

# Stories from tech worker co-ops

What follows are the stories, in their own voices, of ten small democratic tech service providers. Seven are worker co-ops from all over the United States, providing a diverse range of technology services (design, programming, hosting, repair) using a variety of business structures. These are followed by the stories of three cooperative enterprises that are not quite worker co-ops: a transitional democratic workplace, an informal producer co-op and a volunteer-run informal consumer co-op. Each of the ten authors speaks from a different perspective—you'll read about formation and history, financial structures, business start-up, collaborative work, group process and decision-making, working conditions, compensation strategies, organizational values, and connections between co-ops—and between the ten they show the tremendous and inspiring range of possibilities available for working for ourselves in democratic groups.

*By Jason Mott*

As a software engineer, I came from a corporate background. I gained my tech chops during the 1990's tech boom. Over a span of nearly a decade I became a fairly accomplished software engineer. However, something was missing. I didn't feel respected by those who employed me. I felt exploited. I began to remember my upbringing, and my early years in the workforce as a factory worker. I had always been aware of labor issues, but I finally became conscious of them. I started to realize that wealth was built on the back of cheap labor, i.e., exploited human beings not being paid what their time is actually worth. The reason my fellow tech workers and I were being juggled from job to job, layoff to layoff, was because there was a huge effort from corporate brass to pursue cheap labor. The biggest effort involved having us compete with the Indian labor market, which costs pennies on the dollar.

I needed to own my labor, but wasn't interested in attempting any sort of unionization effort. I saw the union movement as only a step in the right direction, but not the actual realization of owning one's own labor. The second option was starting my own business. However, I knew going down that path would mean I'd just one day be the bad guy pursuing cheap labor. No, I needed to own my labor, and never attempt to own anyone else's labor. Also, I didn't want to work alone.

Enter the worker-owner movement! Once I discovered it, I sought to join one. And that's what brought me to the Brattleboro Tech Collective in Brattleboro, Vermont. BTC was a spin-off of a worker-owned company called Eggplant Active Media.

BTC writes and maintains open source web applications. It was born not only out of the passion for web technology and worker-ownership, but out of the interest in taking on the dynamics of the fragile and intimate interactions worker-owners must vigilantly maintain. The worker-owner structure is unique in that every member must equally share control of money, power, and the means of survival. This has the inevitable effect of causing conflicts, which when not properly processed can destroy the very thing every member is depending on.

To this end, BTC has created a culture of honest communication, of intense communication, and of respectful communication. Our structure includes a monthly all day meeting, where we discuss anything that's on our minds which might be affecting the members, positively or negatively. This meeting is also where most of our important decisions get made, using the consensus model. We've also created a rule which is the foundation of every other: make it up as you go. This means, be agile enough to make a change when established norms become dysfunctional.

When BTC began, the two founding members decided there wouldn't be remote members. All members had to live in or near Brattleboro, and work in the same office together. This structure was the foundation of the

effective communication that was necessary to address the issues of interacting in a healthy way. In the spirit of make it up as you go, this rule has since been changed, and we do have a remote member. However, this was a member who had spent his first few years at BTC in Brattleboro working in the office. Additionally, he still comes in person to the monthly meeting. Given that, we still do require any new member to start out in Brattleboro working in the office, so we can get to know her or him well enough to communicate with the previously mentioned intensity.

Because of our structure, we've evolved an incredible worker-owned company with some solidly effective guiding principles. These principles include keeping a cap on the amount of hours we work in a day and week, charging the appropriate rate that respects the value of our labor, being very mindful of who we sell our labor to, and enjoying the work that we do. These principles not only allow us to produce high quality software for our clients, but they also allow us to own our labor!

*By Sabiha Basrai*

Design Action Collective is a graphic design studio in Oakland, California. We are a mission-driven organization, formed to serve the visual communications needs of the progressive movement. We are also a worker-owned cooperative, with six members.

Design Action was formed in 2002 as a spin-off from Inkworks Press, a worker-owned print shop formed in 1973 to serve the movement for social change. When the desktop publishing “revolution” hit in the 80s, Inkworks' electronic prepress department quickly expanded to offer desktop publishing and graphic design services. As graphic design became an increasingly important service to non-profits and activist groups, Inkworks was faced with the reality that the design and prepress work flows did not always mesh very well. After a number of discussions about how to provide both services well, it was decided that the design department should be spun off as its own shop.

Thus, Design Action was born. Inkworks' two designers left and were replaced by two dedicated prepress operators. Initially operating as a two-person shop working out of a living room in Berkeley, Design Action quickly expanded its services. In 2003, we moved to downtown Oakland to share offices with The Ruckus Society and Third World Majority. Then we started adding collective members. In 2008, Design Action moved again and today occupies over 2000 sq. ft. of office space in downtown Oakland.

While still working very closely with Inkworks, each shop is now an independent worker-owned business. We serve many of the same organizations, and Design Action has been able to expand its services in the areas of web and multimedia, as well as design for other types of printing such as t-shirts and banners. We can also now support organizations with full-ad campaigns, messaging, and strategic communications-tools of increasing importance to the social change efforts. Without advocating for image over substance, Design Action believes that the social justice movement does not lack good solutions, theories or even solid working models of how a better world is possible. Yet, the other side spends billions of dollars every year bombarding people with the message that there is no alternative to the current system. So, it is important for progressives to find a way to articulate their vision—and the visual communications piece of that effort is what Design Action seeks to tackle.

