

ICA News and Events

A Report From ICA's Community Jobs Program

Fall 2003

The ICA Group is a national non-profit organization established in 1978 to promote human and economic development through the creation of model employee owned companies and community income generating projects. As Venture Catalysts, we help disadvantaged populations throughout the United States create quality jobs and build community assets through the development of community-based, social purpose enterprises.

Acclaim for ICA Companies

Many ICA-developed companies are the unsung heroes of their communities, quietly creating quality jobs and building local wealth and economic security for thousands of workers and their families. Recently, though, several of these companies have won significant acclaim for their distinctive products, innovative technologies, excellent service delivery and quality business plans. We are proud to say "well done!" and showcase them here:

Winner, Career Advancement Strategy Competition

This national competition, sponsored by Jobs for the Future and Workforce Innovation Networks, selected four workforce intermediaries for their outstanding performance in advancing lower-skilled individuals into better paying jobs, while meeting employers' needs for a highly skilled workforce. **WorkSource Partners**, now in its eighth year of business, was selected for its continued excellence in recruiting, supporting and providing pathways to advancement for entry-level workers in the health care sector. As a winner, WorkSource will receive a \$65,000 grant award that will support the company's partnership with Genesis ElderCare in expanding the "Campus on a Campus" employee development model in long-term care.

"Campus on a Campus" combines worksite access to continuing education, one-on-one career and life counseling, and a committed management team to help Certified Nursing Assistants (CNAs) realize their dreams to

become LPNs and RNs, while also addressing the current nursing staff shortage. Over 60 CNAs at Genesis are now on a nursing track, in college courses or prerequisites, and 20 more have enrolled in GED or ESL classes.

Besides the honor and grant support connected with the award, it brings Worksource an opportunity to partner with Jobs for the Future, an association the company hopes will help it to achieve its workforce development vision on a national scale.

National Finalist, Yale-Goldman Sachs Business Plan Competition

Win-Win Cleaning, a business cooperative providing sales contracts and technical support to small office cleaning companies owned by low-income Vietnamese immigrants in Boston's Dorchester neighborhood, was one of 20 social purpose business initiatives that advanced to the final round of this year's first Yale School of Management-Goldman Sachs Foundation National Business Plan Competition for Nonprofit Organizations. Win-Win, created jointly by ICA and the **Vietnamese American Initiative for Development (Viet-AID)**, was one of 20 early-stage ventures selected from a competitive field of 655 entrants. While not among the four grand prize winners chosen in May, Win-Win distinguished itself as a finalist and was able to share its business concept and network with leading foundations and community economic developers involved with the process.

"Commuter Bike of the Year"

Independent Fabrication, a custom manufacturer of road, cross and touring bike frames and forks in Somerville, Massachusetts, continues to set the pace for both road and racing bikes. Its Club Racer model was ranked by *Bicycling* magazine as "Commuter Bike of the Year," and featured among the "Top Ten Toys of the Year" by the *Men's Journal*, an active lifestyle magazine. IF racing bikes also sped into the winner's circle at two recent events, the 24 Hours of Adrenalin Race, where IF riders won the women's solo, men's solo and co-ed team races, and the 24 Hour East Coast Single Speed Championship, a team event.

"Fastest Growing Technology Company in Vermont"

Chroma Technology Corporation, a designer and manufacturer of optical filters and coatings for fluorescent microscopes, has recently been recognized by Vermont Business Magazine as the state's "Fastest Growing Technology Company." Indeed, the employee-owned company has grown from seven employees and sales of \$300,000 in 1991, to 62 employees and annual sales exceeding \$15 million today. The company, whose products are used in biomedical research, aerospace, communications, commercial electronics and defense applications, recently moved from its original Brattleboro site into a new, 28,000 sq. ft. facility in Rockingham.

Getting People to Work in Newark

ICA launched NewSource Staffing in Newark, New Jersey in the spring of 2003, together with its local partner, the New Community Corporation. As with ICA's other social purpose staffing companies, NewSource helps low-income individuals gain a foothold in the job market by connecting them with quality temporary, temp-to-hire and direct hire job placements. Thus far NewSource has generated income for over 30 low-income Newark residents.

