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Section 1. Introduction of the implementation of the Main Street Employee Ownership Act, and Explanation of relevance to advancement of knowledge:

In the United States of America, cooperatives have generally been relegated to second-class business entity status -

- Being left out of SBA financing loan products (as continued evidence shows when the CARES Act federal COVID-19 appropriations failed to initially account for the unique characteristics of cooperative ownership in access to emergency disaster loans);
- Lacking enabling legislation in many of the 50 states; and
- Having technical assistance provisions limited severely by federal appropriations from within the USDA to cover only a small percentage of the 50 states and territories.

The new models, partnerships, and networks that are emerging show not only promise, but also already existing successes in supporting access to capital, and technical assistance for conversions and cooperative start-ups (and particularly not limiting those to agricultural cooperatives but recognizing the importance of worker-cooperatives in all industries). With knowledge of these models the growing field of cooperative developers, educators, and academics will in turn be able to build upon the successes, learn from the failures, show proof of concept, demonstrate need, and propose the next phase of entrepreneurial networks that will support cooperative business entities.

Almost immediately following the passage of the United States Federal Main Street Employee Ownership Act (MSEOA) in August 2018, alongside excitement from the whole employee-ownership business sector, Small Business Development Center (SBDC) offices and advisors in NY State and across the country started taking action to implement the unfunded mandate of providing educational and technical assistance for cooperatives and employee-ownership. There has been a wide and varied response from different individuals and centers in the SBDC network nationwide to the implementation of the MSEOA; as well as responses from non-profit cooperative development organizations, rural United States Department of Agriculture (USDA)

cooperative development centers (CDCs), municipalities/ chambers/ Industrial Development Agencies (IDAs), and the US Small Business Administration (SBA), including a wide range of partnerships and development of new and innovative networks between entrepreneurial developers.

These wide ranging and often uncoordinated efforts were accomplished in a manner, nevertheless, that reflects the directives of the law under H.R.5515 - John S. McCain National Defense Authorization Act for Fiscal Year 2019, Section 862. OPPORTUNITIES FOR EMPLOYEE-OWNED BUSINESS CONCERNS THROUGH SMALL BUSINESS ADMININSTRATIONLOAN PROGRAMS, (e) Small Business Development Center Outreach and Assistance". The directives included access to information and resources for the public, conducting trainings, and providing technical assistance towards "encouraging and assisting the provision of succession planning to small business concerns with a focus on transitioning to cooperatives, as defined in section 7(a)(35), and qualified employee trusts".[i]

One example is the Adirondack North Country Association's Center for Business in Transition in Saranac Lake, NY which is a program department within a regional non-profit economic development agency. The Center is a unique collaboration of regional organizations and leaders whose shared goal is to support existing business owners and aspiring entrepreneurs in developing successful business transition strategies, in which the SBDC is a Community Liaison Lead Partner for succession planning outreach and assistance. This example recently resulted in the awarding of a $250,000 grant from NY Empire State Development for the transition of a family-owned lumber company to a 45 member worker cooperative.

Section 2: Understand the survey and business enterprise architecture diagramming methodologies used to obtain and present the information describing the models in both a narrative and graphical representation.

To provide continuing technical assistance on cooperatives and employee ownership for SBDC Advisors and clients, synchronous services and coordination with other academic and non-profit practitioners, and replicable opportunities based on best practices, this submission provides a survey of models, partnerships, and initiatives undertaken across the country between September 2018 through June 2020 - *the first 22 months of the Main Street Employee Ownership Act's existence*; including a graphical representation of the models using business enterprise architecture diagramming methods and a brief content analysis.

Business enterprise architecture

> *"represents holistic, multidimensional business views of: capabilities, end-to-end value delivery, information, and organizational structure; and the relationships among these business views and strategies, products, policies, initiatives, and stakeholders"*

as defined by The Federation of Enterprise Architecture Domains[ii]. An "Enterprise Architecture Framework Diagram is a classification scheme of architectures and their important artifacts", that are generally grouped among four primary levels of enterprise architecture: business, application, data, infrastructure.[iii] Visual Paradigm Online's definition goes on to point out an extended variety

of other related architectural features that can be included in a diagram such as governance, information architecture, technical components, human capital, security components, system designs, software components, and infrastructure, among many others.

Informational request surveys were received from 10 entities (surveys were sent to both SBDC offices and non-SBDC entities) in response to a request for participation for the purpose of "creating business architecture diagrams for SBDC collaborations related to employee-ownership". The surveys contained two sections, the first asking questions to identify the actual architecture of the project in place for diagramming, and the second asking for the respondent's analysis.

"PART 1: The Architecture" contained the following questions with corresponding shape coding for the diagramming:

SHAPE: shield, COLOR: gold – What is the name of the Central or Umbrella Entity of your EO program partnership that includes SBDC participation?

SHAPE: rectangle, COLOR: yellow – If applicable, what is the name of the Department or Operating Division for EO Activities?

SHAPE: rectangle, COLOR: white – Identify the following information as it applies to your program partnership: What are the names of all partners? Where is it located? How is it governed?

SHAPE: square, COLOR: grey – Identify the Descriptors for each of the partner white rectangles, including Relationships (in your words), Titles, Roles, Geography (Square Miles and/or Number of Counties), Population, % Rural vs. % Urban.

SHAPE: square, COLOR green – Identify the Programs and Services that your program partnership provides; and who is responsible for each.

SHAPE: circle, COLOR: light yellow, light blue, dark blue – identify the percentage of budget or participation time across the partnerships, in roles under the central entity, or division, provision of programs and services.