At the same time, Inkworks has been able to place a stronger emphasis on the technical side of its prepress and printing—modernizing its presses and launching an online print-ordering system. So the split has been a win-win for both shops.

As a collective, Design Action modeled most of its initial policies on Inkworks. We have a flat decision-making structure, and equal hourly pay. The collective candidacy period is 9 months, but there is no buy-in. The weekly collective meetings are off-the-clock and are considered an ongoing investment in the shop as a political project.

Most day-to-day decisions are made by a two-thirds majority vote. However, certain larger decisions that affect the shop as a whole (such as hiring and firing) are made by consensus. We also have weekly production meetings (on the clock) where we distribute work and update each other on upcoming projects. All members share responsibilities for project management, design, production and administrative tasks. There are no divisions in job roles. We have a bookkeeper who comes in once a week, but we all have to keep up to date on our accounts, payroll and invoicing.

Design Action is incorporated as a California Cooperative following the model of Rainbow Grocery, the Arizmendi Cooperatives and others. Members are active in a number of different social movements, and the shop is a member of the Network of Bay Area Worker Cooperatives, The U.S. Federation of Worker Cooperatives, and our union, Communication Workers of America, AFL-CIO. Being part of a union allows us to have a voice in the labor movement, and ensures that we continue to adhere to union standards as our co-op grows. Design Action is also an Alameda County certified Green Business.

At the end of each fiscal year, a portion of the profits are distributed to each collective member in proportion to hours worked that year. 75% of the profits are distributed to collective members as patronage, and the remaining 25% is retained by the cooperative. Patronage is paid out in installments in order to maintain Design Action's cash flow.

A majority of Design Action members are people of color, with native speakers of Indonesian, Spanish, Hindi and some Bengali on staff. We strive for diversity in our collective as we bring in new members. In the future, we hope to set up internship and apprenticeship programs to train more people in political graphic design.

*By Brent Emerson*

Electric Embers (EE) is an Internet hosting worker co-op serving progressive nonprofits, cooperatives, artists and other related entities. We aim to help our clients envision and create a world that is more just, sustainable and beautiful, while providing an ecologically, economically and socially responsible alternative to run-of-the-mill Internet hosting.

EE's roots go back to 2001: Adam Bernstein was customizing and hosting open-source software to provide his consulting clients quality communications tools for smaller budgets, just as I was expanding my hobby friends-and-family Linux server into a small side business. We met as nonprofit tech consultants, and soon found ourselves co-creating the tech underground. It quickly became clear that we shared a dilemma: we loved working with nonprofits, but couldn't find many opportunities to use our favorite UNIX-like operating systems and free/open-source software. Our small hosting businesses were a start, and we naturally began collaborating: Adam sublet his colocation space to me when I needed an upgrade; I covered his customer support when he took a long trip to India; we shared the purchase and use of a backup server. Over time we realized that we could accomplish more by working together than we could on our own. And so on May Day in 2003, Electric Embers was born.

As a legal entity, EE's ancestors were Adam's and my sole proprietorships. We researched a variety of options and decided to organize EE as a general partnership, which seemed like the simplest, most commonsensical development of our autonomous businesses. Writing and executing a partnership agreement that enshrined our democratic principles was fairly straightforward (with the help of a few books), and I could file our partnership income tax returns without any help from an accountant. However, by 2005 we'd begun adding a third worker (and looking forward to a fourth or fifth), and the static partnership structure was starting to seem like a burden; partnerships must technically be dissolved and recreated on the arrival or departure of a partner. As our business grew, we were also becoming aware of the personal liability to which our partnership exposed us. Through our membership in NoBAWC, we were witnessing the structural characteristics of worker co-ops and the variety of legal structures diverse Bay Area co-ops were using. This time keeping liability protection and member succession in mind, we reformed as the three-member Electric Embers Cooperative, picking what seemed like the most natural structure: we incorporated under California's Consumer Cooperative Corporation Law, with co-op concepts like membership and patronage built in. We used a co-op-savvy lawyer to help draw up bylaws, and consulted with a co-op-savvy accountant about our bookkeeping--he now prepares our corporate income taxes. Since we were becoming employees of the corporation, we retained a payroll service to handle our payroll taxes.

EE is a distributed workplace: all three members work from their respective homes in San Francisco, Oakland

and Portland. We each work 4 days per week, staggered so that there are 2-3 workers on duty each weekday. We meet once per week for a 1-2 hour phone call during work hours; otherwise, all our communication occurs over email, either in the ticketing system we use to organize our client work, or in direct messages to each other. When we all lived in the same metro area, we'd often have the meeting at one of our homes rather than on the phone and then work together all day, to cultivate the camaraderie and social connections that can be hard to create at a distance. All our decisions are made by consensus; with only 3 members we have a pretty loose process, which can get more formal if we face a divisive or emotional issue. Every two years we gather together for a short retreat in which we produce our forward-looking strategic plan, which gets evaluated and updated in the off-years. As our business has grown and our systems have increased in sophistication, we've developed from two "clones" (who strive to be able to fill in for all of each other's work functions) to an integrated team of three, with specialties based on our interests and skills. Our division of labor is a balance between a rough symmetry (we can all function equally well as basic system administrators and customer service operatives) and increasing specialization on certain technologies and other facets of running a business. The result: EE can provide a baseline of consistent service no matter who's on duty, but benefits from the deeper skills members can attain by focusing in.

