



The cooperative model challenges the status quo and offers workers—especially workers of color—an alternative to extractive systems. While not a new intervention, cooperatives remain a powerful way to disrupt income inequality, steward community ownership, and create vital, vibrant places of opportunity through democratic ownership and asset building. The cooperative business model offers minority women the ability to access more autonomy, independence and wealth. Despite the many opportunities the cooperative business model presents, the cooperative industry has a problem. >>

EMPOWERED ENTREPRENEURS

LEVELING THE PLAYING FIELD FOR
MINORITY-LED COOPERATIVES

BY CHYNNIQUE ROSS, ESQ.

The problem of lack of representation exists within every industry in the business world, including cooperatives. Women of color are waging an uphill battle to address what is broken, but it is becoming more and more apparent that

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they cannot do it alone. There have been efforts to put a bandage on the problem—hosting DEI initiatives or occasionally investing in a minority-founded cooperative.⁴ But overall, diversity has been slow to come to the cooperative industry.

Lead by example

Cooperative developers and industry leaders can carry the torch by deliberately promoting and practicing racial equity and unlearning racist attitudes and stereotypes. Becoming a fully inclusive, anti-racist, multicultural organization requires action and is part of a continual practice and journey. In the short term, the cooperative industry must track its progress against actionable goals while developing a long-term strategy to transform its business, policies and culture.

1 The focus of this article is on Black cooperatives in America, particularly the frustrations and the roadblocks in their way. The solutions provided in this article may also be applied to other women of color who experience significant barriers to establishing and maintaining successful cooperative enterprises and how the larger cooperative industry can assist in breaking down those barriers.

2 “Co-ops Have the Power to Transform the Future of Work and Racial Equity for Communities of Color,” Capital Impact Partners, <https://www.capitalimpact.org/coops-have-power-transform-future-work-racial-equity-communities-color/> (last visited Oct 24, 2022)

3 Id.

4 “Why DEI and Anti-Racism Work needs to Decenter Whiteness,” Forbes, <https://www.forbes.com/sites/janicegassam/2021/02/15/why-dei-and-anti-racism-work-needs-to-decenter-whiteness/?sh=397846035886> (last visited Oct 24, 2022)

5 McKinsey on Cooperatives, https://www.mckinsey.com/~media/mckinsey/dotcom/client_service/strategy/mckinsey%20on%20cooperatives/pdfs/mck_on_cooperatives-full_issue.pdf (last visited Oct 21, 2022)

6 Id.

7 Id.

Organizations must remain transparent by sharing updates and learnings as the cooperative world continues to advance and evolve this work.

Collaborate: Are there organizations in your region trying to address racism? What are they doing? Could your organization derive mutual benefit from collaborating? Invite cooperative leaders from these organizations to speak at your board meetings about their work. Consider if there are ways you could support them.

Understanding unmet needs

Asking what people want before acting is a more respectful approach to any support effort. There are a lot of basic things that non-minorities are disconnected from. Still, those in leadership are often assumed to know better than the members of cooperatives when it comes to the needs within their communities.

Research has revealed that many cooperatives lack the marketing expertise to understand the unmet needs of their current customer base effectively, often due to their highly decentralized structure.⁵ Cooperative employees and leaders have said that their organizations have difficulty attracting talented young people, who view them as less exciting than public companies.⁶ Cooperative development leaders and agencies can play a vital role in assisting cooperatives and their agility in adapting their recruiting and training practices to suit the needs and interests of younger people.⁷

The cooperative industry needs to catalyze the tremendous pool of talent and energy that minority founders represent. Traditional technical assistance must be reconceived to adeptly assist minority cooperative businesses that will ultimately create new jobs and build overall community wealth. To make the cooperative industry truly open to communities of color, one theme LaDonna Sanders Redmond, a Black activist and DEI coach, emphasizes is the importance of addressing oppression at multiple levels—personal, cultural, institutional and structural.⁸

According to Sanders Redmond, in dismantling structural racism in cooperatives, it is essential to apply an intersectional lens to understand, for example, “the ways that sexism and racism intersect to oppress Black women” and how, more broadly speaking, interlocking oppression plays out.⁹ Sanders Redmond also emphasizes the importance of decentering the cooperative origin story of the 1844 Rochdale Pioneers in England and recognizing that while the legal, economic cooperative form may date from 1844, economic cooperation itself has a far longer and older history that is deeply rooted in communities of color.¹⁰

Increasing access to social capital

The proposed solution to address racial and gender disparities minority cooperatives and their leaders face must start with the understanding that these challenges exist because of the social identity that is unique to minorities.¹¹ The cooperative industry must understand

8 “Co-op Movement Confronts its Complicated Relationship with Racial Equity,” Nonprofit Quarterly, <https://nonprofitquarterly.org/co-op-movement-racial-equity/> (last visited Oct 21, 2022)

