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Case Studies of Worker Cooperatives in Health

Evergreen Cooperative Laundry and Cleveland Clinic

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Abstract: The Evergreen Cooperative Laundry's partnership with Cleveland Clinic is perhaps the best-known example of an "anchor institution" approach to economic development in the United States. The worker-owned business is the primary laundry vendor for the Cleveland Clinic's entire northeast Ohio area.

Their experience to date suggests that it is indeed possible for a health system to support a worker-owned company, and produce benefits for workers and communities, through its contracting choices. It also shows just how much effort and intentionality such an arrangement can require.

Evergreen Cooperative Laundry employs about 150 people, about half of whom are worker owners. This case study documents Evergreen Cooperative Laundry's structures of worker ownership and its compensation practices, in addition to its relationship with the health care system.

Topics: Sociology, Management, Organizational Behavior, cooperatives, economic development, urban planning, anchor institution, hospital supply chain, laundry services

Cleveland, Ohio, once ranked second only to Detroit among American cities in the percentage of its workers employed in manufacturing. As deindustrialization and suburbanization emptied out the city's manufacturing job base over the second half of the 20th century, the hospital industry expanded its footprint as an employer.[1] This is evident in the position of the Cleveland Clinic and University Hospitals, ranked as Cleveland's largest employers today.[2] The Cleveland Clinic has become the single largest private employer in the state of Ohio, generating nearly 120,000 direct and indirect jobs in the state.[3]

Anchor Institutions

The Evergreen Cooperative Laundry's partnership with Cleveland Clinic is perhaps the best-known model of an "anchor institution" approach to economic development in the United States. "Anchor institutions" are large locally rooted entities with economic power, such as hospitals, that intentionally align and deploy their institutional resources—i.e., hiring, purchasing, and investment—to meet community needs.[4]

According to the Democracy Collaborative, which designed the initial blueprint for the Evergreen Cooperatives and has been its longtime partner, the "Cleveland Model" represents the country's "first attempt to bring together anchor institution economic power to create widely shared and owned assets and capital in low-income neighborhoods."[5]

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[1] In *The Next Shift: The Fall of Industry and the Rise of Health Care in Rust Belt America* (2021), University of Chicago historian Gabriel Winant documents how the hospital industry enlarged while unionized steel work declined in Pittsburgh, Pennsylvania, in a detailed historical analysis of this broad dynamic in that city.

[2] "List of Cuyahoga County's largest employers proves Cleveland is a health care town." 2022. *Crain's Cleveland Business*. See: https://www.crainscleveland.com/article/20140825/FREE/140829853/list-of-cuyahoga-countys-largest-employers-proves-cleveland-is-a; "Major Employers." 2022. City of Cleveland Economic Development. See: https://makeitincleveland.org/this-is-cleveland/major-employers.

[3] Cleveland had the highest poverty rate among large U.S. cities in 2019 at 30.6% according to census data. More than 6,500 of adults in poverty worked full time for the full year but remained below the poverty line. See "Cleveland now ranks as the poorest big city in the United States." September 22, 2020. *Ohio Capital Journal*. See: https://ohiocapitaljournal.com/briefs/cleveland-now-ranks-as-the-poorest-big-city-in-the-united-states.

[4] The Evergreen cooperatives were born out of the "Greater University Circle Initiative," convened by the Cleveland Foundation in 2005, which included the Cleveland Clinic, University Hospitals, Case Western Reserve University, and the city of Cleveland. While the University Circle area of Cleveland was home to museums, educational institutions, hospitals, and arts venues, the majority-Black neighborhoods surrounding University Circle (Glenville, Hough, Fairfax, Buckeye/Shaker, Little Italy, and the eastern portion of East Cleveland) remained economically marginalized. The Cleveland Foundation sought to unite and leverage the economic power of anchor institutions, some of whom were competitors, to create jobs, build wealth, and stimulate reinvestment in the neighborhoods that surrounded University Circle. The Cleveland Foundation contracted with the Democracy Collaborative to complete initial design work for the Evergreen cooperatives as a network of worker-owned business.

