

*What's Next*  
**Here Comes the Neighborhood**  
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## URBAN DEVELOPMENT

## Here Comes the Neighborhood

► Cleveland's Greater University Circle, home to three major Ohio institutions, employs some 50,000 people in health care and academia. It's an economic engine for the region—with one major omission. Most



of the 43,000 people who live in adjacent neighborhoods are mired in poverty, with household income averaging \$18,500.

Evergreen Cooperatives of Cleveland aims to change this picture by developing a network of worker-owned small businesses for Greater University Circle. From doing laundry to growing produce, each business will focus on meeting a supply chain need for community anchor institutions, and doing it in an environmentally responsible way. For workers who face employment challenges ranging from lack of education to criminal records, there's an additional draw: the chance to own a piece of the action.

"We want to put people to work and build wealth," explains Ted Howard, executive director of the Democracy Collaborative at the University of Maryland and a leader of the Cleveland project. "And we want to do it in

a way that doesn't get up and leave. With owner cooperatives," he adds, "the capital stays rooted in neighborhoods where people live."

Planning for the initiative began five years ago when the Cleveland Foundation convened a conversation with leaders of three institutional anchors: Case Western Reserve University, the Cleveland Clinic, and University

*Ohio Cooperative Solar workers install solar panels atop a building on the campus of the Cleveland Clinic.*

Hospitals. "We recognized a huge opportunity to harness the purchasing power of the anchors," says Lillian Kuri of the Cleveland Foundation, "and revitalize these neighborhoods after years of disinvestment."

Next came roundtable discussions and interviews with more than 100 stakeholders from across the city. "We didn't come in saying we have to focus on procurement or that we need to develop green worker cooperatives. All of that emerged," Howard says, along with a business planning process to identify local opportunities.

Start-up capital was another piece of the puzzle. The Cleveland Foundation seeded the Evergreen Cooperative Development Fund with \$3 million. Each of the three

anchors added another \$250,000. That leveraged additional funding, such as \$1.5 million in HUD loans from the city of Cleveland. In October 2009, the first two businesses emerged.

Evergreen Cooperative Laundry bases its business plan on the mountains of hospital linens generated in the community. The laundry trains workers to use the greenest equipment in the industry, saving energy and generating social capital with each load. At capacity, the laundry will employ 50 workers who will process some 12 million pounds of linens annually.

Ohio Cooperative Solar installs solar panels and weatherizes buildings. It was in the black within six months of launching and had a staff of 23 by its one-year anniversary, with plans to grow to 75. After six months on the job, workers have the opportunity to be voted into ownership. An ownership share costs \$3,000, regardless of job title, and is paid for through payroll deductions. "That money is yours to take with you if you leave," Howard explains, along with a share of profits.

Worker-owners are responsible for selecting their board of directors and deciding how to allocate profits. Training in business management comes with the job, whether you're an insulation installer or an entry-level laundry worker.

Stephen Kiel, president of Ohio Cooperative Solar, says making the model work requires a collegial management style. "It's more like coaching," he says. Day-to-day challenges are plentiful, Kiel admits, including "lifestyle issues" such as problems with housing, transportation, or probation. In return for investment in staff development, he says, "what you get are people who have bought into the success

of the operation. You get a better product and people who are ready to innovate."

That's what has occurred in Mondragon, Spain, where a network of 120 worker cooperatives has been in development for half a century and now generates \$20 billion in annual sales. Cleveland has looked to Mondragon for inspiration. "If we can develop a robust network of many businesses working together under the Evergreen brand," Howard predicts, "we'll be able to eventually employ several thousand worker-owners here in Cleveland." ■

## HUMAN RIGHTS

## Stopping Child Porn

► Not so long ago, those who trafficked in pornographic images of children kept to the shadows, operating their nefarious business far from mainstream channels. Then along came the Internet. The advent of instant publishing and file sharing has opened a global e-marketplace for child porn, with law enforcement lagging far behind tech-savvy traffickers.

Hany Farid, a computer scientist from Dartmouth College, was appalled to learn that not only is this illicit business booming, "but the children are getting younger and the images more violent. This is a problem that technology has gotten us into," Farid mused. "Let's see if we can use technology to help get ourselves out of it."

Farid collaborated with researchers from Microsoft to develop a new tool intended to disrupt online trafficking in child porn. The core technology is called PhotoDNA. It extracts a unique signature from any digital photo using a process called "robust hashing." This numeric