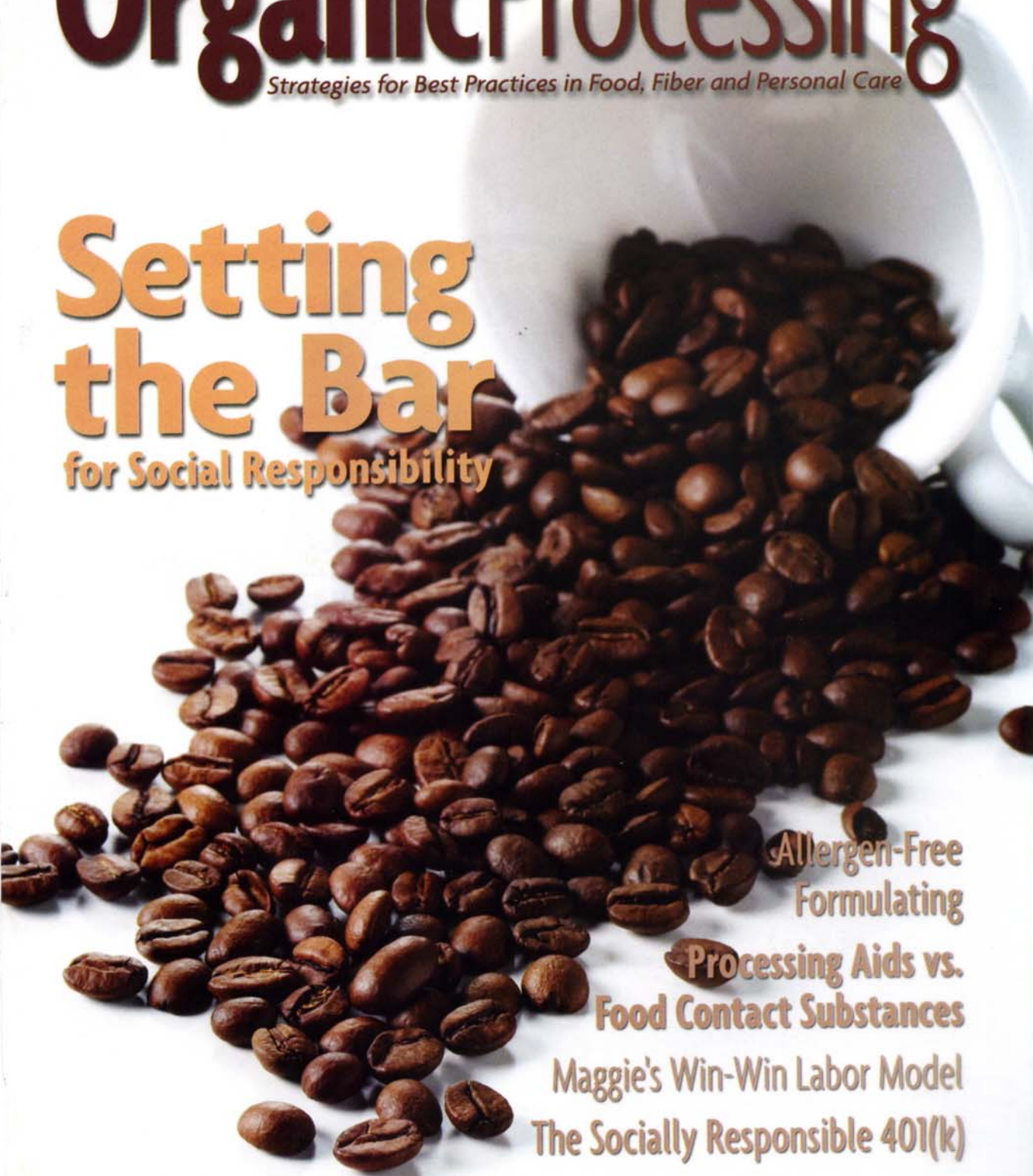


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Organic Processing

Strategies for Best Practices in Food, Fiber and Personal Care

Setting the Bar for Social Responsibility



Allergen-Free
Formulating
Processing Aids vs.
Food Contact Substances
Maggie's Win-Win Labor Model
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Exploring the Business and Social Benefits of Alternative Labor Models

An interview with Bená Burda, Founder of Maggie's Organics and Mike Woodard, Cooperative Development Liaison at Jubilee House Community

When Bená Burda, founder of Maggie's, was looking for a partner to sew her line of organic clothing, she discovered that most textile manufacturing had moved overseas and domestic options had pretty much dried up. Not wanting to support sweatshops, she was in a quandary...until she



met Mike Woodard. Woodard, who works with the Jubilee House Community (JHC), a non-governmental organization (NGO), was helping hurricane victims in Nicaragua get back on their feet and find work. Many of these victims had sewing experience, but Burda wanted to do more than just give them a job. Instead, she gave them a choice—saying to them, "I can either have some company come in and build this facility and you can work for them, or you can build it and you can own it." They chose the latter and today "The Fair Trade Zone" women's sewing cooperative is thriving. This partnership has been so successful that Burda is not only working on vertically integrating worker-

owned co-ops throughout her supply chain, but she also wants to encourage other companies to embrace this alternative model.

