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Incubation Plan:

ICC Eco-Friendly House Cleaning Cooperative

Outline

The Challenge

Like many neighborhoods in the US the Ironbound faces the challenge of unemployed and under-employed residents. However as a neighborhood with a high concentration of immigrants, many Ironbound residents face increased barriers to employment: language, legal status, a lack of (recognized) educational experience, a lack of skills in areas like computers, etc. For these reasons we have found many immigrant women in the Ironbound struggling with unemployment and under-employment. A primary industry for these women is domestic work, particularly housekeeping because of the low skill and resources it requires and its often informal nature.

However, even when immigrant women find employment as house cleaners they may not be working in good conditions and their income often does not make them financially secure. The isolated and informal nature of housecleaning puts the workers at high risk of exploitation, since there is no formal contract between the worker and the *de facto* employer. The lack of formal recognition of the *de facto* employer makes it difficult to enforce labor protections and rights, such as minimum wage, unemployment, over-time, worker compensation, and sick days. There are also health risks, as most house cleaners are exposed extensively to toxic cleaning products.

The income flow in the housecleaning industry tends to be low and volatile and without accompanying financial safety nets. The income level in the house cleaning industry is low due to the low-skilled nature of the work and the often unfavorable bargaining position of the worker. House cleaners are at high risk of their employment being suddenly terminated with little or no notice, and losing their (possibly only) source of income with no compensation. Even if they have a secure flow of income, they often lack long-term financial security. There are no employer sponsored benefits for domestic workers, and many of these benefits are difficult or impossible for the works to acquire individually for financial and logistical reasons. Even if employers are legally required to pay taxes, the majority do not.[1] In 2009 the New York Times reported the "tax cheat rate" for domestic workers' employers was estimated to be between 80%-95%.[2] So workers are left without important tax benefits like the Earned Income Tax credit and the public safety net of Social Security. Most domestic workers face the burden of paying self-employment taxes to receive important tax benefits. However, self-employment taxes are very high and require good bookkeeping. For retirement they must create their own savings through vehicles like IRA's (individual Retirement Accounts). Despite its importance, creating savings pools is particularly difficult for domestic workers; they need to have exceptionally strong and consistent saving habits, which are difficult to build when they are receiving sporadic low levels of income.

The Opportunity

[1] In 2009 the New York Times reported the "tax cheat rate" for domestic workers' employers was estimated to be between 80%-95%: *Doing the Right Thing by Paying the Nanny Tax*, January 23, 2009; Ron Lieber, The New York Times: http://www.nytimes.com/2009/01/24/your-money/taxes/24money.html?_r=1&pagewanted=all

[2]

Housekeeping does not have to occur in undesirable conditions. In the right context housekeeping can be an opportunity to create good jobs for those who will have difficulty obtaining them otherwise. To take advantage of this opportunity and create a scalable, long-term mechanism which will improve conditions for those working as housekeepers and generate employment for those who need it, Ironbound Community Corporation will incubate an eco-friendly housekeeping worker cooperative. The cooperative will create a more transparent marketplace for housecleaning and allow members to collectively increase their financial security, and become entrepreneurs.

As a community organization with a focus on job creation and environmental issues, Ironbound Community Corporation is ideally placed to introduce an eco-friendly, housecleaning cooperative model to Newark. The primary capacity which the past incubators have shared is not business incubation, but that of being community based. ICC has a long history of successful community organizing and is already working with the primary population (first generation, female immigrants) which would be targeted to participate in the cooperative. Furthermore, ICC has already done work to promote eco-friendly cleaning and reduce people's contact with unhealthy cleaning products.

The Landscape

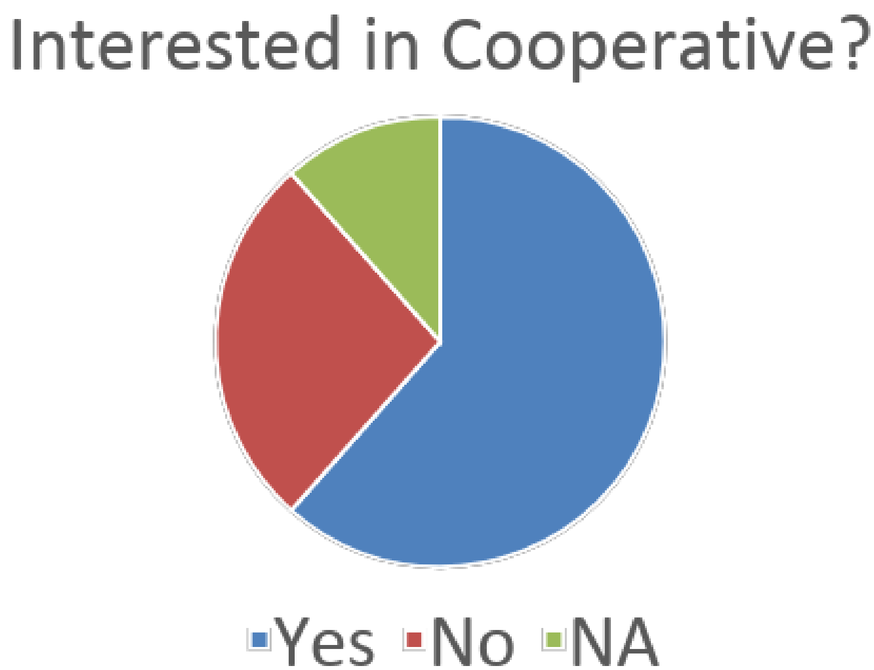
Increasingly, community organizations have incubated worker cooperatives as a way to create good jobs in the industry of domestic work. The best known is Women's Action to Gain Economic Security (WAGES), which was founded in 1995. Since then it has incubated 5 eco-friendly housecleaning worker cooperatives employing over 100 latina, female worker-owners, the majority of whom earn above-market income and have benefits. This model has recently gained momentum in New York City as well. In 2006 The Center for Family Life in Sunset Park, frustrated that it could not help many female immigrants find employment, decided to incubate Si Se Puede, an eco-friendly cleaning worker cooperative. Today Si Se Puede has 75 worker-owners, which earn $21 an hour. The Center for Family Life Sunset Park has gone on to incubate other successful domestic worker cooperatives as well. Various other eco-friendly housecleaning cooperatives have been created in New York since, including Apple Eco-Friendly Cleaning and Eco-Mundo Cleaning Cooperative.