[5] The initial vision for centering worker cooperatives within an anchor institution approach is grounded in the thinking of Gar Alperovitz, whose "Next System Project" explores alternatives to capitalism and state centralized socialism. For background, see: Ted Howard, Lillian Kuri and India Pierce Lee. "The

Evergreen Cooperative Laundry

Evergreen Cooperative Laundry is one of five worker-owned businesses that are part of the current Evergreen Cooperative Corporation (ECC), the umbrella nonprofit holding entity that holds a small stake of ownership in the Evergreen organization, and provides administrative support and business services to the businesses in its network, including the Evergreen Cooperative Laundry.[6] With expected revenue of $10.5 million in 2022 and about 150 employees, Evergreen Cooperative Laundry is by far the largest of the five "Evergreen cooperatives." All of Evergreen's businesses combined employ about 320 workers.[7]

A Critical Strategic Vendor to the Hospital System

To Stephen Downey, Cleveland Clinic's Chief Supply Chain & Patient Support Services Officer, the hospital system's four-year-old strategic partnership with Evergreen Cooperative Laundry has been good for the health system. "Laundry services are an important piece of the supply chain and overall operations" of Cleveland Clinic's $12 billion health system, he says. Laundry is essential "because without it you can't take care of patients. All the patient linens, the bed sheets, and the gowns run through the laundry. Imagine not being able to put a patient into a bed because you don't have sheets." Having a reliable well-functioning laundry process is necessary and such a process must operate well at a very high volume. Cleveland Clinic has a 170-acre campus, plus 11 affiliated hospitals and 19 family health centers in Northeast Ohio alone, and requires 18 million pounds of laundry processed per year.[8]

Evergreen Cooperative Initiative of Cleveland, Ohio: Writing the Next Chapter for Anchor-Based Redevelopment Initiatives." The Cleveland Foundation. (See https://democracycollaborative.org/sites/default/files/downloads/paper-howard-et-al.pdf.)

[6] The other longtime Evergreen cooperative is Evergreen Energy Solutions, a solar panel installation company. Green City Growers, an industrial greenhouse, one of the original cooperatives, was recently sold to Local Roots Cleveland, according to the Evergreen Cooperative Corporation website (https://www.evgoh.com/). Three small businesses—Berry Insulation, R-Tek, and Phoenix Coffee Co.—have been bought out by Evergreen's Fund for Employee Ownership, converting from traditional structures of ownership into worker ownership. Berry Insulation is now called the BI Cooperative. Other parts of the Evergreen Cooperative Corporation organization are the Cooperative Development Fund which oversees the Fund for Employee Ownership, a partnership with the Democracy Collaborative which acquires existing businesses and converts them to employee-owned co-ops. Business Services provides back-office support, providing human resources, payroll, and accounting risk management, insurance, legal representation, and related business services to the operating companies in the network. There is also a real estate division.

[7] Each of the five cooperatives is an independently incorporated business in which worker owners have at least 80% ownership in the business where they work. "We're committed to making sure that any given co-op is at least 80% owned by the employees and it can never be less than that," says John McMicken. The ECC holding company has partial ownership in each business, with its percent of ownership stake ranging from 10% to 20% depending on the business. Each cooperative business has its own board of directors that includes employee-owners. The holding company has one seat on the board of each company.

[8] In 2021, the Cleveland Clinic served 2.9 million patients and generated over $12 billion in revenue. In

A large international facility management corporation previously provided laundry services to Cleveland Clinic before Evergreen Cooperative Laundry. In late 2017, that corporation's fulfillment rate—meaning the rate of clean linen provided on demand—was less than half of the volume the Cleveland Clinic needed. At one point, the fulfillment rate dropped to about 30%, meaning that if the health care system requested 1,000 sets of clean linen, they received only 300 sets. "Try to run a huge hospital with 30% fulfillment rates," says Downey. There were also turnaround and cost challenges, as well as accounts of poor pay and working conditions. A change of laundry service vendors was urgently needed.

The procurement office sent out requests for proposals to prospective providers. Evergreen Cooperative Laundry, the worker-owned commercial laundry business that started operations in 2009 with 12 employees as the first of the "Evergreen Cooperatives," was selected for the Cleveland Clinic opportunity. [9] Evergreen Cooperative Laundry signed a three-year contract in 2018 with Cleveland Clinic and renewed the partnership with a new five-year contract in 2021.

Today, Evergreen Laundry remains the primary laundry vendor for Cleveland Clinic's entire northeast Ohio area. It maintains a 99% fulfillment rate while managing a large scale of operations, serving 200 sites with 162 delivery points, and processing 60,000 pounds of laundry per day and 1.5 million pounds per month. The hospital values the laundry's reliability and its performance on key performance indicators, and secondarily, it values the fact that, by contracting with the worker owned business, the hospital system is advancing its social mission.[10]

Evergreen Cooperative Laundry

The cooperative operates out of two locations. First, there is a newly renovated facility known as Collinwood, which is owned by Cleveland Clinic but managed by Evergreen. Cleveland Clinic renovated the site and upgraded the equipment there. Second is the original Glenville site a few miles away, which is owned by Evergreen Cooperative Laundry itself.

