges include low industry profit margins, an often-hostile public policy environment, and a limited base of co-ops with which to form initial membership. But we have also identified core opportunities for growth and improvement. With the help of strong and creative partners, meaningful changes can be implemented at an affordable cost and on a reasonable timeline. We believe this work is worth doing. This initiative has the potential to yield profound results. This is chance worth taking.

The work that fills these pages outlines the beginning phases of a path forward for businesses and brave caregivers. With every passing day, a devoted and focused co-op membership will learn more, push the envelope further, make new connections, and expand possibilities for the entire sector. We look forward to sharing the results of this work with the many individuals central to this sector—including the dozens of individuals who directly contributed their time, experience, and insights to this work. We look forward to making this vision a reality.



Home Care in the Wake of COVID-19: A Path Forward for Independent Agencies

For an industry that was operating on the edge before the pandemic, the coronavirus pandemic will have far reaching and lasting impacts. Without swift and innovative solutions, hundreds if not thousands of local and independent home care agencies will be forced to go out of business or will be bought and consolidated. Critical, life-sustaining community services will be lost. As the home care industry has demonstrated time and time again, when there is challenge, there is also opportunity. For independent home care agency owners facing closure or considering retirement, a sale to employees provides an immediate and innovative solution—one that maintains critical services in local communities, improves the quality of home care jobs, and solidifies the legacy of selling agency owners.

Pouring from an Empty Cup

The home care sector, like all care-based sectors, is undervalued, under-resourced, and over-burdened. Despite exponential growth of the home care sector over the past several decades¹, reimbursement rates for home care services remain exceptionally low. Nationally, the average Medicaid reimbursement rate for home care services hovers around \$18 per hour. With the cost of providing non-skilled home care services averaging \$23 per hour, agency owners are left with little to sustain their businesses in a highly competitive and fragmented industry. In this context, it is the largest agencies and franchises who wield market power and can benefit from efficiencies of scale that are best positioned to succeed. The market, however, remains dominated by small players. According to recent research by PHI, 80% of the home care industry is represented by small agencies, which employ 50 or fewer workers.² These agencies operate on razor-thin margins, with little room for error. This is particularly true for agencies serving the public pay (primarily Medicaid) market. Agencies that make less than \$1.5 million in net revenue per year, average less than 30 days of cash on hand to run operations.³ With billing cycles that span 30-90 days, chasing cash flow creates a constant and precarious battleground for any ambitious owner.

¹Driven by the unprecedented growth in the aging population paired with a social preference for aging at home.

²Small home care agencies are designated as agencies employing 50 or fewer workers.

³Eugene Goldenberg, managing director at Edgemont Capital Partners, as reported in <https://homehealthcarenews.com/2019/12/home-health-executive-forecast-2020-trends-challenges-and-opportunities/>.

As a result of low margins, home care employees are among the lowest paid workers of all industries, making only \$11.40 per hour on average. Benefits are limited, hours are inconsistent, training is insufficient, career advancement is nearly non-existent, and the job is emotionally and physically taxing. The subsequent result is a severe shortage of caregivers to meet demand and a high caregiver turnover rate.⁴ Unsurprisingly, for the past four years, home care agencies have rated caregiver shortages as the number one threat to their businesses.⁵ During the COVID-19 crisis, caregivers have felt more unsupported, unappreciated, and excluded than ever before.

"Caregivers are some of the least respected workers in our economy. The stigma needs to end."⁶

An Industry in the Shadows

While the coronavirus has wreaked havoc on every sector of the U.S economy, the virus's impact on the home care industry has been particularly devastating. In a survey by *Home Care Pulse*, agency owners noted insufficient supplies of PPE and clients and caregivers contracting COVID-19 as the top two threats to their businesses. For caregivers and agencies serving vulnerable clients every day, this is an unacceptable position.

In many cases, home care workers are the only regular contacts for homebound seniors and people with disabilities, and they are often first responders in an emergency. Despite this, home care workers, and the home care sector have been systematically excluded from the larger health care system. This exclusion has never been more evident. Home care agencies and associations have had to fight tooth and nail to be included in critical discussions and policy responses to the COVID-19 crisis for front-line workers and first responders.

With many clients fearing exposure, many clients cancelled services entirely, put services on an indefinite hold, or relied on family members for care, putting already stretched home care agencies in a constant state of uncertainty. According to a recent COVID-19 survey by *Home Care Pulse*, 76% of agencies ranked "running out of cash due to clients cancelling or putting services on hold" as one of their top three threats. A survey by the Home Care Association of

⁴ According to Home Care Pulse, caregiver turnover averaged 64% in calendar year 2019 and 85% in calendar year 2018. While the industry saw a significant decrease between CY 2018 and CY 2019, 64% turnover means that more than half of all employed caregivers change jobs or leave the industry entirely every year, causing instability for clients and costing the industry millions of dollars.

⁵ Home Care Pulse Annual Benchmarking Surveys 2017, 2018, 2019, 2020.

⁶ April 2020, PHI, COVID-19 Stakeholder Survey. <https://phinational.org/we-surveyed-our-stakeholders-on-covid-19-heres-what-we-learned/>.