Unlike many of the prior incubators ICC will have access to the now plentiful resources and technical assistance available to support those incubating worker-cooperatives, including those from the New York City Network for Worker Cooperatives and Eco-Friendly Cleaning Co-op Network. Both public and private funding sources have also increased, as funding worker-cooperatives has become a more popular way to support job creation (last year The Center for Family Life Sunset Park received $200, 000 from New York City alone).

The Interest: Community Survey

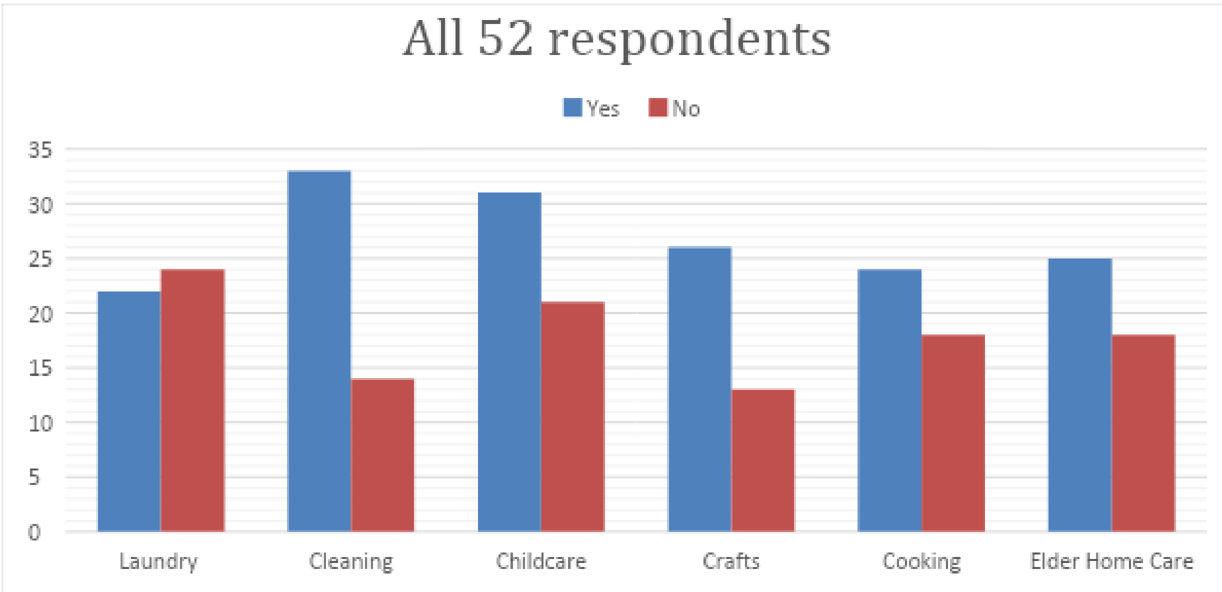
ICC completed a 3 month training by Center for Family Life Sunset Park's Cooperative Development Program on cooperative incubation for community based organizations. As part of the training we conducted a survey to gauge the community's interest in: a) participating in a cooperative business and b) the different kinds of business people were interested in. The survey was given out through our centers, primarily: the Family Success Centers, Early Head Start Program, and VITA site. Survey through these centers allowed us to reach the most vulnerable minority and economically disenfranchised populations in the Ironbound. Furthermore, since our recruitment for the cooperative will primarily target those already working with ICC, those responding to the survey are likely those we would be recruiting.

A total of 52 surveys were completed: 44 in Spanish and 8 in English. Of the surveyors a strong majority, 31 said they were interested in owning/being in a worker cooperative, and 14 said they were not.[3] There was a space to explain why they were or were not interested. The majority of people who stated they did not want to begin a worker cooperative said they were currently employed and did not want to change jobs. Interestingly, the second most common reason was distrust of working with other people, both financially and the worry that a group would not be able to agree to make a decision. No one stated an aversion toward entrepreneurship and being a business owner. The reason for being in a worker cooperative varied: liking the ability to help yourself and a group of people simultaneously, being able to share the risk, being your own boss, managing your own schedule, earning an increased income, etc.