The 2018 contract with Cleveland Clinic necessitated rapid growth. When Evergreen Cooperative Laundry took over management of the Collinwood site, workers from the previous vendor were integrated, quickly growing the business from 50 to about 150 workers. Many of the

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addition, it runs hospitals in Florida, Nevada, Abu Dhabi, and London, and two clinics in Toronto.

[9] Andrea Jacobs, Executive Director of the Operations Division at Cleveland Clinic who served on the Evergreen Cooperative Corporation board of directors, helped behind the scenes to make sure that Evergreen Cooperative Laundry was given an opportunity to submit a bid along with other companies. "I remember saying to folks here at the Cleveland Clinic, 'You need to send this RFP out to Evergreen.'" They were skeptical that Evergreen could handle the volume. "I said, you need to listen to what they have to say," recalls Jacobs.

[10] This statement is informed by 2022 interviews with Stephen Downey and Andrea Jacobs of the Cleveland Clinic.

new hires soon became co-owners.[11] The business has grown from $2.9 million in 2017 to $9.2 million in 2021.

Workers and Owners

About 80% of the Evergreen Cooperative Laundry's workforce is African American. (Smaller percentages of the workforce are LatinX and white.) Workers range in age from 19 years to 73 years. A disproportionate number of employees are in their 40s, 50s, and 60s. Nearly 60% of the workforce is male and nearly 40% is female. Just 21% of workers own a home. About 55% own a car. Jobs include "laundry workers," drivers, technicians, leads, and production managers.[12] More than half of the 150 workers are owners.

Seventy percent of workers reside in the city of Cleveland; many are from the neighborhoods surrounding University Circle. Melissa Tate, who works at the Collinwood site, says, "A lot of neighborhood people work here. That's a great thing." Carla Beasley, who is based at the Glennville facility about 10 minutes away, agrees: "We're right in the neighborhood. We put a big sign up, and sometimes people just walk up and say 'Hey, can I put in an application?'" she says. "Some people walk to work." There are few or no other employers in the neighborhood offering good jobs. "You'd probably have to go into a different area of the city other than your own community" to find a good job, says Tate. One of the biggest community benefits of the Evergreen Cooperative Laundry, according to Tate and Beasley, is how it employs people from the immediate neighborhood.

About 20% of employees are returning citizens re-entering the workforce after incarceration. Wynette Bryant, an ordained minister and longtime prison minister, is the Manager of Culture & Wealth Building at Evergreen Cooperative Corporation. She is personally aware of the challenges that formerly incarcerated returning citizens face in finding employment. Wynette Bryant appreciates that at Evergreen Cooperative Laundry, "anyone is welcome to interview, and that includes those who were previously incarcerated." Evergreen is willing to consider giving job opportunities to people "who most people wouldn't hire," she says. So many returning citizens have been employed at Evergreen over the years, says Bryant, that she has had the experience more than once of new hires recognizing her from her volunteer work in prison.

Stephen Downey at Cleveland Clinic also notes the advantage that Evergreen, as an offsite service provider, has in being able to "hire folks who may not make our employee guidelines" which prohibit hiring people with jail time records. Indeed, many successful worker owners of

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[11] Wynette Bryant was Human Resources Director when they began operations at Collinwood.
She says, "We hired over 100 people in 30 days, most of whom were former Sodexo employees. Many of them are still employed today and are cooperative worker owners."

[12] According to demographic workforce data collected by The Evergreen Cooperatives; information provided by John McMicken, 2022.

Evergreen are ineligible to be hired directly by Cleveland Clinic under its current policies.[13]

New hires at the Evergreen Cooperative Laundry are trained to perform all jobs; no prior laundry-related skill or knowledge is expected or required.

Path to Ownership

New hires start as workers and not as owners. The profit shares, patronage distributions, and many of the company benefits are reserved for worker owners only. To become an owner of the laundry, also known as a cooperative member, a worker must complete one year of employment and be in good standing with Human Resources. All proposed new members must be approved by the current members at the quarterly meeting. Once an individual is approved as a member by the existing members, she then has the opportunity to buy a share in the cooperative.

The cost of a share of Evergreen Cooperative Laundry is $3,000. How do relatively low-wage workers pay $3,000? First, members may pay for the share over time through a payroll deduction of as little as 50 cents per hour. Second, when an employee is elected into the membership, they receive a pay increase that covers the 50-cent deduction. This way, their paychecks often remain the same or increase even after the deduction.