Facing the future, we have to acknowledge that although we've grown slowly and steadily over 5 years, our industry is unpredictable. On one hand, the basic technologies we use are 20-30 years old. On the other hand, the Internet often seems about to change from a culture of powerful users at the edges of the network freely exchanging data—in which organizations like EE are relevant—to one where a few companies at the center of the network store and control the flow of information. We confront this issue every 2 years when we update our strategic plan. One result is that we're coming to see our core product as personal customer service rather than Internet technology—we'll never compete with Google on price or fancy tech, but our clients rave about the way we talk with and respond to them. Other questions we face: should we be marketing ourselves more aggressively to grow faster? What's the optimal size for our business? What's the appropriate salary for our work? Do the benefits of working together physically outweigh the benefits of working from home? Is our current division of labor fair and sustainable? We can't all be marketers and accountants and economists and sociologists and futurists (when what we mainly want to be is technologists) but it's still exciting and empowering to face these questions head on, together.

*By Benjamin Bradley*

GAIA Host Collective offers Internet hosting services, domain registration, managed dedicated servers, and managed applications such as email newsletter broadcasting, discussion listservs, and specific open source web applications. We are committed to pursuing environmental sustainability, and support the social justice movement through non-profit and cooperative organizations.

The GAIA Host Collective story started with Onechoice Digital, a sole proprietorship web hosting company owned by web designer and Gaia Host co-founder Charles Strader. Onechoice was sold to the new Gaia Host Collective LLC entity formed in October 2004 by Charles in partnership with Mark Bucciareli. By purchasing an existing company rather than starting one, Mark and Charles spent the first two years of the business growing the customer base and building the major hardware and organizational infrastructure of the business. In late 2006, Mark's professional priorities changed and he began phasing out of the business. In the same time period, Charles began discussions with Benjamin Bradley about coming on. Over the next two years, Charles and Benjamin spent their time expanding the offerings of the business, improving the internal infrastructure of the business, and forming strategic partnerships with values-aligned website designers/developers. As of September 2008 we are poised to bring on a third worker-owner.

Why a worker-owned co-op?

Charles: I live for cooperation in my personal and work lives. After having experienced working for traditional corporations and Internet start-ups, I worked to create a worker co-op out of my original business. To me worker-owned businesses are a core aspect to having a fully democratic society of empowered people.

Benjamin: I had heard of the Mondragon model, a terrific success story for worker-owned co-ops. Coming from a more corporate background, I was disillusioned with working within a tightly-regimented structure over which I had no control, and from which I derived little benefit. Most of all, I was tired of putting my time and energy into an enterprise which provided me little more than a paycheck in terms of life satisfaction. For several years prior, I had been interested in how to empower workers, believing that an employee-owner would be more interested in the success of the business, more creative with problem solving and have a higher quality of life.

GAIA Host Collective chose to incorporate in the state of Massachusetts as an LLC Partnership, not an Incorporated Cooperative. Choosing an LLC provided the following benefits:

1. We could get a little bit more creative and egalitarian with our organizing principles with an LLC.



2. In an LLC the owners don't also have to be “employees,” which allows us to work on a pure profit-distribution model without restrictions that go along with having employees.
3. Simplicity of filing and creating the organization. Three members are required to create a cooperative and GAIA Host was started with only two.
4. Simplicity of yearly financial reporting and tax-level issues.

The main detriment to this structure is that each member must pay self-employment taxes on their profit distribution, where a cooperative member may only have to pay self-employment taxes on their wages, and not on their profit distribution. (This issue is still undecided, and pending legal cases by another cooperative that is waiting on feedback from the IRS as of Summer, 2008. )

GAIA Host has no central office; members work from home or a location of their choice. We distribute “on-call” shifts so that technical support is available to customers 24 hours a day, but have no fixed work schedule outside of those times. Thus, each member is free to choose his own work location, and to a large extent, his own schedule. This provides great freedom for each member, but can make it difficult to work together. We have developed a set of “best practices” to make the most of this unique situation and mitigate potential problems:

- Triage. As items come up for discussion, we can factor them into an “urgency triage”:
  1. Critical issue - contact another member via phone for immediate consultation.
  2. Medium urgency - needs attention soon, but not a critical issue.
  3. Low-impact issue - send an e-mail for gradual discussion.
- Weekly meetings. We meet virtually online (in a private chat room) to discuss pending technical issues, business planning, scheduling changes, and other matters of medium urgency. During Benjamin's “ramping up” phase, we had meetings twice a week, and once he got more comfortable with the day-to-day affairs of the business, reduced them to once a week.
- Personal check-ins. We include personal check-ins during our weekly meetings, which is each member's time to verbalize personal stresses, either inside or outside of the business. We may also address “gut” feelings during the meeting, related to the business, customers, or other members. Because we have so little face-to-face contact, it is vitally important to deal with potentially disruptive situations, and not to let them simmer and turn into grudges. This helps GAIA Host maintain the very high level of trust we have in each other, and enables us to work relatively independently for months of the year.