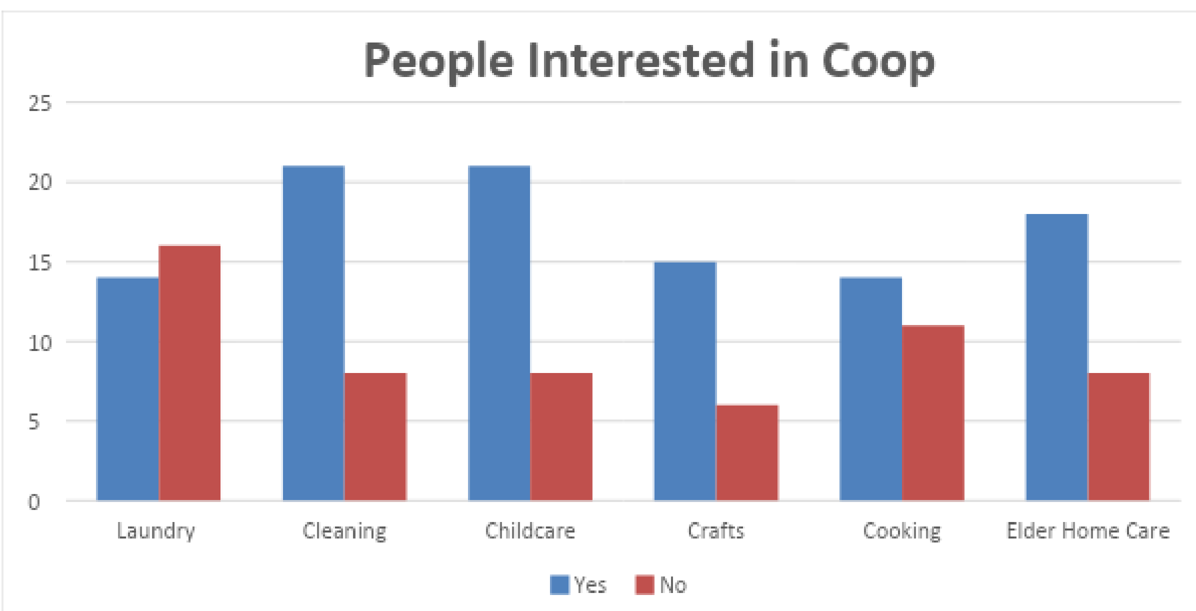


[3] Not everyone answered each question which is why there is a discrepancy in numbers.

The survey further asked them to choose which kinds of business they were interested in: laundry, housecleaning, cleaning, childcare, crafts and sewing, cooking and elder care. Of the total surveyed the most people were interested in house cleaning, followed by childcare and then crafts and sewing.



Of those who answered positively about wanting to work in a worker cooperative the top choices were house cleaning and childcare which came out with equal results, followed by elder care as the third choice.



The Model

The reason for choosing a worker cooperative, rather than organizing them individually is threefold. The primary reason is that domestic workers seem to need a "network" to function. The majority of successful domestic workers I meet have an informal group (family, friends, immigrants from the same region, churches, etc.) which they use to network and vouch for each other (ex. A housekeeper recommending her sister for her employer's friend). The coop would serve to expand this network for each individual, as each members outreach and connections will benefit the other members. The second reason is that while most people aspire to do good business practices, such as keeping detailed financial records and saving for taxes, they often don't. Peer support and pressure can be an effective way of encouraging people to meet these goals. In the long-run it may be possible to organize benefits, which from a logistical perspective, are easier to obtain and sustain as a group (ex. retirement or group medical insurance). Finally, operating a coop with other members will likely foster a deeper sense of foster a sense of community, empowerment and entrepreneurship.

The Service

The cooperative will essentially perform the function of a cleaning agency (an intermediary), but be will be run by the domestic workers themselves, instead of a third party. Its main function will be collective marketing to increase employment opportunities, through the creation of a website, social media, fliering, word of mouth, etc. The cooperative will create and increase the members' client base in a number of ways the members could not do individually, without taking the often unreasonable share of their income which agencies can take.

The cooperative will various competitive advantages for the potential customers of the cooperative members. Hiring a housekeeper can be difficult; as allowing someone access to your home requires a level of trust. Many individuals hire a based on the recommendation of someone they know. Otherwise, people need an agency to guarantee the integrity and quality of the services, but this is often expensive and many agencies provide cleaners with poor services. The cooperative should replace the guarantee and convenience an agency provides its potential customers, while giving the customers: a high level of customer service; a safer home without toxic cleaning supplies; and a socially-conscious way to hire housekeepers.

Legal structure

There are a few background legal principles to keep in mind while thinking of the legal structure of the cooperative:

-If you are someone's employer you pay them with paychecks, they fill out a W4 and at the end of the year you give them a W2 to report their income for taxes and you pay the employer taxes and they pay employee taxes. If they are a contracted worker they fill out a W9, and you give them a 1099 at the end of the year to report their income and they have to pay employer and employee taxes.

-It is illegal to employ someone who is an illegal alien- undocumented. From all the conversations I have had with different lawyers you have a bit more cover but are still liable if you are paying the individual as a contracted worker.

-However, there are no rules banning undocumented individuals from being business owners.

-Undocumented individuals are able to pay individual taxes, which will increase their chances of getting citizenship and begin paying into their social security.