America found similar results: 90% of reporting agencies noted experiencing clients cancelling services.

These same challenges are acutely felt by caregivers. In addition to lacking access to adequate PPE and experiencing losses in hours and income, home caregivers face a host of additional challenges, including fear of transmitting COVID-19 to their families, lack of available child care, limited public transportation, death of clients, and a lack of mental health supports. A job which was already grossly undervalued and underpaid now forces caregivers to do potentially life-threatening work with little support and little prospect for reward. **"I work in home care because it's a gift from God. I have to do this job because someone needs me to care for them,"** shared a Memphis, Tennessee home care worker. **"But despite the crucial role we have in keeping our clients safe from the coronavirus, this is the most inhumane, unsafe, and unappreciated line of work."**⁷

These stressors will undoubtedly compound negative impacts on the caregiver crisis, which have already constricted the industry. While some experts in the home care sector speculate that the economic recession may slow movement of the workforce or attract newcomers to the field, without substantial and meaningful systemic change, many caregivers will ultimately elect to leave the industry for safer, more stable, and financially rewarding work. Even worse, those who would have considered entering the field will be dissuaded based on the poor and very public response to COVID-19. The industry's caregiver shortage and turnover crisis will be exacerbated, putting the sector at risk.

For agency owners who had been nearing retirement before the COVID-19 crisis or otherwise contemplating the sale or closure of their agency, the challenges and pressures of rebuilding after the pandemic will likely be too much. Pre-pandemic industry research found that over 50% of independent home care agency owners wish to sell their business in the next five years, yet fewer than 50% of agency owners have an exit plan.⁸ Massive closures, acquisitions, mergers, and further consolidation of the industry is likely to follow the current crisis. For seniors and people with long-term disabilities, this will mean fewer options for home-based care, pushing many into higher-cost and higher-risk long-term care facilities.

Employee-Owned Agencies on the Rise

Employee ownership, the sale of a business to a broad base of employees, provides a different path. Already there are over 450 employee-owned companies in the United States, including thirteen employee-owned home care agencies across eight states, and dozens more under development. A key differentiator, employee-owned home care agencies boast an average turnover rate of only 38%, nearly half the industry average. Across industries, employee-owned firms report higher rates of workforce satisfaction and engagement and invest more in

⁷ April 14, 2020 SEIU Virtual Press Conference, report featured in <https://homehealthcarenews.com/2020/04/i-deserve-to-be-respected-home-care-workers-make-emotional-plea-for-better-treatment/>.

⁸ 2017 Business Succession Survey, Home Care Magazine, in partnership with the ICA Group.



workforce training. Most importantly, they are more likely to survive economic recessions and are half as likely to lay staff off during economic downturns.

Home care cooperatives offer a practical and lasting solution to the recruitment and retention crisis. They are structured to value, support, and reward caregivers. They pay higher than standard wages in the industry, provide advanced training and mentorship, and offer leadership and professional development opportunities—rarely seen in the broader home care sector. Cooperative home care agencies operate independently, but they are linked by a strong and growing network of employee-owned agencies that are pooling knowledge, resources, and power to gain a greater market share.

Some businesses are started as employee-owned cooperatives, but a growing number start out as conventional companies and transition to employee ownership through the sale of the business to its employees. For agency owners who are ready to exit their business, employee ownership provides an opportunity to secure a competitive return, ensure the future of loyal employees, preserve critical community services, and solidify their agency's legacy in the community.

We do not know how long the pandemic will last or its exact impact on the home care sector. But it is already clear that it will be profound. The ICA Group is committed to rebuilding and strengthening the sector with employee-owned businesses that provide quality jobs for home care employees and quality care for clients, while keeping wealth in local communities.

What we can do

In an effort to retain local agencies and the critical services they provide, the ICA Group has launched the [Home Care Legacy Program](#)—which is now accepting applications from independent agencies.

This grant-funded program offers free business valuations and exit planning consultations to home care agency owners looking to share ownership or otherwise exit the industry. Now more than ever, ensuring successful business transitions will be critical to the future of quality home care. An exit plan and business valuation will help owners understand all of their options, including a sale to employees.

If you own or know of a home care agency that is weighing their options, reach out to the ICA Group. We are committed to partnering with owners, and to ensuring the long-term growth and success of the home care industry.