Most worker owners take 2.5 to three years to build the $3,000.[14] Once a worker signs the paper to begin the process, they are immediately considered worker owners (members of the cooperative) with full rights. They share in profits even before paying a penny of their member share.

A worker owner retains the right to the accumulated value in their member share account. “That's always your money,” says Evergreen Cooperative Corporation CEO John McMicken. Upon any type of exit, 100% of that share value is refunded to the worker. “It's protected at 100% of value; if you put $1,000 in, you're getting $1,000 back,” he says.[15]

In addition to their member share account, each worker owner has a “patronage account” that accumulates profits over time.

Wealth Building through Profit Shares

Profit shares are known as “patronage dividends” in worker cooperatives. Patronage dividends are distributed to the worker owners of the cooperative laundry each year in March, once the end-of-year books have been finalized and the net profit for the previous year has been determined. Currently, 75% of this profit share goes into worker members’ patronage accounts

[13] Evergreen workers do not come inside certain Cleveland Clinic facilities; they pick up and drop off the laundry on the docks outside at these facilities.

[14] The $3,000 member share is specific to the laundry. Other Evergreen cooperatives have opted for different sized member shares; some have opted to make the buy-in less.

[15] The member share account is not adjusted for inflation, however. This works differently from many other cooperatives, where member shares are used to capitalize the business.

and 25% goes home as cash for members to spend as they wish.[16] Only worker owners, not non-owner employees, receive patronage distributions.

Every employee owner has an account on the company's balance sheet that tracks their patronage over time; that value measures how much financial wealth each worker owner has accumulated in profits.[17]

Patronage amounts are tiered based on tenure. The amount that a worker owner receives depends on how long they have been members of the cooperative. The amounts do not vary based on rank, salary level, or hours worked.[18]

<u>Patronage Distribution per Worker Owner by Tier</u>

<u>2021 Patronage (paid in 2022)</u>

Tier 1 (owners two years or less):	$3,300
Tier 2 (owners two to four years):	$5,100
Tier 3 (owners four-plus years):	$6,800

Building worker-owner wealth through profit sharing is central to the ECC's mission. CEO John McMicken says it is the informal goal of his board and himself to see worker owners in all Evergreen cooperatives, including Evergreen Cooperative Laundry, each accumulates $65,000 in their patronage accounts over 10 years. They factor that goal into their feasibility studies, assessments of business plans, and strategic decision-making. For example, when they consider whether to invest in a prospective business to convert it into a worker-owned Evergreen cooperative, they look at that company's business plan and ask: Can this business model garner profits adequate to get its employee owners to $65,000 in one decade? Some businesses they have considered have had the potential for smaller amounts of profit sharing, but nowhere near enough to meet the goal of moving the worker wealth needle to $65,000 over 10 years. For that reason, they opted against acquiring them. "We look at a lot of business plans where that just doesn't work," he says.[19]

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[16] The percentage breakdown is determined by the co-op board. Including profit bonus payments which are always paid via payroll, in addition to patronage, the ratio of profits placed into patronage accounts versus spendable is about 60% to 40%, according to John McMicken.

[17] Patronage dollars are held in a capital account on the books for each owner. They are not invested. The capital account does not earn interest, but it is always protected at 100% value.

[18] This is unusual among worker cooperatives; many cooperatives allocate patronage distributions based on hours worked.

[19] The $65,000 goal does not include profit bonuses, or the portion of patronage distributions paid out as spendable. It refers only to the accumulated surplus in patronage accounts. One retiree who left a little over a year ago had been with the company for almost 11 years. The accumulated profit distributions in his patronage account cashed out for roughly $36,000, according to John McMicken. Those funds were tax free because taxes were paid when the money was deposited. Note, however, that for the first 5 years of this retiree's tenure, there had been no profit distributions because the company was not yet generating surplus. The laundry started to distribute patronage only in 2014. Therefore, the $36,000 represented the

Profit Bonuses

In addition to the annual patronage distributions, profit bonuses tied to financial success criteria are distributed in paychecks twice per year. Worker owners only receive the bonus if they have collectively met the financial goal. “We wanted to move the money a little bit more frequently,” says McMicken. The bonus was implemented as part of the open book management approach they adopted in 2016 called the “Great Game of Business.”