Keeping this in mind, there are two legal models which the cooperative could use:

a) Marketing & referral coop

The members should ultimately be the people who chose the legal structure of the cooperative, but it is important they understand the advantages and disadvantages of both. This is the simpler and less costly option as it does not require any payroll services. In this model the housekeepers receive pay as they would otherwise independently from each one of their clients. The clients do not pay the cooperative. The cooperative's job is to market itself and do scheduling. The members may also choose to buy/make cleaning supplies in bulk together to lower the cost, or any other collective service which may be useful. They can be incorporated. If the members are going to be working primarily with residencies this is probably the more advantageous model.

b) LLC (Limited Liability Corporation)

This model is the same as above, with the key difference that the business can receive money from clients and pay it to cooperative members as a dividend. Dividends are a share of profits (this is what shareholders get in corporations). So when a business pays out a dividend to a member they are paying them *as a business owner, not as an employee*. This means that clients could pay the business and then pay out the earnings according to the amount each member worked (weekly, bi-weekly, monthly, etc.). This requires a payroll system which tracks number of hours worked by each member. This model makes more sense if the cooperative is moving in the direction of working with bigger businesses, nonprofits and other clients which must issue 1099's when paying for the cooperative's services.

Management

The cooperative will have to have a Board of Directors which will make the major decisions regarding the cooperative's finances, goals, internal structure, etc. The board members will be chosen by the cooperative members (though initially it will probably comprise of all the initial members themselves and maybe a few ICC staff). The Board of Directors will meet 2-3 times a year.

For the day to day decisions there will be "steering committees" which will make and implement decisions in their respective area of responsibility. The core areas will be 1) business development- marketing; 2) management- focusing on dynamics between the members, adherence to the bylaws, and organizing the monthly meetings and their agendas; 3) services- creating and enforcing environmental and quality standards for coop members. The steering committees will meet as frequently as they feel is necessary, but not less than once a month. The members will need to decide on the exact committees and way of doing things. It is key to create a division of work which allows everyone to show and be recognized for their strengths.

Finances

Financially the cooperative will sustain itself through monthly dues from the cooperative members. Sustainability will be reached when the cooperative's annual budget reaches roughly $27, 000 (ex. 20 coop members, paying a monthly fee of $112). Membership dues will be paid at a flat rate by each member monthly for the marketing, scheduling and other services of the cooperative. However initially, when the cooperative does not have a large base of customers which allows each member to be consistently employed the membership dues should not be paid per job. Si Se Puede initially had each member pay $5 per job.

Until sustainability ICC will take on the cost of the cooperative. ICC's cost regardless of coop's budget is ICC's coop developer staffing costs (though eventually ICC may begin to ask for a consulting fee). The total cost for the first year for ICC (including staffing and in kind services like space, phone service and internet) will be $54,065. Some of the costs are one time investments, like the trainings, so the total ongoing cost will be $51, 915. ICC will retain the cost of the coop developer salary of $25, 000 and the cooperative's budget should grow to at least $27, 000. See annual projections broken down below:

Fixed: 0.5 FTE Office manager ($20,000 annual for salary and fringe); 0.5 FTE Cooperative Developer ($25,000 annual for salary and fringe); administrative (rent, phone, internet, etc.) @ 10% = $4915; Marketing ($2,000 annual)

Variable: Cleaning Supplies ($2 per hour of cleaning?),

Investments, one-time: uniforms ($150) , trainings ($1500), first purchase of supplies $500

Total for first year: $54,065

<u>Financial Timeline</u>

Subsequent years: $51, 915, ***with Coop's base cost: $26, 915***

Year 1: ICC $51,565. Coop members fundraise $2500 for marketing and initial supplies

Year 2: 10 members' dues @ $112 monthly will cover 50%

Year 3: 15 members' dues @ $112 monthly will cover 75%

Year 4: 20 members' dues @ $112 monthly will cover 100%

If they work 20 hours @ $15/hr and pay $2/hr for supplies**, 77% Gross Margin, profit $11.55/hr around $12, 000[4] annually**

If they work 30 hours @ $20/hr and pay $2/hr for supplies**, 85% Gross Margin, profit $17/hr around $26,520 annually**

If they work 40 hours @ $20/hr and pay $2/hr for supplies**, 85% Gross Margin, profit $17/hr around $26,520 annually**

Note the single largest cost for the cooperative will be the office manager, any solution which would bring down the cost of this position would have a significant impact on the sustainability of the cooperative. In recognition of this fact CFL is working on potentially developing a shared office manager system for worker cooperatives. We should follow-up on and support this potential solution, as well as exploring alternatives.

The Market and Pricing

The large number of Ironbound residents currently working as housecleaners suggests that there is a sufficient market for these services. The cooperative would market to higher income suburbs and cities with pocket of high income individuals accessible by public transportation. Market research will determine which locations would be most advantageous to target.

National Industry Research

Nationally housing cleaning is a stable and a growing industry, growing at about 3% annually. Industry statistics show it to be top heavy- meaning the biggest companies take most of the revenue. However, this statistic includes the cleaning of large and industrial buildings where a company will employ a cleaning company to do multiple locations. This would not be the market segment the cooperative would be in. Research shows that small businesses compete effectively locally and that there are low barriers to entry in local markets.

[4] Based on an estimate of 49 weeks worked annually

An interesting statistic is that average revenue per employee is $35,000. However the average wage for cleaning buildings and dwellings $9.48/hr. This shows that the workers are being paid disproportionately less. Finally industry trends show that green cleaning is a growing preference within in the market.

