



## OPPORTUNITY THREADS AND WORKER-OWNERSHIP: LESSONS FROM PRACTICE

A Word from the Plant Floor

### MOLLY HEMSTREET

Molly is a native of Morganton, North Carolina where she continues to live with her family and work. After graduating from Duke University she founded Opportunity Threads in 2009, where she is a current worker-owner. She loves developing and bringing forth ways to create better economic opportunities for all North Carolina families.



Figure 1 - : Walter Vicente, of Guatemalan heritage, is a master stitcher, sample maker, and worker-owner at Opportunity Threads. Photo courtesy of Opportunity Threads.

### About Opportunity Threads

Opportunity Threads is a worker-owned cut-and-sew plant based in Morganton, North Carolina. Each day we create and ship apparel and soft goods — blankets, pillows, and bags — to companies across the US and abroad. We are proud to continue the state’s tradition of high-quality textile production.

### Introduction

North Carolina, a longtime leader in the textiles industry, has been threatened by offshoring, unfavorable trade policies, and the drive for cheap consumer goods. North Carolina lost a staggering 120,000 textile jobs between 1995 and 2010. Despite the return of some textile jobs, the challenge remains: how to maintain a heritage industry, with stable and fair conditions, that helps our communities flourish. In order for manufacturing jobs to come back to North Carolina in a fair and equitable manner, the ownership and managerial structures of the textile manufacturing industry must shift.

### Textiles in North Carolina

Despite dramatic job losses, there are still 27,379 people employed in textiles in North Carolina (US Bureau of Labor

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Statistics). Moreover, the Maker Movement as well as the success of platforms such as Etsy.com and the local and slow food movements indicate a growing market for locally-made products. In response to demand for locally made products and domestic production across the US, seventy-five percent of manufacturing firms employ twenty or fewer employees, indicating that there is a sweet spot for small to mid-scale production (US Bureau of Labor Statistics).

While we do want work to return from overseas, it must come back in the right way. We do not want to simply attract jobs on the basis of low-wage work. In order to establish and create a more just labor system within the textiles industry, direct engagement by workers can ensure fair conditions for production.

### Why Employee-Ownership?

Today, we are seeking to begin a new chapter in North Carolina’s labor history by enhancing and promoting the opportunity for workers to own and organize their own plants. Across the state, groups of workers are successfully starting worker-owned businesses. Workers and communities themselves must dictate how the work comes back and “re-shores,” how we grow the demand from within with new models, how to form transparent partnerships, how to root, grow and distribute wealth within local economies.

In order to truly transform the textile industry, there must be a fundamental shift in how labor is organized and how profits are shared among company employees. The textile industry lends itself to this vision. We have already lost much of this work, so the work we maintain must be anchored in collaborative efforts and in building more

long-term community wealth. As a result of the growth in small-scale manufacturing firms and the demand for domestic goods, there is a unique opportunity for workers to self-organize and likewise share in the profits of the company. Organizing in plants can span a continuum of union representation to Employee Stock Ownership Plans (ESOPs) to worker-owned enterprises.

Worker-ownership has the capacity to build stronger livelihoods for those who are investing their time and talent into any enterprise. At Opportunity Threads, the economic security and leadership development from our worker-led workplace translates directly into economic opportunities for the families of our workers. On average our members (worker-owners) earn \$4 above the US industry average of \$12.72 (Bureau of Labor Statistics). Additionally, the majority of the full members have purchased first-time homes or have been approved for home loans. This is in large part due to the strong partnership with the Self Help Credit Union. Families have savings accounts, true equity in a profitable business, paid sick and maternity leave, and flexible work that prioritizes family needs with plans to add health benefits in 2016.

### Planning for Worker-Ownership

Planners and economic developers have an important role to play in building sustainable, resilient, and economically prosperous communities and regions. In our case, our county’s economic development organization, Burke Development Incorporated, has been an invaluable partner. Here are five strategies that can help build up small- to

medium-sized business in your community, including employee-owned business:

**1** Robust and relevant business training is essential to small manufacturers. While general business development resources are valuable, there is a need for more targeted manufacturing assistance for smaller-scale enterprises. Burke Development Incorporated has been an anchor in helping partner to found the Carolina Textile District which supports small textile companies from across the region and state by linking demand to producers on the ground. We are seeing an emerging trend toward crafted production in other sectors, creating an opportunity for planners and economic developers to support the same type of collaborative networking that we have seen with the Carolina Textile District.

**2** These entities also need appropriate space to grow. Many communities have outdated manufacturing space which inadequately accommodates the needs of small-scale manufacturers. Access to updated, flexible infrastructure for small to mid-sized manufacturers is essential. Burke Development Incorporated has been essential to our growth by helping us locate adequate plant space.

**3** Planners can help build support for and knowledge about worker cooperatives among business owners. Planners are particularly well-positioned to help small businesses think about their transition plans and to put worker-ownership on the table as an option. According to the Democracy at Work Institute (DAWI), there are approximately 7,000 workers in the United States organized in around 400 worker-owned businesses. Imagine if just five percent of the 27,000 textile jobs (1,350) in NC could

be organized in this way. In our case, Burke Development Incorporated has been active in sharing our story and “out-of-the-box thinking” around rural manufacturing and job retention through employee-ownership.