NewSource's President is Patricia Nagbe. Pat has brought a tremendous level of energy and commitment to the new venture. We recently asked Pat to tell us about the motivations and aspirations that drive her in this key management role.

Tell us about your background.

My background includes three years as general manager of a startup temp agency, three years of non-profit management experience and over 10 years of corporate experience.

What made you interested in the opportunity to run NewSource?

I consider myself a community development enthusiast with an entrepreneurial mindset. NewSource Staffing provided me with an opportunity to combine my social consciousness with my love for entrepreneurial business ventures.

What are your goals for NewSource?

I would like to see NewSource Staffing grow rapidly by partnering with several non-profit community-based organizations in the urban centers of the state of New Jersey.

What has been your biggest success thus far?

I feel I've been very effective in learning to forge relationships with the various stakeholders who are key partners to the success of this venture. Although I have a strong professional background, I was virtually unknown in Newark. Consequently, I spent a lot of my time in the first six months establishing positive relationships.



NewSource Staffing President Pat Nagbe

What aspect of running the company have you found the most challenging?

In the beginning, it was managing stakeholder relationships. Now, my biggest challenge is ramping up sales, but I am highly optimistic that with the groundwork laid in the past six months and the launching of a publicity campaign, we are positioned to achieve and possibly surpass our sales target.

How do you think NewSource helps Newark and its residents?

When you have over a thousand resumes and applications in hand without advertising, it points to a need. When you look at unemployment rates in Newark in the double digits, compared to statewide unemployment rates below 6%, it points to an incredible need. NewSource Staffing, with its advanced job development techniques,

is a very important link in the revitalization of Newark and the urban centers of New Jersey.

What do you think about the staffing industry as a vehicle for workforce development?

The staffing industry is an ideal resource for linking entry-level workers with jobs. Oftentimes, employers are hesitant about hiring entry-level workers because they perceive that entry-level workers have personal issues that lower their productivity. The temp-to-hire option allows employers to try before they buy. Employers are more likely to offer a job to an entry-level worker when there is a trial period in which the worker can demonstrate their skills and reliability. The fact that we provide coaching and support services during this time offers employers an extra measure of assurance, while also helping new workers to address workplace issues, build their self confidence and ensure that the job is a good "fit."

How do you see the relationship between NewSource and ICA evolving over time?

I would like to see ICA provide ownership options to key employees at startup. I would like to see ICA create an environment where several non-profits in the urban centers of New Jersey can benefit financially from partnering with NewSource Staffing by allowing satellite recruiting locations at their facilities. The temporary employment model works best with volume, when it starts up with several offices all at once in a given market. It allows for economies of scale.

Read about the evolution of the original Boston, Brooklyn and Washington, DC companies, and learn about factors common to their experience and success in *Getting to Work: ICA's Social Purpose Staffing Companies*. Authored by Susan Eisenberg, this ICA case study is available for download in PDF format on our web site. Go to www.ica-group.org, click on "Learn more about The ICA Group," and then "News!" to find the online link to the report.

ICA Support for U.S. Employee Ownership Bank

Last June, Jim Megson testified before the House of Representatives Financial Institutions Subcommittee, along with representatives of four other national employee ownership organizations, in support of The U.S. Employee Ownership Bank Act (H.R. 2969). The legislation, drafted by Congressman Bernie Sanders (I-VT), proposes to create a bank within the Treasury Department that will increase employee ownership of US companies and in turn help retain manufacturing jobs by providing loan guarantees, subordinated debt and technical assistance to employees who want to purchase their companies through employee stock ownership plans (ESOPs) or eligible worker-owned cooperatives (EWOCs). The bill aims to increase awareness about the employee ownership option, enable small business owners and workers to explore the feasibility of worker buyouts, and fill critical financing gaps that sometimes prevent potential deals.