Local Market & Marketing

From anecdotal evidence we see there is a market which ironbound residents are able to reach as many of our residents are employed to various degrees doing housecleaning. Currently, it seems to be that certain individuals are able to find customers through referrals, often the jobs are too big to do themselves so they bring 1 or 2 family members or friends and share the profit. It is common or the lead person to have a car, drive the other people and receive a higher proportion of the profits. For the local markets which function through word of mouth and social networks, the cooperative members will have to use their ability to network and spread referrals.

However for the segment of the market which primarily finds these services through formal channels such as the internet there seems to be a significant gap. No cleaning company in the general vicinity of Newark has a strong internet presence or significant number of reviews. In fact, many companies have very negative reviews about low quality work and/or bad customer service. The most similar service is provided by Sophy's Maids of NJ, they have positive reviews and provide eco-friendly cleaning services. Nonetheless, a company which managed to build a significant internet presence with many reviews and a reputation for consistently quality services would stand out. Ideas for a marketing strategy to place the cooperative in this position are:

- Facebook (create page and ads- $5 to get it on the homepage of a certain zip-code)
- Listings: Angie's list, Craig's list etc.
- Blogs: NJ specific, parent ones ex. JerseyMomsBlog.com
- Promotions: Groupon, Value pack, discounts for word of mouth
- Fliering: especially at "green" places like farmers market, but also just super markets & library
- Getting the word out to our network, particularly places that have their own networks like Rutgers or church groups

One important marketing strategy to highlight is giving discounts or free cleanings in exchange for online reviews and blog posts. Building a real online presence and following seems to be a sort-of "snowball" process.

Target Customer & Pricing

National research describes a few demographic groups as the primary users of house cleaning services:

- Dual income households, high income single parent families, single professionals
- Between 35-65, Income over $75, 000
- Empty nesters/older couples (higher disposable income)
- College graduates
- 70% of clients use services bi-weekly (only 5% one-off, periodic)

Essentially these are all ways to describe wealthier people. However, anecdotally we know that low and middle income households often also use these services, they just comprise a smaller share of the market and are probably less likely to use official agencies and therefore be captured in this data.

However, looking at the income chart below, We can clearly see that a higher income per hour is key to achieving a decent annual salary.

Hours per week	Pay per hour			
	$15	$20	$25	$30
20	$ 11,396	$ 16,296	$ 21,196	$ 26,096
30	$ 17,766	$ 25,116	$ 32,466	$ 39,816
40	$ 24,136	$ 33,936	$ 43,736	$ 53,536

Table: Annual income scenarios[5]

Of the two variable, hours worked and pay per hours, a change in pay per hour has the bigger effect and it is probably the easier variable to increase. With the obstacle of transportation and relatively higher commuting time the Ironbound cooperative will face increasing pay per job is crucial. It will be difficult for them to physically do more than one, maybe two jobs a day. Ironbound residents currently working in housekeeping have reported earnings from $15 to $75 per hour. Regardless of how much of the job is paid, the members will have to invest a similar amount of time and supplies into it, so for the sustainability of the cooperative and member's financial stability it is *far more efficient to increase pay per job than the number of jobs*.

A way to achieve increased pay per job is to create a pyramid scheme for products and services. Mean that there be a price for a basic cleaning, but that "deeper" cleanings have an higher price. Certain services should have a separate charge like window cleaning. The price should be per job, not per hour. This will allow the members to increase pay per job as they become faster. It will also avoid the common haggling and complaints (which are all over Yelp) which result from customers questioning the time it took to clean their apartment. Almost all the high end, successful agencies researched charged per job. It will be important to define and explain exaclt

[5] Based on estimates of 49 weeks worked annually, $112 monthly dues and $2 per hour variable costs

what services are and are not included in each kind of cleaning. People tend to be more likely to spend more when the prices are presented in increments rather than as a lump sum- so separating services like organizing, window cleaning, carpet cleaning could be beneficial. The number of customers who look for ongoing services, suggests that offering an discounted prices in exchange for setting a certain frequency (weekly, bi-weekly, monthly, etc) cleaning could be beneficial for gaining and retaining customers. Finally, note that to be able to reach the high-end of this market, particularly those who are searching over the internet it will be crucial to be insured and bonded.

Group Work and Facilitation

Cooperative Developer's Role and Group Development

The Cooperative Developer role requires a very delicate balancing act between being a "leader" of the project and a "facilitator" and eventually knowing when to transition completely to a facilitator role. They must have a clear idea of steps that need to be taken to form the cooperative, the different options and variations within those steps and must initially act as a strong leader and move the process forward in a way which make the members feel that they are making progress and prevent potential frustration. But this needs to be done in a way which at all points in time ensures the members voices are the main ones, and that they understand and feel ownership over the process. While the goal is for them to eventually independently lead the coop, in the beginning you don't want to give them so much responsibility that they feel overwhelmed and nothing gets done. Conversely, it is important to give the members' as much responsibility as they can take as early as possible so they are growing as leaders throughout the process of incubation.

A few suggestions to these ends:

-Know the goals: The Developer should know what the outcome of every meeting and discussion should be and move the discussion towards it. That does not mean knowing what the members will decide but what they need to decide on. Clear, specific and goal oriented agendas (which allocate a specific amount of time for each topic) should go far in helping achieve this goal.