Appendix B: Financial Model

PILOT MODEL	2021		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Grants	\$ 28,021	FTEs											
USDA		Revenue											
NYC		New Member Dues		\$ 6,000	\$ 4,800	\$ 11,400	\$ 11,400	\$ 12,600	\$ 12,600	\$ 12,600	\$ 22,800	\$ 21,600	\$ 21,600
Coop Cincy		Member Dues	\$ 45,000	\$ 181,201	\$ 205,201	\$ 240,601	\$ 262,201	\$ 284,401	\$ 331,801	\$ 345,602	\$ 352,204	\$ 349,805	\$ 398,406
		Conversion Training		\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Microsite	36,000	Total Member Revenue	\$ 45,000	\$ 192,201	\$ 215,001	\$ 257,001	\$ 278,601	\$ 302,001	\$ 354,401	\$ 368,202	\$ 385,004	\$ 381,405	\$ 430,006
		Matching Funds	\$ 56,000										
Satisfaction Survey	\$ 14,002	Caregiver Trainings	\$ 3,200	\$ 7,200	\$ 10,400	\$ 12,000	\$ 13,600	\$ 16,000	\$ 18,400	\$ 20,800	\$ 24,000	\$ 26,400	\$ 28,000
Monthly Dashboard													
QB	\$ 790	Scholarship Grants	\$ 2,000	\$ 2,000	\$ 2,000	\$ 3,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 5,000	\$ 5,000	\$ 5,000
YPTC Design	\$ 1,050	Earned Income	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000
YPTC Setup	\$ 2,100												
YPTC Training	\$ 2,100	Total Revenue	\$ 116,200	\$ 211,401	\$ 237,401	\$ 282,001	\$ 310,201	\$ 337,001	\$ 391,801	\$ 418,002	\$ 439,004	\$ 442,805	\$ 493,006
	\$ 56,042												
		Member Expenses											
		New Member Expenses	\$ 41,225	\$ 32,980	\$ 16,490	\$ 16,490	\$ 24,735	\$ 24,735	\$ 24,735	\$ 32,980	\$ 24,735	\$ 24,735	\$ 32,980
		Established Member Expenses	\$ 11,030	\$ 17,205	\$ 21,935	\$ 25,220	\$ 29,160	\$ 33,495	\$ 38,475	\$ 45,600	\$ 49,875	\$ 52,725	\$ 58,425
		Total Member Expenses	\$ 52,255	\$ 50,185	\$ 38,425	\$ 41,710	\$ 53,895	\$ 58,230	\$ 63,210	\$ 78,580	\$ 74,610	\$ 77,460	\$ 91,405
		Staff Expenses	\$ -	\$ 85,248	\$ 87,805	\$ 90,440	\$ 111,920	\$ 115,278	\$ 132,081	\$ 136,044	\$ 140,125	\$ 144,329	\$ 148,659
		Marketing Product Expenses	\$ 45,450	\$ 46,706	\$ 47,999	\$ 49,331	\$ 50,703	\$ 52,116	\$ 53,571	\$ 55,070	\$ 56,614	\$ 58,205	\$ 59,843
		Survey Product Expenses	\$ 15,406	\$ 16,176	\$ 16,985	\$ 17,834	\$ 18,726	\$ 19,662	\$ 20,646	\$ 21,678	\$ 22,762	\$ 23,900	\$ 15,406
		Training Expenses	\$ 9,500										
		Admin Costs	\$ 25,900	\$ 26,677	\$ 27,477	\$ 28,302	\$ 29,151	\$ 30,025	\$ 30,926	\$ 31,854	\$ 32,809	\$ 33,794	\$ 34,807
		Interest	\$ 9,000	\$ 18,000	\$ 27,000	\$ 36,000	\$ 24,000	\$ 20,000	\$ 16,000	\$ 12,000	\$ 8,000	\$ 4,000	\$ (0)
		Additional Expenses	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 65,000	\$ 65,000	\$ 75,000	\$ 75,000	\$ 85,000	\$ 85,000
		Total Expenses	\$ 157,511	\$ 274,992	\$ 268,692	\$ 277,616	\$ 314,394	\$ 340,311	\$ 365,434	\$ 398,226	\$ 401,921	\$ 422,687	\$ 435,120
\$ (28,021)		Net Income	\$ (41,311)	\$ (63,591)	\$ (31,291)	\$ 4,385	\$ (4,193)	\$ (3,310)	\$ 26,367	\$ 19,776	\$ 37,083	\$ 20,118	\$ 57,886
\$ (28,021)		Retained Earnings	\$ (69,332)	\$ (132,923)	\$ (164,213)	\$ (159,829)	\$ (164,022)	\$ (167,332)	\$ (140,965)	\$ (121,188)	\$ (84,105)	\$ (63,987)	\$ (6,101)
		Beginning Cash	56,000	86,689	110,098	157,308	235,692	156,356	82,904	47,128	9,261	-5,298	-33,823
		Member Equity	\$ 28,000	\$ 5,000	\$ 5,500	\$ 10,000	\$ 6,000	\$ 7,000	\$ 11,000	\$ 11,500	\$ 13,500	\$ 12,500	\$ 22,000
		Net Income	\$ (97,311)	\$ (81,591)	\$ (58,291)	\$ (31,615)	\$ (28,193)	\$ (23,310)	\$ 10,367	\$ 7,776	\$ 29,083	\$ 16,118	\$ 57,886
\$ 400,000		Loan FJWO	100,000	100,000	100,000	100,000							
		Loan Principal Paid (Less)					\$ 57,143	\$ 57,143	\$ 57,143	\$ 57,143	\$ 57,143	\$ 57,143	\$ 57,143
		End Cash	86,689	110,098	157,308	235,692	156,356	82,904	47,128	9,261	-5,298	-33,823	-11,080