Two conditions must always be met, and sometimes three, for a bonus to be distributed to worker owners. The first condition is exceeding the budgeted net operating profit. The second is having sufficient available cash on hand to pay out the bonuses. Sometimes an additional financial goal tied to efficiency or quality must also be met. (Such a goal could, for example, relate to sales, customer satisfaction, or something else.)[20]

Financial goals are recommended by CEO John McMicken and approved by the laundry board. In most years since adopting this practice, the laundry has paid two bonuses, one in July and another in November. Only worker owners receive profit bonuses, although in some years they have voted to include non-worker owners in a profit bonus payout. [21] In 2021, the total profits paid out per worker were about $10,000 total, including patronage and profit bonuses, with some variation based on tenure.[22]

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accumulation of only about six years of profit sharing. Today, longtime worker owners should accumulate more.

[20] Weekly “huddles,” meetings attended by staff with responsibility for specific numbers on a financial score card, help keep the company on the path toward its goals. Business-wide “huddles” take place monthly. Each employee with control over a “line,” meaning a line with a target number on the financial scorecard, is present. These individuals are called “line owners.” They review the actuals from the prior month. At site specific huddles at Glenville and Collinwood, staff members responsible for lines join a huddle for that site and report their numbers. Line owners are sometimes, but not always, lead or supervisory employees. “It could just be someone who actually knows the flow of what's going on,” says Wynette Bryant. “We have a maintenance tech who comes to huddles who has been with the company for a very long time and knows what it takes, and he's the line owner for the maintenance. He knows if we've had a subcontractor come in; he knows the cost of that subcontractor in any subcontractor parts. We want someone like that, someone who's responsible. We would prefer it to be a co-op member, but it doesn't have to be.” Huddles are key to the Great Game of Business approach, which was introduced to the Evergreen cooperatives by GGOB business coach Anne-Claire Broughton. Broughton points out that implementing Great Game of Business open book management “is a step toward self-governance for the worker owners. The financial scoreboards are basically condensed profit & loss statements focusing on metrics to which the worker owners have line of sight, in other words, areas where they can make a difference.”

[21] Profits are shared across both work sites. Whether you work at Glenville, which employs just 43 worker owners, or at the larger Collinwood site, the same formula applies.

[22] Information provided by CEO John McMicken by e-mail in August 2022.

Total Profits Paid to Worker Owners in 2021

March 2021 Patronage Distribution (of 2020 surplus):	$560,000
July 2021 Profit Bonus:	$70,500
November 2021 Profit Bonus:	$129,900
2021 Average Total Profits Paid Per Worker:	$10,000*

* Includes patronage distributions and profit bonuses. The figure is approximate.

What does it mean to worker owners to get a share of the surplus on top of their wages?

To Melissa Tate, a laundry worker at the Collinwood site, "you save some money, then the other part you can spend. It's nice to have—you've got something to use now and something to look forward to." To Carla Beasley, a lead worker at the Glenville site, "It means a lot to me because I plan to join my family in Texas in five years. It's helping me reach a goal as a retirement account. It's like an extra savings. Every year I'm very grateful for our patronage."

Recent bonuses have been lower as a result of lower profit margins. That said, Carla Beasley remembers working for Evergreen Laundry before it partnered with Cleveland Clinic. At that time, they processed smaller volumes of laundry with fewer members and worked out of only the Glenville site. "I was here under our old co-op, and the profits were not what they are now. It was a smaller amount because it was only the Glenville plant at the time." The partnership with Cleveland Clinic and the profit sharing that resulted has overall been "wonderful" for her and other Evergreen Laundry worker owners, Beasley says.

Cashing Out

When a worker owner retires or leaves, in most cases the cooperative tries to pay their patronage accounts out to them within 60 days, although legally the company has discretion if needed.[23]

The company has 90 days to refund their member share (which will be less than or equal to $3,000), according to the company's bylaws.

Worker owners cannot access their patronage or membership accounts until they retire or leave the company. On the one hand, this preserves these accounts as sources of accumulated wealth. On the other hand, however, for low-wage workers navigating medical costs, housing costs, transportation needs, and emergencies with limited disposable income, having the ability to benefit from one's cushion of wealth can be essential.

Worker owners can borrow against their patronage account up to $1,000 per year, in two $500 loans, to address financial emergencies such as medical emergencies or utility shut-offs through a "micro-loan program."[24] They also have access to a loan program that allows employees to

[23] A rule that was designed in the lean early years to protect the company from a mass exodus technically gives the company up to five years to refund the patronage account.