-Provide information and examples: When asking people to make a decision they may not be familiar with it may be helpful to give them different examples of options or ways the specific issue has been dealt with. For example if the discussion is on how to decide to allow new members in the cooperative having examples of different ways other cooperatives do this will probably make for a more productive conversation.

-Milestones, milestones, milestones: Have concrete milestones which the members can achieve at every stage. There is a long period of time and many things to do between the time members join and the time they will be consistently employed. While clearly many people's primary motivation is to have work and be generating an income, if this is their only goal they will become discouraged quickly, they should understand the sub-sets of goals: leadership development, group cohesion, skill building etc. Having concrete milestones with a clear timeline will not only help keep the incubation process on track, but also let the members know not to feel frustrated if they are meeting the milestones and understand how each is building toward the final goal. And if they are not meeting the milestones it will let the members and developer know that something needs to change (or that the milestones are unrealistic and need to be revised). Celebrate each time a milestone met!

-MODEL: So much of the behavior and norms which will be are established will be based on the developer's behavior. Make sure that you are at all times acting as you expect them to and that you don't act or lead in the way you wouldn't want them to.

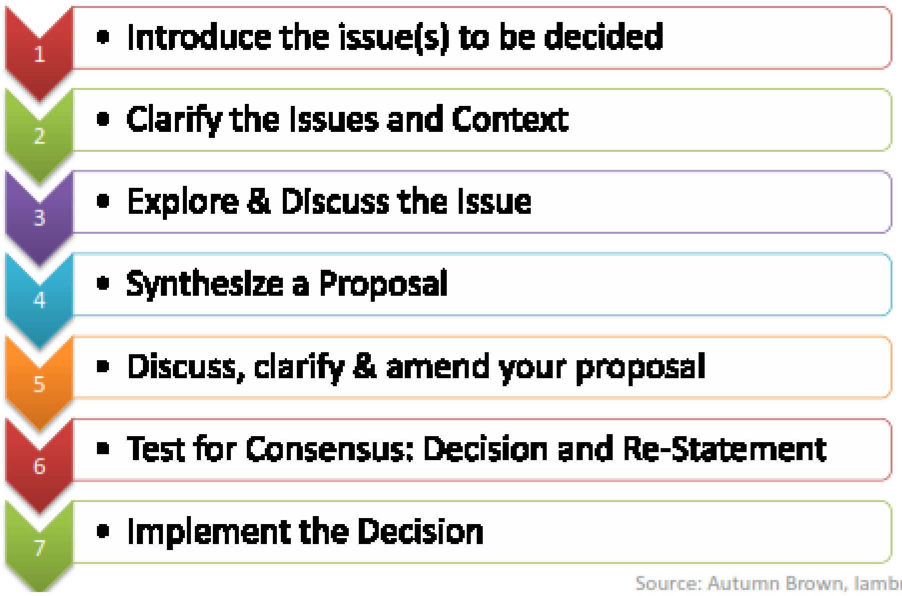
-Shared values: Make sure that the vision and norms are really created by, believed in and agreed upon by each and every single member. In many difficult moments you will be able to remind people that they are working towards the goals they set and the norms they established. If they don't feel ownership over these, this won't be effective.

A big part of the leadership development process will be learning that listening and facilitating are key characteristics of a good leader. Not only does the developer need to build the image of a positive leader but they must also dismantle the image of a leader that most people have created through their own life experiences in hierarchical structures. At time this will mean supporting in overcoming submissive tendencies to follow instructions, or not question decision or express opinions. At other times this will mean deconstructing the image of the "dominant leader". Develop the understanding that leadership is the ability and responsibility to empower others, not just take power for yourself. Listening and comprising must be seen as strength, rather than weakness.

Conflict should not be avoided. True respect and sustainable cooperative operating will not be created if conflict and disagreement are swept under the rug. Conflict should be normalized and dealt with in an established, safe manner. Have a space which allows people to bring issues to the group. Sometimes it will not be appropriate for everyone to be discussing the issue, so a committee can be established for this purpose. Make sure the conversations are always shaped so they are not accusatory (using "I" statements, etc.)

Decision Making

The pillar of the cooperative will be the decision making structure it creates. This process will be what sets it apart from most businesses- its democracy. The decision-making structure should be transparent and open and not just allow for everyone's input but encourage it. It needs to be practiced from the beginning and become automatic to all the members. CFL's training taught the consensus making model shown below. It is an excellent, structured way to ensure everyone is heard but that ultimately a decision is made. Actually implementing these steps requires practice and if it is possible to get formal training in this method that would helpful.



Source: Autumn Brown, Iambrown.org, 2009

After you introduce the issue step two is to give examples, pros and cons. Then open it to discussion, and encourage those who are quiet to speak. It could be helpful to be writing different viewpoints on a big paper as they speak. Don't discourage or argue with anyone's point (even if you really disagree or think it's silly), write EVERYTHING down, so everyone feels heard. Know when to stop exploring. Based off everything said (written down) create e few, two or if possible one umbrella proposal. This means synthesizing all the proposals which go together. The synthesis can be comprises but if something is very different make it separate. Then you must check that this reflect people's ideas: "Is this what folks were saying?" You are not voting yet but check to see what people think now. Then vote- thumbs up if they "agree", thumb in the middle if they are "aside" (they can live with it), thumbs down if they "block" (are strongly against it). Re-discuss and vote until until everyone "agrees" or is "aside" on a proposal. You can decide that a certain number of blocks are OK, but with a small group, everyone should probably agree. Then make sure to make very concrete next steps and determine who is responsible for each action.