"PART 2: The Analysis" asked the following four open-ended questions:

"What Works/Worked? What Doesn't/Didn't? What would you Change or Not Change? Anything Else You Would Like to Share?"

Four of the ten respondents replied that they did not have any active or formal program partnerships in place that they could provide information on, though they were actively acting as educators, service providers, or connectors for employee-ownership development. The other six respondents provided completed surveys for which diagrams were constructed and presented for this paper, and for which the summary qualitative analysis is based upon (see attached).

Section 3. Have a core understanding of the architecture of the different employee-ownership initiative development models that have been surveyed from the first 22 months of the Main Street Employee Ownership Act's existence.

Diagrams were produced using the program LucidChart[iv]. Arrows, lines, and overlapping shapes were used to convey connections either in one direction, in a reciprocal manner, or just as a general attachment.

A summative content analysis involving counting and comparisons of key components from Part 1 of the survey, and text responses from Part 2, produced the following observations.

1) *Employee ownership development models involved dedicated employee ownership organizations with expertise.* Examples included the National Center for Employee Ownership (Colorado), Cooperation Humboldt and Project Equity (California), Vermont Employee Ownership Center (Vermont), or Northwest Cooperative Development Center (Washington State).

Current SBDC offices and personnel lack a common understanding and knowledge of employee ownership which would enable them to adequately advise new clients due to inadequate directive and strategic planning prior to the MSEOA. Employee ownership was simply never made a part of strategic, operational, or educational plans for SBDC offices based on direct discussions with numerous colleagues. This could be verified by additional survey study to ensure the factual nature of this statement for basis support of this analysis. Though, regardless of this point, SBDCs are tasked with consulting clients to help them make connections and form relationships with third-party providers in general (such as accounting or legal professional services), and therefore one would not expect any difference in working in partnership with third-party experts and experienced providers of employee-ownership guidance and technical assistance.

2) *Engaged and Involved SBDC State or Regional Leadership were present in Colorado, California, Kentucky, and Vermont.* The SBDCs across the country appears to hold true to traditional vertical hierarchical and command-control leadership models, again based on author's personal experience and discussion with colleagues. With the MSEOA being a top-down mandate, it is difficult for any bottom-up project development, and particularly challenging if there is not support from supervisory or Director leadership. In one instance, such as NY, where a local SBDC was involved in employee ownership promotion and development, it was due to an outside party creating the opportunity and inviting the SBDC to a lead role.

3) *Creation of Media and Documents such as Success Stories and Case Studies is important in all models.* These text documentations are models within themselves that demonstrate best practices and collaborations. Publication of these materials is for a wide audience including government officials, the general public, and other small businesses themselves and small business adjacent concerns such as Chambers of Commerce.

4) *Ongoing education for the general public, interested business owners, and SBDC Advisors is also present in all models.* Common forms of education include roundtables, webinars, single session workshops, multi-session academies, video archives of presentations. Similarly, to the creation and presentation of success stories and case studies above, educational materials are intended for a wide audience.

Section 4. The extent of employee-ownership advising within the America's SBDC network and direction to colleagues for continued development of resources and professional development post-conference.

1) _Find Your Local Allies and Organizations; Use Them to Help Educate._ Architectural modeling in this paper had a purpose of identifying and showcasing partnerships that are currently existing in relationship to SBDC centers. These partnerships represent allies and organizations with resources to support employee-ownership development. Start with your local community and find the organizations in your operating geography that are employee ownership allies and will enter into a formal partnership to build a whole mightier than the parts.

2) _Lobby State Leadership with Resources and Info from These Success Stories._ In such large organizations as the SBDC and SBA each are, it may be difficult for leadership to recognize and understand all of the initiative and programming happening under their jurisdiction. Therefore, active lobbying or communications for awareness and educating leaders must be undertaken.

3) _Record EO Clients in with Keywords in Narrative of Cases; also include Tags or Project IDs such as ESOP, Cooperative, Employee-Ownership._ For as much as SBA and SBDC are data-driven, there is no automatic way to identify or tag employee ownership clients in any states databases. One standard form, the 641 Intake exists, which asks a variety of demographic and business-related questions, but there is as of yet no checkbox for "cooperative" or "ESOP". Therefore, use keywords in client narratives, and request that local Directors and State/Center Directors includes special tags in your database options for "employee ownership", "cooperatives", and "ESOPs" to start.

4) _Share Information, Experience and Data in the Spirit of Cooperation._ Act accordingly in the spirit of cooperatives principle 6. Cooperation among Cooperatives "through local, national, regional and international structures."[v]. For SBDC offices and Advisors to provide the best service possible, they must be informed and have access.

5) _Virtual Organizing: Join Nationwide SBDC Employee-Ownership Online Group._ In July 2021, the America's SBDC Board (the national umbrella and accreditation organization for SBDC centers across the United States and territories) approved the formation of an Interest Section committee for SBDC advisors for the topic "Employee Ownership and Business Transition". The author of this paper was chosen to Chair the committee and the first meeting via Zoom drew participants from 12 different states. The committee will meet as they deem necessary to share best practices and information, and take action as possible to further implement the increase in employee ownership advising services and client cases across the ASBDC network.

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[i] https://www.congress.gov/bill/115th-congress/house-bill/5515/text

[ii] FEAPO, April 19, 2019

[iii] https://online.visual-paradigm.com/knowledge/business-design/what-is-enterprise-archtiecture-diagram/

[iv] https://www.lucidchart.com/

[v] https://www.ica.coop/en/cooperatives/cooperative-identity