[24] About half of the workforce is not yet an owner. How do these workers remain aligned with the work

receive loans up to a maximum of $3,000, which are repaid over one year with no credit check. No more than 8% of their income may be deducted for repayment. This program has helped some workers to establish or improve their credit.

Governance

A defining feature of a worker cooperative is that its major decisions are made democratically by worker owners, either directly or through some system of representation.

At Evergreen Cooperative Laundry, worker voice in governance works through two channels: 1) cooperative meetings for all members, and 2) worker owner representation on the cooperative's board of directors.

First, "Co-op Meetings" are open to all members and take place three times per year. The agenda is prepared in advance by a subgroup of worker owner representatives at a "pre-co-op meeting."

At co-op meetings, members vote on new board members and discuss and vote on questions on the agenda. One issue voted on at a recent co-op meeting involved whether to share profits with non-owners. The members voted against doing so because they saw that this removed the incentive for ownership. At another co-op meeting, worker owners voted to increase pay. The board, however, then reversed that decision because it was not feasible budgetarily. At cooperative meetings, management also reports a financial update. Both the CEO and general manager will speak.

Second, the nine-person board of directors, which includes four elected worker owners, also meets at least three times per year. Board meetings take place following every co-op meeting. Worker owners elect those workers who serve on the board of directors. The board includes worker representatives from both sites, Glenville and Collinwood, even though Glenville is a much smaller site. Elections take place annually, with each member casting one vote using paper ballots. Board terms are one year.

The board composition is as follows. Of the nine Evergreen Cooperative Laundry board members, four are worker member board representatives elected directly by the worker members. One board member is appointed by the Evergreen Cooperative Corporation. The four other board members are elected by the Evergreen Cooperative Laundry board. One such board member is a Community Representative and three are external stakeholders, typically industry experts.[25]

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and motivated, without profit shares? Wynette Bryant explains that "mini games," a Great Game of Business technique, help to align the entire workforce with performance goals, including newer workers who have not yet become worker owners. These mini games include and reward everyone. However, the reward for a mini game is not financial. Rather, it's often something fun. Examples include an ice cream truck, a meal, or a bowling party. Also, if new employees have been there more than six months and are showing some potential, "We try to engage them in the huddle to learn what the line items are and how what you do affects it," explains Bryant.

[25] E-mail communication from CEO John McMicken, August 2022.

The board votes on the budget and financial goals drawn up by the CEO, and approves the new members who have been voted in by the full membership.

Wynette Bryant, the Manager of Culture and Wealth Building for the Evergreen Cooperative Corporation, schedules and facilitates all these different types of meetings—board meetings, co-op meetings, and the pre-co-op meetings—for all Evergreen cooperatives.

Wages and Benefits

The starting wage for a laundry worker, the lowest-paid job at Evergreen Cooperative Laundry, is just $12 per hour. The wage rises to at least $12.50 per hour after six months and $13.50 at the one-year mark of employment. At five years, pay is approximately $15.00 per hour. The average pay across the laundry for hourly workers is currently $16.50 per hour.

Starting wage levels for Evergreen laundry workers are lower than typical pay for laundry workers in "general medical and surgical hospitals" nationwide. (Their median hourly wage was $13.91 in 2020.)[26] The average wage of $16.50 for all hourly workers remains lower than wages of the broad category of "laborers and freight, stock, and material movers" in Cleveland, who earn $17.02 per hour on average overall.[27]

Profit bonuses, which vary, typically add the equivalent of $2 to $4 per hour on top of wages. (Only members typically receive such bonuses. Non-member employees are not included.)

All employees work full-time, which is defined as 32 hours or more. In general, though, employees work 40 hours per week. While schedules are fairly predictable, specific schedules vary; some workers work from 9:00 a.m. to 5:30 p.m. Monday to Friday. Others work four 10-hour shifts, for example from 8:00 a.m. to 6:00 p.m. Others arrive early in the morning to prepare the pack room by delivering the linen before other staff arrive so that the work can start promptly. Under certain situations, employees may be expected to work longer hours if the need arises. Workers receive extra pay for working on holidays or overtime.

In addition to wage and profit shares, other benefits include:

- 401(k) with a company match up to 6% of pay contributed by the employee[28]
- Health insurance, including medical, dental, and vision

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[26] See: "Occupational Employment and Wages, NAICS 622100 - General Medical and Surgical Hospitals," May 2020 at https://www.bls.gov/oes/2020/may/naics4_622100.htm.

[27] "Cleveland Economic Summary." August 3, 2022. U.S. Bureau of Labor Statistics. See https://www.bls.gov/regions/midwest/summary/blssummary_cleveland_oh.pdf.