CFL has managed through pure consensus decision making to incubate all their cooperatives. It is possible to do if the developer is skilled enough at implementing it themselves and teaching it to the members. Members should take turns facilitating with this methodology and the developer should support hem as a co-facilitator until they are able to implement it themselves. Note if the person facilitating has the need to express their own opinion, they must say that they are stepping out of their facilitator role and giving an opinion.

The Impact

The potential impact and scalability of the organization is immense. One of the main advantages of the organization is its flexibility. There are few limitations to how much the organization can grow its member or customer base. The model can be easily adapted to incorporate many different benefits and savings vehicles.

The cooperative will benefit its members professionally and financially. The cooperative's main business function will be marketing to create a wide customer base which will allow each member to earn a live-able, consistent income. This broad customer base will also provide job security as the members will not depend on one or two clients who may suddenly terminate their employment. The increased clientele will also allow members to avoid exploitation. With the scaling of the customer base, the members should begin to feel free to negotiate with customers and set their own terms. They will have increased leverage in the worker-employer relationship. Furthermore, the members will avoid the usually isolated nature of domestic work and be able to communicate with each other about acceptable standards and expectations in their work. The cooperative will be able to provide financial training to help members- learn to keep records for taxes and save money for taxes; save for retirement, and potentially get medical insurance. Medical insurance will not be financially feasible for at least the first few years of operation; however it may be possible to find grants which would subsidize the premium.

There will be many personal benefits to the members. An important effect of the cooperative would be fostering entrepreneurship. Many women in the Ironbound who I have worked with have expressed a strong desire to run their own business. Worker cooperatives have shown to have an empowering effect, increasing members' sense of confidence and assertiveness. Finally, there are environmental and health benefits, as the members will be trained in ecologically sound and safe methods of cleaning so that they and their clientele are not coming in contact with harmful cleaning supplies.

The short-term impact will be measured by the number of jobs created and the income level of each member. The long-term impact will be measured by financial security measures: the level of savings of each member and their paying taxes. Another long-term measure will be that of self-esteem and sense of entrepreneurship which will be measured through surveys.

The Incubation

Summary of Stages

Stage 1: Research and Ideation (3-5 months)

a) Develop idea
b) Feasibility Study and Market Research
c) Gauging interest from community members

Stage 2: Recruitment, Decision making and Business Planning (4-5 months)

a) Cooperative training for founding members
b) Determine how decisions will be made and by whom
c) Create a business and marketing plan

Stage 3: Develop Business Structure and Marketing (4-6 months)

a) Create Work groups and Leadership Committee
b) Set-up back office of business
c) Incorporate Business
d) Create By-laws
e) Open bank account and bookkeeping
f) Develop marketing plan and materials

Stage 4: Launching the Business (3-6 months)

a) Marketing campaign
b) Implement back office management
c) Member development

Stages with Notes

Stage 1: Research and Ideation (3-5 months)

a) Develop idea
- This was completed in June 2013 with the initial business plan

b) Feasibility Study and Market Research
c) Gauging interest from community members
- Steps b) and c) were completed for the 3 month NYC Worker Cooperative Development Initiative Training ICC did with Center For Family Life

Sunset Park the results were presented in a final powerpoint presentation May 2014 and can be found with this document.

d) Fundraising
   - Current stage
   - below are notes on fundraising for cooperative projects from a talk Julia Jean-Francois, co-director of the Center for Family Life:

e) Develop training curriculum
   - See training notes below
   - Ask CFL for their cooperative training curriculum

Stage 2: Recruitment, Decision making and Business Planning (4-5 months)

a) Cooperative training for founding members
   1. Recruit members
      I. The goal is to recruit around 10-15 members with the hope of retaining 5-8. Priority should be given to recruitment through ICC's current programs. Due to the complexity of concept of a cooperative and the project itself the ideal approach would be to set-up a time to meet with all the staff at each center (each FSC, EHS, Pre-school, After School, etc.) and explain the project and answer questions. Ask the staff to sign people up for the open houses and give you a list with their contacts. Then follow-up and call everyone on the list to confirm their attendance and remind them the day of or day before (people always forget). Hosting more than one would be good as people have a way of trickling in at ICC.

      II. The open house should serve as a space to explain the idea who all that are interested. What a cooperative is, the benefits as well as the challenges. It is crucial to stress that the cooperative is not a solution for those looking to start a job tomorrow, but rather for those looking to build a business in the long run. Much patience and commitment will be required, and it is important to have people's expectations realistic from the start. Furthermore stress that they will be the leaders. Many people at ICC are used to passively receiving services. As much as possible stress that ICC's role will be to support them in developing the business but that the leadership role will quickly be theirs. We are the consultants. They will be the business.

      III. Conduct individual interviews of those that are interested in being cooperative members. There are a few issues to gauge. First, the financial and life question- make sure they will be able to dedicate the time and energy necessary to the cooperative. Secondly, ask questions about how they interact in groups, see that they are really willing to be part of a group of leaders and willing to do teamwork. Lastly, go through all the points discussed in the open house, make sure they understand the project and encourage them to ask questions and express concerns.