- **Consensus Decision-making.** GAIA Host has committed to using the consensus process as our decision-making model. The consensus process has been relatively easy with only two members, although we have had an occasional “stand-aside” on a decision, where the members essentially agree to disagree.
- **Individual / Collective decision-making balance.** Most daily tasks are routine in one way or another. In general, anything that falls outside of this “previously seen problem” category is up to the member encountering the problem as to how they deal with it. Large financial purchases should be run by the Collective, as well as significant changes to the technical infrastructure.
- **Accountability tracker.** The goal of our accountability system is to maintain a high quality of work produced by Collective members. We currently report missed deadlines and personal commitments, as well as mistakes which cause significant impacts on finances, time, or customer perception. Anyone may submit an accountability report for any member, including himself. This idea is still in early stages, and has worked well to raise our awareness about the listed issues.

GAIA Host Collective is entering a big growth phase. We have already expanded our physical infrastructure and are adding a third worker-owner. With this addition, our interpersonal dynamic will change significantly, going from a two-person pair to a three-person group. We look forward to the challenges this presents us and seek opportunities for personal, as well as professional growth. In looking for a third member of our team, we are looking for specific technical skills, as well as interest in developing the business as an organization. However, the main characteristic we are looking for in potential candidates is the desire to work for a company like ours. Because GAIA Host is a worker-owned collective, our business is based on our people. GAIA Host offers a greater opportunity for our members to bring their values into their work. We care about people and the environment, and want our work to reflect those values.

## *By Everybody in Quilted*

Quilted is a worker-owned company working to stitch together technology and social change by providing visual design, web development, and strategic consulting to individuals and organizations working towards similar goals. We focus on highly usable standards-based design, and work with open source technologies such as Drupal, WordPress, and Ruby on Rails.

Quilted emerged because a small group of people identified a genuine need to make a living doing work we cared about and to have a positive impact in the world. We evolved from a loose network of five freelancers as a result of our initial meeting in Brooklyn in late 2004, to a three-person Limited Liability Company in mid-2007, to having two full-time members and an apprentice in the Bay Area as well as one full-time member and one part-time prospective member in Boston today.

By the initial meeting in 2004, a couple of us - Erik Hopp and Ben Mauer - had already started subcontracting with each other, but we were all dissatisfied with our current situations. The initial rush of freedom for those freelancing at the time had worn off and we were struggling with lack of structure, lack of community, lack of consistent work, and stagnation of skills. Those who were professionals were frustrated with the usual soul-sucking nature of corporate work: no ownership over work and a sense of doing work that had little social value.

For two years, we operated as a loose network of freelancers with a shared name and portfolio, and exclusive subcontracting, but our numbers dwindled as three members of the initial group decided freelancing was not for them, took on other jobs, or pursued grad school. In late 2006, Erik moved from New England to the Bay Area and struck up a work-buddy system with Colin Sagan which grew into true professional chemistry, and Erik proposed that Colin join Quilted.

With a renewed sense of energy and a smaller, very committed group, we agreed to take the leap and form a business together. After much research, we decided to become a Limited Liability Company (LLC). Quilted had always been conceived of as a cooperative or collective owned by its workers, where each member had an equal stake in making decisions, an equal reward for success, and an equal responsibility for failure. Unfortunately, we found the cooperative models to be complex and lacking role models, professional expertise, and resources for people seeking to create a democratic work environment outside of the Bay Area. Unlike California Cooperatives, LLCs exist in all 50 states, and practically any lawyer and accountant understands the basic legal and tax implications. One of our long-term goals is to spread the knowledge of how LLCs can be used as a viable legal form for cooperatives and collectives, reducing the “barrier to entry” that we think prevents many people who agree with the idea of cooperatives from starting one.

Over the past year, Quilted has made significant strides in growing our capacity, increasing our ability to collaborate as a bi-coastal team, and setting up systems that support Quilted as a business and its members as people. We have recently graduated our first apprentice, Alex Hage, begun working with our second apprentice, Kyla Wagener, and hired our fourth worker and first non-founding prospective member, Michelle Moon Lee.

Today, Quilted has a solid foundation, but we are a learning organization. Our structure is constantly revised as Quilted changes to better support the needs of the business, our members, and our community. Here's a snapshot of our current model.

We make decisions by informal consensus, rather than a voting or veto system. Sometimes a member will agree on an issue despite reservations, as long as there is understanding that input can be offered as things develop.

We accept new members after an initial minimum six-month and 520 work hour prospective membership trial period at the end of which we have a review and the prospective member pays a \$5000 buy-in.

We bill our clients hourly on a sliding scale from \$150/hr to \$0/hr based on their ability to pay. Every member and prospective member is equally paid \$25/hr for all client and internal work, and every apprentice is paid \$15/hr. Benefits are provided in the form of monthly or yearly stipends for health and wellness, equipment, etc. A percentage of end-of-year profit is reinvested in the business as well as set aside for future subsidized client work. The remaining profit is divided among members based on percentage of hours worked.

We have two weekly meetings, weekly one-on-one checkins, and quarterly member reviews. On Mondays, we have an operations meeting where we get a snapshot of our financial status and run through the budget, status, and next steps for each project. On Fridays, we have a strategic planning meeting that is devoted to reflecting on Quilted as a business and refining systems that help us work more effectively. Weekly one-on-one checkins have proven invaluable for sussing out individual work issues, helping people talk through challenging tasks, and creating a sense of connection between offices on different coasts. Every three to five months we get together in one location for week-long retreats and conduct our quarterly reviews where each member has a chance to talk about their personal and professional goals and we can all brainstorm how to make those happen.