Burda and Woodard took some time to chat with *Organic Processing* about worker-owned cooperatives and the key steps to implementing a project like this.

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OP: What inspired you to pursue setting up a worker-owned cooperative?



Burda: For me, it was about trying to find good quality craftsmanship, and workers who had a vested interest in my success. I didn't want to use offshore sweatshops, but this wasn't about philanthropy or saving the world. It was a business vehicle coming together with an NGO to create a quality product and jobs for these people that needed work.

Prior to this, we just kept having problems. We were making basic T-shirts, about the easiest apparel article you can sew. We were dealing with plants in the United States that were operating at 25 to 30 percent capacity but couldn't get an order out on time and some of the T-shirts would have holes or not be stitched properly. So I wondered, who is doing the sewing? Well, it's poor, undereducated women who do the same job for 20 to 40 years at a time and end up developing all sorts of muscle and bone ailments. I thought, how can I expect these women to sew on time when they can't make enough money to feed peanut butter to their kids?

I didn't want to have trouble sleeping at night because of the people sewing my garments, but it wasn't under the auspices of wanting to save the world. It was about saving my company. I want to be able to grow and I couldn't grow this way, it's not sustainable. This project has taught me so much about breaking the business mold and that's why Mike and I are still working together because, at least from my perspective, I'm completely convinced that this is an effective business model and something that can be used by any company doing production throughout the world.

OP: Working with NGOs was obviously pretty key in establishing this business model. Are there any suggestions that you have for finding organizations to partner with?

Burda: I think any company that works in non-first-world countries or anybody who's sourcing from offshore, has opportunities to work with NGOs. There are NGOs operating in most of these communities that could help them. Some NGOs, like JHC, are more business oriented. NGOs that are operating successfully *are* businesses, whether they consider themselves that or not. Business is about making compromises every day and solving problems every day. They're basically just entrepreneurs who really have a conscience about sustaining or not exploiting resources, which would tend to be just about anybody who reads your magazine.

Woodard: I think that finding NGOs who can help with this kind of thing is probably one of the least of the problems. There are NGOs all over the world who dedicate themselves full time to trying to help communities create more sustainable systems. We're talking about new and different models of economy and there are lots of folks out there who are looking at those issues and trying to address them in new and creative ways. I think one of the things that



we've found in working with Maggie's is that, as she said, this isn't about philanthropy. NGOs today are saying "forget about charity, let's talk about structural equality," and that works for folks on both ends. If you have well-paid, contented workers who feel that they have a vested interest in what they're doing, then they'll step up to the plate and they'll produce quality, on-time product.

Burda: Consistently.

Woodard: Consistently and at a competitive price. No one has to lose—it can be a win-win situation. Many NGOs are starting to create more permanent kinds of structures that can allow for that kind of development.

Burda: I think most business people look at NGO business development as being micro-oriented and, therefore, they feel they cannot scale it. But, if the workers, the ability, the training capacity and the market are all there, then it's just a matter of fitting it all together. It can be challenging but it's completely doable. There's no reason why it can't be done on a small, medium and large scale.

OP: In addition to working with the Fair Trade Zone you're looking to eventually get most of your products manufactured using worker owned co-ops. How do you plan on getting to 100 percent?

Woodard: We've started planting organic cotton in Nicaragua and we're working on an operation to gin that cotton. We're building a spinning plant which will be the lynchpin of this operation because spinning is the key to textile work. So, within the next twelve months, we will be growing the cotton, ginning the cotton, spinning the cotton into yarn, and having it sewn—working with worker-owned

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cooperatives each step of the way. It would still be going to Costa Rica to be knitted into cloth and finished, but that's only a couple hundred miles away, but then it would come back and be sewn at the Fair Trade Zone.

Burda: The other thing we're doing here is trying to start this work around cooperatives in North Carolina. We have also talked to several others who have wanted to set up cooperatives. If I had my druthers, I'd do this full time...go around and talk to people about how to take control of plants like this and turn them into cooperatives.

"NGOs today are saying 'forget about charity, let's talk about structural equality'..."



OP: What's key to making a model like this work?

Burda: University of Michigan did a study on "hybrid" organizations, those with ethically driven business models and one of the big factors of success was patience. From the business side, the key directors have to be willing to make an investment in time and be patient and remain committed.

At the beginning we told Mike that if we can build this we'll give you every sewing contract we have left. That was a huge thing and we stuck with it. They started with camisoles, which are a hard thing to sew and at first we were lucky if we got two armholes instead of three. But after much trial and error it was like wow, these are coming out really good, so there's patience right there; patience with all of the issues we had getting through customs and working with these women who had no real experience running a business or doing things like importing and exporting. As we worked through all this there were many times we'd have to call the customers and tell them the shipment would be late but when we did get the order in we were able to open the boxes and say "this is working, these things are great."