2. Train members
   The train stage serves two purposes: 1) giving all those interested the skills they need to be a worker-owner of the cooperative; 2) developing a deep understanding of the cooperative and a sense of what the teamwork will be like so that they can choose whether they want to participate. Not everyone that completes the training has to be or should be in the cooperative.
   The training will develop the following skills:
   I. cooperative management: decision making as a group, employees as owners (salaries vs. retained earnings);
   II. Customer service, some industry specific ESL may be good here;
   III. Quality cleaning- what do people expect, what is considered thorough (Si Se Puede may be contracted for a training)
   IV. Eco-cleaning- may be done as the above training, Healthy Home ICC staf may be able to conduct the training.
   V. business development: developing a vision, expanding business through networking and marketing.
   VI. basic business operations: accounting / recordkeeping and taxes;

   The workshop should not aim at explaining complex theoretical issues, but aim to encourage people to think of tasks they are familiar with (connecting with people on facebook, keeping receipts, borrowing money from friends, etc.) as business strategies. If people are brought from the side we should ensure they are able to explain everything in very concrete ways. The training should be as interactive and activity based as possible. Simulate as much as possible.

b) Determine how decisions will be made and by whom
Once the cooperative members have been trained and chosen the cooperative should agree on “ground rules”. Consensus decision making requires enough flexibility and freedom for everyone to feel comfortable expressing their opinion. But it also requires enough structure guide the discussion towards a decision. Often conversation don’t naturally tend toward one solution or decision. Too much unproductive discussion may discourage people. There are steps to consensus decision making which the facilitator must both practice and teach. Systems of accountability and general rules should begin to be formed by the members. Make sure the members all agree on the rules and feel ownership over them. This is crucial to their long-term success.

c) Create a business and marketing plan
This step requires a particular balance on the facilitators part between having a proposals for the how the cooperative could function and facilitating the members in creating their own ideas and choosing what they want.

Stage 3: Develop Business Structure and Marketing (4-6 months)

a) Create Work groups and Leadership Committee
management structure should be determined. Who will manage which area? It would probably be beneficial to have a rotating responsibilities system so that each member my try each role. Eventually they can decide to make certain committee members permanent or continue rotating. They should decide on the committees which make the most sense to them and agree with their skills.

b) Set-up back office of business
As was mentioned before this is the single biggest cost of the cooperative and much effort should be put into finding a cheaper (maybe shared) long term solution. In the meantime the most likely solution is that a part time person is hired to do customer service and scheduling. It is very important for the success of the business that that this person be excellent and well organized. It is clear that one of the principal factors of customer satisfaction and retention is their call being returned within 24 hours and not having to call more than once.

c) Incorporate Business
We will need to work with a NJ based lawyer to incorporate the business. Probably anyone who does business lawyering could complete this for us. This person would need to: a) what options we have related to the legal entity form, and other issues about how to structure the cooperative legally and b) what steps ICC should take to limits its risk and separate itself from the cooperative. We have already established contact with Legal Pro Bono Partnerships and they are willing to find someone to do this part for free. They were in the process of looking but the effort tapered off as the person wouldn't really be starting for a while. Once the project has begun they should be contacted. A copy of the correspondence so far will be attached as an appendix, our contact person is:

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d) Create By-laws
This will also require the help of a lawyer. However in this case I think it will be less important that they know NJ law and more important that they understand worker cooperatives and are able to communicate with the cooperative members. The process of writing the by-laws is not just a formality but a critical step in defining the structure and rules of the cooperative. It will formalize and further specificy all the decisions made during the business planning, and management discussions. It will also decide issues like: how new members can join? How can members be asked to leave the cooperative/fired? How is the cooperative management and Board structured? How is the Board chosen? These are all decisions which the cooperative members must understand and agree with and this process will probably take a while and require patience on all parts. For this part of the process it may make sense to reach out to lawyers in New York who are familiar with cooperative law. We can reach out to CFL for recommendations. One good erson to start asking may be Ted De Barbieri: edebarbieri@urbanjustice.org at the Urban Justice Center. We reached out to him for advice in 2013 and then met him through CFL's training where he gave a talk on the legal aspects of cooperative formation and he wrote the bi-laws for some of CFL's coops.

e) Open bank account and bookkeeping
The office manager should do detailed booking, as well as recording the hours each person works and their corresponding dues. The bank account should be fairly straight forward, though the members will have to decide who will be on the on account, if everyone, and the developer may have to help the bank understand why maybe 15 people own the company and facilitate that relationship initially. It maybe be good to reach out to banks we are currently working with which may be more flexible.

g) Develop marketing plan and materials
Here it may be good to initially invest some money to have the first materials and logo professionally developed. This is of course the members' decision. The developer's role here will be to serve as a cultural bridge and make sure that the marketing material being developed is for the target clientele. A very different kind of imagery will be required if the cooperative decides to target middle-to high income clientele, than the marketing materials I have seen entrepreneurs here develop. If they target this clientele the members should spend a while researching the marketing materials of high end cleaning business and understand that when you develop these materials you are not choosing the imagery you find most appealing but rather the imagery your potential clients will find most appealing (while still being representative of your business, of course).

Stage 4: Launching the Business (3-6 months)

d) Marketing campaign
e) Implement back office management
f) Member development