The future is looking bright for Quilted. Already, our members are sustainably making a living doing work we care about in a democratic work environment and our clients are building critical capacity at a cost they can afford. We see more opportunities to deliberately and carefully grow our own capacity and business model to solidify Quilted's impact in our community. We are doing our own small part in forwarding a vision of a democratic society by developing one example of a collectively-owned and collectively-managed economic engine that can serve as a model in the patchwork of ideas that is creating a socially-just future.

*By Yochai Gal*

There are many stories as to the origin of TechCollective; for each individual it was different. I can only speak for myself. Mine begins 3 years ago. Like many technicians in the Bay Area (the key here being technicians, not just web developers and graphic artists), I felt both unimportant and under appreciated by the company I worked for. I felt that technicians, specifically hardware-focused ones, are generally treated by non-hardware techies as inferiors. It became my intention to start a cooperative of technicians. I had wild dreams of having a giant superstore like CompUSA, but running as a cooperative. Fortunately a phone call to Dave at NoBAWC convinced me to take a step back, start small, find the right people; etc. After a few disappointing meetings I put things on hold.

Coincidentally, I ran into an old friend, called Sven, who had moved up to a very well paying job in the Silicon Valley (like \$45 an hour). Needless to say, he had a good job. But he felt increasingly ignored and powerless even at a job like his. So, on Thanksgiving day we met and hatched a plan. I left my job at a faceless non-profit (it's possible). I started working at Central Computers, in downtown San Francisco. It was there that I planned on infiltrating and gathering comrades. I was very naive, to say the least.

After 6 months of toiling (they are AWFUL) under repressive, low-paying tech work, I had become close to many of their employees and managers. I had gathered a lot of data from working there, both on the industry and on their operation. It was at this point that they began to not only refuse wage increases but to fire employees for bogus reasons. Here was a multi-million dollar enterprise, treating the very people that it relied on like dirt. It was at this point that a number of us decided to meet. I was not the first to suggest leaving the company and forming our own (and perhaps stealing some of Central's customers!). I was the one to suggest the co-op idea, however. And they really took to it! We decided to meet the following Saturday at a Subway Sandwich close to Central. Four of us were to attend.

Here's the amazing part: the Saturday meeting had almost twice as many people as we had anticipated! Some faces I didn't know, they were either weekend workers from Central or from other Tech Companies as well. Sven was there as well. We introduced ourselves, and voted unanimously to start legal proceedings, and to meet the following Saturday. It progressed from there. In the coming weeks we elected officers, created a name, decided on a logo, and created a timetable.

At first it was very difficult, we didn't know anything about business or accounting. We were initially a partnership—which we later learned was a very bad idea. We wrote bylaws, decided on pay, etc. There was much debate here, but we settled on different pay for different work. A web developer or programmer, for example, make twice as much as a technician as they bring in twice as much. They are only paid this much

when they do that kind of work, of course. We also pay based on regular industry standards.

We found a location (a nondescript office in the mission district). We had few customers, and a few of us couldn't work full time. This all changed after we declared our existence on the NOBAWC listserv. Immediately we began receiving phone calls and work requests from co-ops and non-profits alike. Some old friends found work for us at their place of employment. We worked incredibly hard—sometimes 14 hours a day. It was a difficult first few months.

There were internal problems as well. One of our founding members and I became enemies. This was not simply from working together, it became personal. To make a long story short, the other member decided to leave after four months. Not only for those reasons, he also found that he didn't believe in the model—it's not for everybody, after all. I was forced to take his place as accountant/web master. It was very hard; I didn't have a mind for math. I took some private lessons and went from there. Thank god for Melissa from Arizmendi; she helped more than she'll ever know!

It's now been almost a year and a half. We are incorporated as a California Cooperative Corporation. Our membership has grown—both in personnel and hours worked. We do require a buy-in, although no one has had to do this yet (there were points where this has simply not been possible). We acquired a storefront in the Mission on 23rd st. Our clientèle has grown tremendously as well, thanks to the powerful progressive community as well as members of the business community. We are currently in the talks of acquiring another tech company, whose employees have agreed to join TechCollective as full members. They were of course as much a part of the process as the owner has been. We hope to one day follow the Arizmendi model, and expand (but have each location serve as independently owned by its members). That's the story!

*By Alex Tokar*

Web Collective is a seven member employee-owned cooperative serving sustainability-driven businesses and organizations with professional Internet expertise. Based in Seattle, we have been incorporated for 16 months.

Our path to forming Web Collective began with shared values, stubborn idealism, and a common quest for pragmatic solutions. We knew we wanted employment, but we also knew that we cared about workplace democracy, saving the earth, and social justice. Values aside, it has become clear that mutual trust is a most essential ingredient for success. At the core of our transition from sole proprietors to co-op member-owners has been our growing trust for each other. Our evolving compensation policies and business practices reflect this developing trust and serve as markers in this transition.

Web Collective began in 2002 as a collaboration of Web professionals who met while volunteering with the Business Alliance for Local Living Economies ([www.balleseattle.org](http://www.balleseattle.org)). We found that people who are doing similar work, and thus who are natural competitors, are also natural cooperators. We started by sub-contracting to each other on small projects and slowly built trust in each other's integrity and abilities.