I think one of the other things that JHC showed was to listen to the workers. My famous story about Mike is when he talked to this conference on poverty and he wouldn't go unless he could bring two workers. He would say, "You want to find out what it's like to live in poverty? Ask some poor people." JHC taught us to listen to people in the cooperative to find out what they needed and I think that's one of the major reasons the project succeeded.

Democracy is a huge part of this model. The whole concept of co-ops is that if you are a worker, you are an owner, and if you are an owner, you are a worker. It's more than just being an owner on paper; it's about having a say in the business, attending meetings and having a direct say in decisions. In the process of doing that, you also commit yourself to doing what business owners do, which is whatever's necessary to make your business successful. You can't just clock out at 5 p.m. The owners have had to say to themselves, "I know I don't work on Sundays but the container needs to go on Monday and we're

already late so I've got to come into work on Sunday." I've had many discussions with them about that; act like a business owner, and this is what business owners have to do.

Overall, we've learned a lot from this project in Nicaragua and are using this experience to develop the new co-op in North Carolina. We've used some of the principles that Mike has beat into my head for a while, like making sure to get the workers involved from the very, very beginning. Don't let them walk in after certain things are settled. We've had the workers involved in everything from deciding the product we are creating and how to make it, to what machines to buy.

Woodard: Overall, you've got to have a market that thinks like Bená and not like Wal-Mart; that sees their success tied to your success rather than their success being gained at the expense of your partnering organization. An example is the spinning co-op that we're putting up right now. None of those folks know how to spin, but there's a market there and people can be trained to learn how to run the business and operate the machinery. Folks would say to us, "do these folks even know anything about spinning?" We'd say, "No, we're going to train them," and they go, "I don't know about that." If there's a multi-national corporation that comes in and does it, it's good business planning but if it's some grassroots movement that does it, somehow it seems kind of hokey, like a romanticized notion of how the economy works and it'll never really make it on its own. I just don't really understand that.

Burda: Another part of this model is transparency. If people really want to get involved in these ventures, they have to be prepared to open up their books, hearts and minds and lay it all

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out on the table. It really is the only way to go about this kind of a creative venture in my opinion. With pricing, for example, I would come down there and say here's what the materials cost, here's what we need to sell the T-shirt for and why we need this margin and here's what's left. They let us know what they need to make and we'd go back and forth. It was a complete, transparent partnership. It's not me saying I've got to make this much money; it's me saying this is what my market allows me to charge and then you go back from there.

“Many companies could afford to take at least one line and pursue this type of venture...”



OP: You said that this is also the first group like this to qualify as a free trade zone. Tell me about that.

Woodard: Well, free trade zones are usually transnational corporations that come into developing places like Nicaragua with the intent of taking advantage of what their own literature calls “the cheap docile labor force.” They pay very minimal salaries and require excessive overtime and very high production. They also get many benefits; corporations in Nicaragua pay 30 percent tax in their profits to the government, free trade zones pay zero. Free trade zones also get a free pass on export issues. In order to compete with the big companies, the cooperative needed to have the same benefits as the big companies.

In creating this free trade zone these women have taken this model that's been used to exploit people, turned it on its head and used it to empower themselves. And, the wealth generated stays in their community and grows that local economy.

Burda: As far as we know, they're the only worker-owned free trade zone in the world so again we think this is a model that can work in other areas. If they're doing it in this country there should be no reason why other workers couldn't do it in other countries.

OP: So how can we take this model into other industries?

Woodard: One of the things we ask ourselves every day is, how do we move this model? If we do it once and benefit some folks, that's nice, but if we create a model that's replicable, then we're talking about a whole different scale of things. This is one of the amazing things about what Maggie's has done. They have helped create a successful model. The refugees were so desperate and they really didn't have any other economic alternatives, so they stuck with it through thick and thin... and there was lots of thin over the course of two years before they actually started sewing. But now they have created this model that other people look at and say, “This is doable, we can commit to this because we know it's worked before.”

The biggest hold-ups at this point have always been time and financing. There are lots of folks out there who would love to be organized and to create their own business and invest themselves in that, but unfortunately, there are very few folks like Bená on the other end who want to invest in these relationships and to make them work. We're finding them slowly, but we're having to feel our way, being very careful, because one of the things we really can't afford is to screw up. If we do it wrong, it just reinforces the notion that business can't work this way, and so we have to make sure that we get it right. We need to locate more companies like Maggie's.

Burda: Whenever you want that quick fix, it's not going to work, and so it takes hands-on people who want to be on the ground level and go through the learning curve. But, overall, many companies could afford to take at least one line and pursue this type of venture, without even disrupting their current way of doing business. It's just a three-legged stool that involves an NGO, a group of workers and a company that wants to procure products for the marketplace in a way that is more sustainable. You can make more money by doing it a different way but I feel totally blessed that I have really a great life. I don't need any more than I have. I don't feel I'm compromising or sacrificing anything, so I guess I kind of scratch my head and go, why aren't more people doing this? □

For more information about worker-owned cooperatives, you can contact Mike Woodard at jhc@jhc-cdca.org, or Bená Burda at benab@organicclothes.com