[28] Employee owners are automatically enrolled in the 401(k) with a 1% payroll deduction, which is matched by the company. That 1% increases over time, but employees can control it or choose to opt out if they wish. A home-ownership program previously assisted about 20 employee owners in purchasing homes, but has been paused.

- Life insurance
- Long-term disability insurance
- Low-interest loans
- Paid time off (sick leave, personal days, and vacation which varies by years of service)
- Legal subscription services
- Credit, counseling, free tax preparation, financial literacy training
- Criminal record expungement services
- On-site banking enrollment

There is no childcare or elder care assistance.

Straight wages are low, but when patronage distribution and profit bonuses (which combined averaged $10,000 per worker in 2021), plus benefits are added in, the total pay package and wealth accumulation potential are more substantial.

Wynette Bryant acknowledges, however, that it can be hard to retain workers who now have opportunities to earn $18 per hour at Amazon and other employers.

When three workers were asked what they liked about working for the laundry, Carla Beasley, a lead employee, said she appreciated that Evergreen Cooperative Laundry promotes from within. “I've worked in various positions” at the cooperative laundry, she says. “I appreciate how far I’ve come, from where I started to where I am now. They're always watching and they saw an opportunity for me. Instead of finding someone from outside, they let me know about it.” Whenever a job comes available, qualified inside employees are offered the opportunity first.

Donald Lappin, a production supervisor, agrees: “Take me, for example. I started on the production floor. I worked the pack room. I drove a truck.”[29]

Melissa Tate, who works in production and has been a worker owner for two years, appreciates that they have central air every day. The machines can reach 300 degrees. The central air conditioning helps “to maintain our cool. That really makes a difference.” The temperature in the new facility is something “I really enjoy,” says Ms. Tate.

Coordination

Given how integral the laundry services are to its operations, how does Cleveland Clinic coordinate with the Evergreen Cooperative Laundry?

First, key performance indicators (KPIs), metrics of efficiency and performance, are agreed to in advance and spelled out clearly in contract provisions. The KPIs cover: 1) fill rates, 2) on-time

[29] Wynette Bryant describes promoting from within, when possible and appropriate, as “a goal. Not all good workers make successful supervisors; however, we do our best to train and mentor.”

delivery, 3) quality and 4) percent of maintenance completed. There are also cost targets.

Second, a Cleveland Clinic liaison is designated to coordinate with the Evergreen Cooperative Laundry. That liaison, who has industry-specific knowledge, visits Cleveland Clinic in the morning to learn the hospital's needs and priorities for the day, then spends much of the rest of their work time at Evergreen Cooperative Laundry. That individual is available to Evergreen whenever the cooperative needs to know something about the hospital side and vice versa. When the hospital has a question about activities on the laundry side, the liaison is the bridge.

Third, at quarterly business reviews, Cleveland Clinic and Evergreen Cooperative Laundry review the KPIs for the quarter and discuss any challenges. "The cooperative laundry has met their KPIs historically, very well," says Downey.

As an example of the fine-grained coordination that can take place between Cleveland Clinic and the Evergreen Cooperative Laundry, Downey shares this story: "We had a patient tell us that they lost a phone in their linen," he recalls. The patient reported this to the hospital immediately. "The liaison gets in touch with Evergreen. They tracked it down to the actual room bag, wherever it was in the laundry process. They found the phone and we were able to return it to the person." The liaison is an employee of Cleveland Clinic. Liaisons do not manage the laundry. In other words, liaisons don't tell laundry employees what to do. Rather, the liaison performs vendor management with a service provider that Downey considers a critical strategic vendor.

What Makes it Work from the Hospital Perspective?

Other healthcare institutions have shown interest in Cleveland Clinic's partnership with the worker-owned Evergreen Cooperative Laundry. If Stephen Downey were to advise a supply chain head peer in another hospital system about adopting a similar arrangement, what would he say are some of the necessary preconditions for success?

From his perspective on the hospital supply chain side, success first requires cost competitiveness. , says Downey. "It may not have to be the cheapest option, but it does need to be cost-competitive. You can justify a small additional expense, but you can't justify, say, paying twice the going rate of another laundry facility."

Second, he recommends having the KPIs clearly established. "Set up the KPIs upfront. Make sure that they are measurable. Run the business through them. Having good measures of performance allows everybody to stay on the same page," says Downey.

Next, he believes it is important to focus on a labor-dependent area of work. From Downey's perspective on the hospital side, the greatest value the cooperative model brings is "having an aligned and incentivized workforce."