In 2005, we met a student at Antioch College looking to study the formation process of a worker-cooperative for his master's thesis. Although still unconvinced that we wanted to form a cooperative, we agreed to be his guinea pigs. Because his thesis was dependent upon us actually meeting, we scheduled time to talk. Over several months, with the only agenda just to talk about how we felt about cooperatives, we began to build more trust and understanding for each other's perspectives and values. The thesis concluded that dialogue—the process of listening to each other's ideas without a specific goal—was critical in our successful incorporation.

We decided to form a co-op for several reasons. We wanted to take on larger, more interesting projects. We expected to benefit from economies of scale with bookkeeping and sharing office resources. We also loved the idea of going on vacation and having other people around to help with support calls, while retaining a direct say in our work life. However, we still needed to trust each other more to join finances. To this end, we identified the most urgent common problems that could be solved by small, concrete steps. Our most important initial step was the commitment to work together one day each week, even if just on our own projects. This pattern of behavior increased our possibilities for informal conversation and brainstorming, and encouraged collaboration. We also worked with Interra on Boston Community Change, allowing all of us the chance to work together on a single project.

At this time, we capped our founding members at seven until after incorporation to streamline our decision process. We went on a three-day retreat to establish shared values and vision, and adopted the Formal



Consensus process for decision-making.

The evolution of our compensation plan reflects our growing trust in each other. Initially, we were largely sole proprietors who subcontracted each other on fixed bid projects. Next, we began bidding projects jointly, which required more transparency and shared risk. If a project took longer or was completed sooner, we would suffer or gain equally. As an unintended consequence, each project paid radically different hourly wages. This was a problem in equity, as not everyone worked on all projects, yet all of us benefited from projects done well.

True to a tradition of referring to major agreements with tangentially-related names, we called our first compensation plan under our newly incorporated cooperative (May 2007), "Boot Strap-On". As an extension of how we were already working, it was very safe for us as individuals. To balance the needs of the forming co-op with our sense of risk, we all chipped in a monthly fee for company expenses and were paid on an hourly basis for billable work. This plan solved the problem of being paid differentially by different projects. To enable this step we each also anted in a co-op membership fee.

In July, we shifted to "Boot Shining Sooth Sayers." Under this policy, we established a baseline pay equal to twenty hours. Members were paid an hourly wage standardized across all projects and Web Collective paid for member's non-billable time. A mandatory hourly commitment was not required.

We have also been experimenting with a bonus system called What Matters Now!, which allows us to rapidly set company priorities collectively and distribute pay bonuses based on members' achievements in these areas.

After a year incorporated, we were ready for our last transformation, this time to a full salary plan. Under "Purse Snatchers", we are now paid a fixed monthly salary based on an annual commitment of hours. We are each responsible for making our commitment of hours on an annual basis. Monthly hours are no longer rewarded directly by our monthly pay checks. People can essentially build comp time as well as go into time deficit. We now even have paid holidays and paid time off totaling six weeks per year! If at the end of the year we have been paid but did not fulfill the full commitment, we owe the company for that time. Detailed time tracking is required for this to work.

Our past 16 months have seen much change and evolution in our policies and practices. Trust has been a limiting factor in our development. Its growth has also been an essential ingredient in our success.



# Stories: **Chicago Technology Cooperative**

*By Jim Craner*

The Chicago Technology Cooperative is a team of web developers and designers that builds websites and online applications for nonprofit organizations and community groups. In less than four years, the organization has grown to employ nine people with clients across the United States. CTC has a pretty

unique structure, but I don't think any of us would rather work anywhere else! As one of the founders of CTC, and as the current “managing partner” in charge of day-to-day operations, I'd like to share some of our history and values with other people considering some sort of collective or cooperative.

CTC was founded in early 2005 by three colleagues who had been working in nonprofit technology in various roles, both as consultants and volunteers. Our experience had led us to the conclusion that there were no organizations sustainably providing affordable and effective technology services to nonprofits. We formed the Cooperative so that we could help needy nonprofits by solving their technology needs, and do so on our own terms: Free Software such as Linux instead of relying on Microsoft handouts! A virtual office with low overhead costs instead of a fancy office in downtown Chicago! Most importantly, we wanted the freedom to be in charge of our own day-to-day work and our overall careers.

The first two years of the Co-op were very rocky: we had no money, no office, no real business or organizational management skills, no marketing plan... and all too often, no customers. During this time, two of the three co-founders moved on to other organizations and CTC was staffed by one founder and a handful of part-time friends and allied freelancers. It was slow going, but we gradually worked on larger and larger projects during this period, which allowed us to eventually build up some recognition in the Chicago nonprofit community, leading to even larger projects. Finally, in the winter of 2006-07, we secured a project large enough to warrant the full-time hiring of some of our freelancers, bringing us up to three full-time staff.

In the last two years, CTC has tripled in size to 9 full-time staff, working virtually from five different states. We've handled projects for clients ranging from tiny grassroots neighborhood groups up to large, nationally-recognized foundations. Our staff are recognized as leaders in the software we use, we publish software and related case studies, and we regularly speak at conferences. A key to this success has been adoption of many of the principles shared by other collectives and cooperatives.

