

Co-op Development Action

Maine island community creates worker-owned co-op to retain local businesses, jobs



These workers are members of the new Island Employee Cooperative Inc. (IEC), which they formed to buy three businesses when the owners decided to retire after 43 years of commerce on Deer Isle, Maine. Photo courtesy IEC

By Rob Brown

e-mail: rbrown@cdi.coop

Editor's note: Brown is director of Business Ownership Solutions, a program of the Cooperative Development Institute.



Employees of three rural Maine businesses — Burnt Cove Market, V&S Variety and Pharmacy, and The Galley — are now the owners of the businesses. By forming the Island Employee Cooperative Inc. (IEC) — the largest worker cooperative in Maine — the employees were able to purchase

the businesses on Deere Isle, Maine, from retiring owners Vern and Sandra Seile.

Combined, the three businesses are one of the island's largest employers, supporting 65 jobs. The three businesses provide the community with a full array of groceries, hardware, prescription drugs and pharmacy items, craft supplies and other goods and services.

Local ownership seen as vital

When word first circulated that the Seiles were thinking about selling the stores and retiring, employees were concerned that buyers who were not part of the community might not

maintain the same level of services and jobs. Other employment options on the island are limited, so keeping the jobs was a major concern for the local economy.

During the summer of 2013, the Seiles and their employees began meeting with the Independent Retailers Shared Services Cooperative (IRSSC), a purchasing cooperative of independent grocers in New England. Also participating in the talks was the Cooperative Development Institute (CDI), a nonprofit group that provides technical assistance to all types of cooperative businesses. These conversations explored the idea of

transferring ownership of the companies to the workers.

All agreed that co-op ownership would be a win-win option. The employees worked with IRSSC, CDI, Specialized Accounting Services (SAS) and other advisors for nearly a year to create the worker cooperative, secure financing and purchase the stores. The overall goal was to keep the ownership and profits local and preserve jobs.

“We are pleased that we were able to help the employees purchase the stores that Sandra and I have built over

much less common, especially ones of the size and scope of the IEC.

“The IRSSC serves smaller, independent grocers and retailers around New England,” says Mark Sprackland, IRSSC executive director. “We hope that this is only the first of many locally owned and operated co-ops that we can help form in communities focused on sustainable growth.”

People across the country have been trying to figure out the best way to assist business owners who want to

Financing the purchase

Maine-based CEI and the Cooperative Fund of New England (CFNE), two Community Development Finance Institutions (CDFIs), organized the financing to buy the businesses. Without these funds, the workers’ dreams of buying the stores and keeping them local would have remained just that.

“This financial transaction represents the best kind of collaboration needed to build wealth in Maine’s rural communities,” says Cole Palmer, CEI loan and

“Success means we will really achieve the American dream — economic security and building wealth through ownership, both for our families and our community.”

the last 43 years,” says Vern Seile. “It’s our way of saying thank you to them and our customers for their support.”

“This is a once-in-a-lifetime opportunity,” says IEC President Alan White. “Many of us have worked in these stores for decades and we never imagined this possibility. We know we have a lot to learn and a lot of work to do to be successful. But success means we will really achieve the American dream — economic security and building wealth through ownership, both for our families and our community.”

Sharing the load and rewards

In a worker co-op, each worker-owner has one (and only one) share in the corporation and one vote in its governance. Co-ops typically get their start when workers band together to launch a new business. Conversions from conventional corporations are



Deere Isle, Maine, is the home of one of the nation’s newest worker cooperatives, formed last year to help preserve 65 jobs and maintain businesses that are crucial to the local economy.

consider conversion to employee ownership, either as a growth strategy or as a retirement strategy. Co-op members and economic development staff that work with them hope this co-op conversion will provide a model for others. CDI, IRSSC, SAS and other advisors will continue to work with the IEC in the future to help build a strong ownership culture and learn new management, governance and financial planning skills.

investment officer. “CEI was tremendously excited to help the IEC realize its goal to purchase these three businesses.”

CFNE has worked with cooperatives since 1975 and was able to contribute expertise to the lending process.

“We’re proud to commit to this very important worker-cooperative conversion, which preserves local ownership of these businesses and retains 65 essential jobs in the communities,” says Gloria

LaBrecque, Northeast loan and outreach officer with CFNE. “We congratulate the worker-owners of the IEC on this milestone achievement.”

Now that the employees own the businesses, they are excited to have a say in how they are run and a share in the profits they generate. As Vern Seile says: “Now it’s their turn to build on and improve what we have done.”

For more information, visit: www.cdi.coop, or www.ceimaine.org. ■