Finally, setting up a communication liaison—an employee to go back and forth with very clear communication pathways—is key. That person should have specific industry knowledge; the liaison to ECL is a laundry expert. "They know their way around the laundry business, and so when Evergreen has a challenge, our person understands what that is," Downey says.

"I highly recommend this model," he says, even if it requires a lot administratively for them, and from the laundry, to meet the KPIs and cost targets. "For us," says Downey, "it was a commitment to community development and community success. Cleveland Clinic wanted a program that would help build the community, and we're willing to take the time and effort to set this up and make it work."

Could Downey imagine expanding its anchor institution role into other areas of the supply chain, besides laundry?

"We've been in a number of conversations," he says. "We don't have an answer yet, but there are other areas in the health system that are labor dependent, for example, furniture repair or sterile processing." Cleveland Clinic is also looking at how to grow the Evergreen model in Florida, where they run five institutions.

Stephen Downey says this about Evergreen Cooperative Laundry worker owners: "They will tell you, 'It's *our* business. We are the ones delivering this contract and if we don't perform, our business won't survive, so we hold ourselves accountable to the KPIs because that's what's making our business successful with you.'" They hold themselves and their coworkers accountable for their performance to make sure they hit the targets. You get the best performance possible because of that," Downey believes. It's not that somebody somewhere, a boss, is enforcing the rules. "It's that the people are incented to hit the metric itself. It's their livelihood that is tied to it."

Limitations

The process of building the Evergreen cooperatives has been challenging. The cooperatives have at times been targets of criticism by observers.[30]

Some argue that there is a gap between practice and aspirations; that the reality on the ground has not lived up to proponents' dreams.

There is a second criticism. While a true worker cooperative is governed by its worker owners, worker owners at Evergreen Cooperative Laundry do not hold a majority of seats on the board of directors. In that sense, the laundry is not a model of pure worker control, nor does the CEO of ECC claim that it is.

A third criticism is that the starting wage rates for most jobs are lower than the $15 per hour minimum wage that Cleveland Clinic pays its own employees, and which is the minimum wage it recommends for its contractors. It is true, when the sizeable take-home profits are added to base wages, the resulting total combined pay is normally above $15 per hour for the worker owners—but profit shares vary and they do not extend to newer workers who are not yet owners.

Still, in a city with a 30.6% poverty rate, the model has grown a worker-owned business that

[30] See a 2016 response from Ted Howard, President & Co-Founder of The Democracy Collaborative, here: https://democracycollaborative.org/learn/blogpost/correcting-record-evergreen-cooperatives.

employs workers from economically and racially excluded neighborhoods, many of whom are re-entering citizens who face barriers to employment.

Conclusion

The relationship between Cleveland Clinic and the Evergreen Cooperative Laundry has also attracted praise and interest as an anchor institution model. It shows that a large hospital system in a high poverty city can, through a long-term contract and close coordination, buoy a worker owned company that gives its hard-working worker-owners the opportunity to accumulate profits while having a voice in governance.

In the context of persistent racialized poverty and the job quality crisis in the deindustrialized Rust Belt, and given the rising dominance of health systems as economic powers, the model captures the imagination. It shows that hospital systems can support worker owned companies in ways that benefit workers and communities through their contracting choices. It also shows just how much effort and intentionality such an arrangement can require.

By sharing considerable profits with its worker owners, the Evergreen Cooperative Laundry directs economic resources to workers who have been largely excluded from job opportunities generated by the hospital system that remains the state's largest employer. Worker owners who stay employed at Evergreen Cooperative Laundry over many years have the potential to accumulate tens of thousands of dollars in wealth.

The Evergreen Cooperative Laundry and its relationship with Cleveland Clinic are important foci for critical study in post-industrial America. The partnership is worthy of examination, not as a model of perfection, but as a serious attempt to redress deep structural failings of capitalism and bring tangible financial benefits to workers on the ground—through an anchor institution partnership with a worker-owned business.

Summary Table: Evergreen Cooperative Laundry

Employees	150
Members	Approximately 75
Year Founded	2009
Governance	Worker Representation on Board
	Cooperative Meetings
	Open Book Management
2021 Patronage Distributions (paid out in 2022)	$3,300 to $6,800, varies by tenure
2021 Total Average Profits Paid Out per Worker (patronage distributions + profit bonuses)	$10,000, varies by tenure
Starting wage for new laundry workers	$12.00
Average hourly wage for all hourly workers	$16.50