Technically, the Cooperative is a for-profit Illinois corporation. Illinois, like many states, has no laws or provisions for a traditional worker cooperative. Given that our primary mission is to assist nonprofit

organizations instead of turning a profit, we have occasionally discussed re-forming as a nonprofit organization. However, we've always decided to stay in our current structure so that we don't have to deal with a lot of the

rules and regulations that apply to nonprofit organizations.

Unlike some other worker cooperatives, we haven't yet formally divided up ownership of the company across the entire team. We're still discussing how this might best be done—a conversation that has been ongoing since before CTC was founded and in the years since. The relationship between ownership, management, responsibility, and “profit” is different in every cooperative. We likely won't finalize a structure until we've stabilized in size and had more time to discuss the issues involved as a group. The only thing we have agreed on is that we want to have a cooperative ownership model where all teammates are invited to become co-owners as well as co-workers.

Management is also a topic that has been frequently discussed, although we've found a hybrid between direct democracy and benevolent dictatorship that works fairly well. We try to stay as flat and non-hierarchical as possible: every team member has a voice and we encourage everyone to participate in long-term management and strategy discussions to the point that they feel comfortable. This happens both formally, during occasional face-to-face retreats, and informally during our daily interactions in our group chat room. As we have grown, we have found that some team members really don't want to participate in management discussions or decision-making—we keep the invitation to participate open to them, however.

When we're actually working on projects, we can't be entirely flat: each project requires a project manager to coordinate tasks among multiple teammates and with our clients. Internally, we have one “managing partner” who coordinates priorities and tasks among our multiple simultaneous projects; this person also handles general administrative and financial duties that need to be conducted by a single person.

While we don't yet fit the most rigorous definitions of a worker cooperative, all of the members of CTC are very pleased with how things have turned out so far and our prospects for the future. CTC currently allows each member to:

- \* work in an ideal environment with teammates that share many core values;
- \* work on exciting projects that satisfy us as technologists and as people;
- \* have the individual freedom to plan and control our own careers, while maintaining job and health care security.

The history of the Cooperative has been very exciting and fulfilling and we're hoping that continues into the foreseeable future!

*By Brent Emerson*

Tech Underground (TU) isn't a worker cooperative. If it were more formal, one might call it a producer co-op. Its members are independent technology consultants dedicated to their local nonprofit sector—producers of tech consulting services who join TU to market their services and provide a forum for themselves to collaborate with, support, and educate each other. TU exemplifies an alternative solution to balancing collective work and individual responsibility.

The story of TU begins in 2001. Hot on the heels of the Internet boom, The Management Center (TMC)—a prominent San Francisco nonprofit consulting agency—decided that it was time to offer technology consulting. They hired a full-time program coordinator whose job combined some client consulting with the management of a network of freelance consultants. TMC marketed their consulting program to their existing clients, farming out the work to this network of freelancers and taking a chunk of every hour's fee for overhead. Over a short period of time, the freelancers got to know each other, recruited others who worked with nonprofits, and began meeting every month or so at social events coordinated by the program coordinator. The tech consulting program was successful, but the Internet boom proved unpredictable: TMC had also invested heavily in moving their major revenue source (the popular nonprofit job newsletter Opportunity NOCs) onto the web, only to be quickly obsoleted by a newcomer called craigslist. TMC was forced to scale back many of its programs, and tech consulting was one of the first to go.

We freelancers inherited the clients we'd been working with, but we missed the support network that had been forming between us. We all enjoyed the advantages of independent work, including the freedom to manage our own work (including which hardware and software to promote and support as well as choosing which clients and causes to work with), and the lack of organizational overhead (and consequent higher pay and/or lower rates). But we'd also tasted the benefits of being part of a larger organization: access to peers as technical knowledge sources and as a labor resource for backup and emergency support, an established marketing and intake system and market identity.

In 2002, desiring to recreate aspects of the TMC program, TU's 4 founders wondered how to start: should we incorporate? as a non-profit? Ultimately we chose the simplest legal structure possible: nothing. We wouldn't even be a partnership (the common law default for people who engage in business together) because we wouldn't hold any assets in common or engage with clients as a unified entity. The TU would be an informal collective of consultants who have their own direct business relationships with clients: a referral resource for nonprofits who need tech help, a marketing and intake resource for the consultants who would serve them, and a facilitator of mutual aid, collaboration and backup support between its consultant members. We started having regular monthly meetings to develop materials to market ourselves collectively, socialize and talk about our

work. We created a short operations manual to record our developing policies and practices. Concerned with liability exposure, we had a series of meetings and ultimately tightened client/consultant contractual language and other systems to retain our informal structure while protecting ourselves. After a few generations of new members and a period of lax member involvement, we regrouped with a long identity-consolidation process and a thoughtful overhaul of the Operations Manual.

Collective responsibilities are divided into several roles. The Webmaster keeps the public website up to date and functional. When a prospective client inquires, the Intake Coordinator communicates with them and then hands the inquiry off to the Team Coordinator of the group of consultants who may end up serving the client; if TU can't find a member consultant to serve the client, a list of external referrals is delivered instead. The Membership Coordinator facilitates the addition of new collective members; the Document and Systems Maintainer keeps the written records and other systems of the group in order. Rotating Facilitators and Scribes manage TU meetings, which occur every 6 weeks.

