



# The Cleveland Model: The Evergreen Cooperatives at Age 1

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The Evergreen Cooperatives story is a powerful one – a story of a new American model for reviving urban neighborhoods and creating wealth for their residents.

It's a story that began four years ago, when leaders of some of Cleveland's biggest and most stable institutions – the city's two largest health-care systems and the leading research university – came together to explore ways that their economic power could help their neighbors.

The opportunity lay in the \$3 billion those institutions spent each year on goods and services. What if they collaborated on ways send more dollars flowing into the surrounding community by buying locally? How would their neighborhoods and neighbors benefit?

The initiative launched one year ago, when the first two Evergreen Cooperative businesses opened their doors. They are new kinds of businesses – for-profit, environmentally green companies designed specifically to meet the needs of the anchor institutions. They were created in, and hire from, the poor and neglected neighborhoods surrounding those institutions. Their worker-owners (13 so far, and as many as 28 by year's end) earn above-average pay and no-cost healthcare coverage, and will accrue an equity stake in the companies. In other words, they don't just get jobs – they attain livelihoods.

The system is designed to self-perpetuate: Successful co-ops will pay a portion of their profits into a fund to finance the launch of new Evergreen Cooperative businesses.

Word of this new model is spreading around the country. Cities including Youngstown, Pittsburgh, Atlanta, and Detroit are studying ways their own anchor institutions might collaborate to adapt the Cleveland Model.

**Evergreen partners:** Case Western Reserve University, the Cleveland Clinic, the Cleveland Foundation, the City of Cleveland, the Democracy Collaborative, Enterprise Cleveland, Judson Retirement, Kent State University's Ohio Employee Ownership Center, McGregor Homes, the Kelvin and Eleanor Smith Foundation, the state of Ohio, University Hospitals, and many more.

**Evergreen Cooperative Laundry:** This facility in Cleveland's Glenville neighborhood launders linens from hospitals, nursing homes, and hotels, using ultra-energy-efficient technology and recycling waste heat and water.

- Employees at launch (Oct. 21, 2009): 7
- Employees at 1<sup>st</sup> anniversary: 25
- Employee owners: 5
- Capacity: 10 million pounds annually
- Current production rate: 3 million pounds annually
- Major clients: Judson and McGregor retirement communities, Parma Community Hospital, and Staybridge Suites and Renaissance Cleveland hotels
- Profitability: Projected by year's end

**Ohio Cooperative Solar:** Also based in Glenville, OCS installs solar panels and weatherizes buildings to help owners meet energy-saving targets and cut costs.

- Employees at launch (Oct. 21, 2009): 4
- Employees at 1<sup>st</sup> anniversary: 23
- Employee owners: 8
- Major clients: Cleveland Clinic, University Hospitals, Case Western Reserve University, the Cleveland Housing Network, and several community-development corporations, including Detroit-Shoreway, Mt. Pleasant NOW, Fairfax Renaissance, and Cudell.
- Profitability: Achieved in March 2010

**Green City Growers Cooperative:** Construction is expected to begin in late 2010 on this 5-acre urban greenhouse on 10 acres of land in Cleveland's Central neighborhood. The hydroponic greenhouse will supply anchor institutions and large food distributors in Northeast Ohio with fresh herbs and up to 5 million pounds of lettuce per year. Plans call for up to 50 owner-employees.

**On the Horizon:** Business planning is underway for four more cooperatives in Cleveland, and the Evergreen vision calls for dozens eventually, creating hundreds, or even thousands, of jobs. Virtually any city in America could create new, local jobs and business opportunities for its citizens by leveraging the purchasing and investment power of its local universities, hospitals, and other anchor institutions.

**Also see:**

- From Time.com: <http://bit.ly/Egreen1>
- From Bloomberg BusinessWeek: <http://bit.ly/Egreen2>
- From The Nation: <http://bit.ly/Egreen3>