9 Id. at Nonprofit Quarterly

10 Id.

11 Nanaa Younge, *Black Women Entrepreneurs: Understanding the Challenges and Proposing Policy for Equitable Change*, Merrimack ScholarWorks, 10-11 (2021)

12 Id.

13 See, Nanaa Younge, *Black Women Entrepreneurs: Understanding the Challenges and Proposing Policy for Equitable Change*, Merrimack ScholarWorks, 6-8 (2021)

14 Id.

15 Id.

16 Id. at page 27

how various challenges affect minority co-ops and what policies perpetuate unfair outcomes. Initiatives such as minority business accelerators, incubators and organizations like the U.S. Small Business Association (SBA) provide support. Still, many of these organizations do not offer technical support for cooperatives. Policies must be in place that provide equitable guidelines on supporting minority cooperatives adequately.¹²

According to Harvard Business Review, the qualities of determination, leadership, and other interpersonal skills contribute to business owners’ success.¹³ The successful entrepreneur formula combines the three most important variables that have propelled them to succeed.¹⁴ Although the elements of success vary across business sections, three foundational elements must be in place for all successful entrepreneurs: business relationships, capital

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and entrepreneurial skills.¹⁵ But the successful entrepreneurship formula, as mentioned before, takes on a different shape when minorities are the focus.¹⁶

Like the need to mentor young women



New York City-based Custom Collaborative Co-op empowers Black and brown, low-income and immigrant women who have been excluded from entrepreneurship with the tools and platform they need to launch sustainable businesses in the fashion industry. Photo: Capital Impact Partners

throughout their high school and college years, networking opportunities for minority women in the business arena could yield significant professional growth and lead minority women to begin their co-op businesses. The importance of strong local networks is not well understood or appreciated by policymakers.¹⁷ Networks are essential because they link cooperative leaders to potential sources of capital, new employees, strategic alliance partners, and service providers such as lawyers, accountants and consultants.¹⁸

Minority women entrepreneurs must create their own networks because they are not part of traditional networks and may not be total participants in the new network of

entrepreneurs.¹⁹ For example, most Black women entrepreneurs rely on family, friends, credit cards, banks and home equity for startup investments.²⁰ The dynamic of how partnerships are created proves that Black women are often left out and must be validated by the “old boys club” in specific industries.²¹ This ultimately means that Black women business owners do not have the same access to influential relationships and partnerships needed to build and expand their businesses as their white counterparts.²² The lack of connections make it difficult for cooperatives owned by women of color to be noticed and sought out if these women are not in the same networks they need to grow and scale as their successful partners.²³

18 Id.
19 Id.
20 Id.
21 Id.
22 Id.
23 Id. at page 31

Cooperative networks often have a supportive infrastructure, along with accountants, consultants and lawyers who understand cooperatives’ unique and varied needs.²⁴ It is clear that Black women are not progressing at the same rate as their counterparts because they are not being developed, provided mentorship, sponsorship, or promoted.²⁵ Earlier this year, a survey revealed that female entrepreneurs with a mentor (73 percent) are more likely to feel well-equipped with the necessary resources to grow their businesses than those without.²⁶ Making those connections and building relationships is more critical than ever.²⁷

Building supportive and sustaining environments

Black-led cooperatives are still solving problems and creating opportunities today. We can support cooperative efforts that work to dismantle racism and continue to work to ensure everyone is welcome in the cooperative industry. Black women in particular endure systematic oppression directly linked to a long history of racial and gender inequality that affects their entrepreneurial experience.²⁸ The challenges related to solid business relationships, access to funding, and opportunities have prevented Black cooperatives from achieving success.²⁹ When Black cooperatives fail, our economy and society suffer because they represent a significant percentage of entrepreneurs who cannot reach their fullest potential.³⁰ Change is needed on a systemic level to address the inequalities that

24 Id.
25 Id.
26 See, Jeffery McKinney, “15 Black Women Business Owners Win Grants of \$10,000 Each to Help Grow Their Firms,” (2020), <https://www.blackenterprise.com/15-black-women-business-owners-win-grants-of-10000-each-to-help-grow-their-firms/>.
27 Id.
28 See, Nanaa Younge, *Black Women Entrepreneurs: Understanding the Challenges and Proposing Policy for Equitable Change*, Merrimack ScholarWorks, 5 (2021)
29 See, *Id.*
30 Id.

Black cooperatives experience.³¹

The simple and obvious, but still not practiced, solution to this problem is to allocate more funds to women of color—namely, Black women. Giving to these women must also be tracked to ensure that these leaders understand the investment trends. Individuals must actively seek to progress on a path to anti-racism within themselves. Listening to women of color and their lived experiences and educating oneself about the topics of race and sex is the responsibility of every individual.

Women of color need strategies and interventions that support their resilience and demonstrate that the cooperative industry fully embraces them. They need to work in supportive and sustaining environments that recognize their struggle against the lingering effects of institutionalized race and gender discrimination

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and other barriers to the executive suite. Finally, women of color need access to world-class executive education programs and opportunities to engage and network with world-class leaders.

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31 Id.