Where the TMC program faltered, TU's self-managed cooperative model is succeeding. Our fees (paid directly to consultants instead of filtering through layers of overhead) are low enough to save money for our clients, but high enough to support us. Client-consultant relationships are direct and strong. And unlike a set of unconnected consultants, we have many of the strengths of a consulting team, increasing our reliability, knowledge, and geographical coverage. The clients of TU's members benefit from an integrated team, with more availability, skills, knowledge and experience than one person can possess.

And TU's collaboration network has expanded beyond the backup coverage we originally envisioned. Systems consultants regularly provide backup support for each other and work in teams with clients that require a broad range of skills. We use our email lists as a source for advice, industry information, and answers to our toughest questions. Developers have collaborated on projects that require both planning and build-out; and frequently a TU systems consultant will end up supporting the results! When two TU members started providing Internet hosting (eventually becoming Electric Embers), new avenues of easy collaboration and communication between host and consultant were opened. In the future, members hope to work together on pro-bono group service days for organizations that might not be able to afford their services. With 6 current members and 14 emeritus and former members, the Tech Underground is a thriving part of the San Francisco Bay Area's nonprofit tech community.

*By Alfredo Lopez*

May First/People Link was created in 2006 in a merger of two progressive technology organizations: the May First Technology collective (a consulting collective dedicated to service provision to non-profits) and People Link, a left-wing Internet service provider founded in 1994.

The juncture at which it was born defined much of what MF/PL has become because we were formed as technology and the way we use it was radically changing.

The social justice movement (a significant part of the non-profit community) and the progressive movement in general were becoming more comfortable and conversant with communications technology as that technology was growing into a more user-friendly and ubiquitous part of our lives. More and more people knew how to use it and more and more people knew how to work with it.

And we were breaking through the social enclosure that often walled in that technology: local networks whose interaction was confined to data exchange across offices or desks. Now everyone was using the Internet's technology. Over a billion people were on-line in the most explosive social development in contemporary history and our movements could talk to all those people, work with them on software development and use, exchange information of all kinds with them and act on that information using that software.

In that contest, the May First Collective found its future unsustainable financially and unfulfilling politically and People Link found itself constrained by its small staff and resources and unequal to the task that confronted it.

Two members of May First Collective, Jamie McClelland and Josue Guillen began weekly meetings with People Link founder Alfredo Lopez to discuss the situation and how to fashion a response to it.

During those months of discussion, it became clear to us that something was very different now: the Internet wasn't merely a technology, it was a human movement, as organic, dynamic and unpredictably powerful as any that had come before it.

We realized early on that the traditional forms of Internet "service provision" didn't fit this reality. If the Internet is a movement of which the progressive community is a significant part, we as progressive activists must be involved in its organization. We must approach it as activists approach any mass movement.

At the same time, we realized that approach couldn't follow the usual organizing patterns and culture. This movement is glued together by its use of a technology and its consistent practice: communication. In that

context, the political organizing within the Internet is also technology organizing and all technological work in the Internet is, in fact, political.

The stumbling block in these discussions: a name that captured what we were doing. We decided to merge the two histories of these two organizations by simply joining the name and so May First/People Link was born.

MF/PL today exists as a member organization that participates in the organizing of the organic Internet by maintaining a collaboratively run system of Internet resource sharing. We're like a union or a coop. Our 270 members (mainly organizations) pay yearly dues which are used to purchase and maintain a network of 38 servers that host over 500 websites and several thousands email accounts.

In keeping with that vision, MF/PL discards the concept of payment for Internet service. At MF/PL, a member pays dues and uses all the resources he, she or it needs and wants. Members commonly have more than one website, for example. Some have five or six. Emails are unlimited as are mail lists and other resources.

Nobody pays for any of that.

Technical support and network administration are also contributed by members and all our systems are set up to facilitate that. We use a public support ticketing system at <https://support.mayfirst.org> which allows all members to post issues, questions and comments in tickets which can be answered by any member who is logged in and reviewing the tickets. Anyone, member or not, can access and read all tickets. For us, the process of technical support is yet another organizing tool—a form of education and orientation to everyone in the Internet.

MF/PL at this point has no paid staff.

While our primary activity is providing ourselves with the tools to continue our political work on the Internet, MF/PL is also an activist organization that involves itself in educational work, coalition participation and events organizing and participation.

We are best known, perhaps, for our leading work in organizing and leading the Technology Working Group at the 2007 United States Social Forum which used Internet technology to actually organize the event and then conduct registration, workshop registration and information display, ride and housing organization and the blogging of the event itself by participants. But this is only one of the many events and activities we participate in during the year.

In fact, MF/PL's Collaborative Democracy workshop—a workshop in which participants use an Internet-based

program to conduct an open, seamless and transparently democratic drafting of an Internet statement of rights—has been consistently popular among participants in many conferences.

And our published book, *The Organic Internet*, is a collaboratively produced group of essays that form a progressive vision of the Internet and is on sale in hardcover and completely free from our website in pdf form.

In the long term, MF/PL's goal is what it is every day: to build an Internet home for every progressive organization and individual in this country by recruiting to our membership ranks as we continue to aggressively do or building relationships and coalition efforts with other progressive Internet organizations and providers (avoiding the poisonous capitalist model of competition).