As Jim told the Subcommittee, "when the employees are faced with the purchase of a majority of an enterprise, either because the seller wants to do this or because the enterprise will otherwise close, it is extremely difficult." He explained that banks will typically provide acquisition financing in the form of senior debt, but the amount is limited to the liquidation value of the available assets. "This leaves the employee group to find the balance of the necessary financing in the form of subordinated debt and equity," with subordinated debt the most difficult piece to find. Jim noted that although community development financial institutions like LEAF can fill this gap for some smaller transactions, these resources "are miniscule relative to the need."

The Employee Ownership Bank would be modeled on the U.S. Export-Import Bank, created during the Great Depression to create jobs through exports, and the National Consumer Cooperative Bank, authorized in 1979 to finance consumer cooperatives. Eligible borrowers would be limited to ESOPs or worker-owned cooperatives that are at least 51% employee-owned and provide for all employees to elect the Board, receive information about company performance and participate in decision-making. In addition to loan guarantees and subordinated debt, the bill would provide grants to states, non-profits and cooperative development groups to sponsor education and outreach about the benefits of employee ownership, fund feasibility studies to assess the viability of proposed ESOPs or worker-owned cooperatives, and conduct worker training about democratic decision-making.

ICA Projects in Progress . . .

Restaurant Opportunities Center, New York City

ICA has been working with the Restaurant Opportunities Center (ROC) in New York to pursue the creation of a cooperative restaurant in lower Manhattan. ROC is a nonprofit that was founded following the September 11 attacks to assist the displaced workers from the Windows on the World restaurant. ICA is currently helping ROC to develop a business plan and interview potential general managers and executive chefs.

Pulp Mill Employee Buyout, Natchez, Mississippi

ICA has been working with the Paper, Allied-Industrial, Chemical and Energy Workers International Union (PACE) to structure an employee buyout of a pulp mill in Natchez, Mississippi. The mill, which manufactures a high purity pulp used in acetate, tencel, rayon, cellophane and specialty papers, has been a cornerstone of the local economy for 52 years, employing over 500 hourly workers in a community of less than 8,000 households. International Paper closed the mill in July following a two-year search for a buyer.

Urban Co-op Development Initiative, Washington, D.C.

ICA is working with the National Cooperative Business Association and its Urban Cooperative Development Task Force to complete a feasibility study for a social purpose commercial cleaning cooperative in the DC metro area. The proposed venture aims to promote economic security and independence for inner-city worker owners, and to serve as a model business that will demonstrate the value of cooperatives as an urban economic development tool to policy makers and development practitioners throughout the country.

The ICA Board of Directors and staff welcome Newell Lessell as our new Executive Director, and congratulate Grady Hedgespeth on his appointment as Chief Financial Officer for Seedco and the Non-Profit Assistance Corporation. Newell is well known to us, as ICA's Vice President for the last seven years, and he brings a wealth of experience and insight to his new post. Best wishes to Newell and Grady as they take on new challenges in a common cause.

ICA would like to thank the
the following organizations for their
generous financial support:

The Altman-Stiller Foundation
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Nationwide Foundation
Presbyterian Hunger Fund
Public Welfare Foundation
The Rockefeller Foundation
Sovereign Bank
Tides Foundation
Tides Jobs and Housing Fund
W.K. Kellogg Foundation

**We also deeply appreciate the contributions
received from individuals and friends that
help to make our work possible.**

ICA 25th Anniversary CAMPAIGN

ICA celebrates 25 Years of Building Community Wealth!
YES, I want to celebrate ICA's 25 years of promoting economic
justice in the United States by creating quality jobs and
community-based enterprises for low-income people!

Enclosed is my gift of:

___\$1,000	Benefactor	___\$100	Member
___\$500	Sustainer	___\$50	Friend of ICA
___\$250	Sponsor	_____	Other

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Members receive the ICA Newsletter and Annual Report.

Please make your check payable to The ICA Group and send it in the envelope provided. You can also make a direct contribution to ICA at our website: www.ica-group.org

Your contribution to ICA is tax deductible and greatly appreciated. Thank you.

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