**4** Planners could consider supplying direct funding to employee-owned enterprise initiatives. Some communities have already pioneered this policy strategy: New York City has budgeted \$3.5 million to go toward worker-owned initiatives and Madison, Wisconsin has budgeted \$5 million for fiscal year 2016. Burke Development Incorporated has served as a fiscal sponsor for start-up grants and funds for Opportunity Threads.

**5** Planners and developers in the public sector could serve a very useful connecting function – helping to identify local, state and federal resources and partners that might contribute to the success of worker-owned businesses.

### Looking Ahead: Start-ups, Conversions, and Collaborations

North Carolina’s overall labor story today is pretty clear: don’t organize. As a “right-to-work” state, North Carolina is now the least unionized state in the United States. However, this state has a rich and courageous labor organizing history, especially within the textiles industry, that is worth remembering. For instance, in 1929 both immigrant and nonimmigrant workers (mainly women) organized to fight for a forty hour work-week and an end to child labor in the Loray Mill in Gastonia. Almost fifty years later Crystal Lee Sutton—the real Norma Rae—stood up to unionize her textile mill in 1975. She was a strong advocate for the workers’ rights to organize. Brave and visionary, she saw a fair and a right way for business to be different and power-brokered on behalf of the people. Forty more years

down the line in North Carolina labor history, we are still seeing the opportunity for workers to be supported in their organizing and ownership efforts.

Today, there are other textile, and non-textile, companies within North Carolina that are also looking at and pursuing the employee ownership model. Currently, an employee-owned textile conversion (where the owner of a company negotiates the sale of the company to the workers) is underway in the North Carolina Piedmont. Industry network hubs, like the Carolina Textile District, are working collaboratively to rebuild an industry. This unique network of strategically connected supply chain partners (with Opportunity Threads as a founding member) is helping small plants become more successful through support and training.

And in the textile industry, demand is on the rise. We need more stitchers, more space, and usually field over five inquiries a day from companies looking for production. While the trend of work returning from overseas is a positive one, it must come back in a different way. If it comes back in the form of large companies that pay low wages and make a few executives wealthy, then we are not bringing jobs to our community that create economic prosperity for all.

Finally, worker-ownership is not particular to textiles. Worker-ownership can be a model for any business in any industry or region. It takes the willingness of plant leaders, either starting-up or transitioning, to inspire an alternative organizing and economic model. The textile industry lends itself to this vision. The work that we maintain must be anchored in collaborative efforts and building less extractable and more rooted community wealth. 

**Planners and economic developers have an important role to play in building sustainable, resilient, and economically prosperous communities and regions.**

## WORKERS AS A CREATIVE RESOURCE

**O**ur workers and worker-owners bring creativity to our production process in a number of important ways. Opportunity Threads has a small but varied set of twenty-five to thirty clients for whom we sew each year. Some of our workers sew for a dedicated set of clients year round. Others meet the needs of clients who put in orders on a rotating basis and stay on our production calendar. Our workers are also called upon to produce samples and prototypes for entrepreneurs who are launching new products, some of whom become regular clients. Given the varied nature of the work, our workers must know the ins and outs of lean manufacturing where teams of workers are trained to identify production errors quickly and production is moved from start to finish in the most efficient ways possible. To fill production gaps, workers must often move to different work stations throughout the day but still maintain strong productivity and meet production deadlines.

When problems arise (production errors or bottlenecks), workers hold quick and impromptu meetings to creatively and quickly solve production problems.

Most of our clients sell directly to their consumer, tightly manage inventory, require custom work and expect a tight turnaround on production. These business management models contribute to their ability to compete effectively and profitably in this resurgent onshoring manufacturing space. As partners with our clients, our workers must respond to these values and demands. Given our clients' focus on higher-end, customizable products, workers must simultaneously be skilled at production and also understand design, quality and aesthetics. For smaller run and custom batches, workers must constantly assess the quality of their work. Many of our clients partner with us to innovate on their design so we can make unique yet manufacturable products. We call this crafted production and our workers delve into being crafted producers every day.

Furthermore, our worker-ownership structure both empowers and requires a high level of creativity. While managing a growing textile business, workers also move through the process of becoming managing members of our company through volunteer time, evaluation, planning, and a buy-in of \$5,000 over two or three years. Currently in our shop of twenty-one workers, two-thirds are members or candidates and the remaining one-third will be evaluated for candidacy in 2016. Given this model of deep investment of time and money, workers are no longer just hands at a work-station. Instead, they are collaborative problem-solvers as well as skilled and adaptable makers. Together, they make it possible for Opportunity Threads to both profitably deliver highly-customized products and define a niche in the US textile sector.

Like any other type of business, worker-ownership has inherent challenges: The idea of ownership must be cultivated over time. Differences in skill sets and leadership styles must be navigated. Worker-owners and leaders must simultaneously balance management and business demands.

When the business challenges and worker-owner development challenges are navigated, the diversified skill sets that worker-ownership entails (as described above) facilitate the development of a creative business model. When worker-owners are involved in various parts of the business and engage in decision-making, silos are broken down and there is a more holistic approach to operating and running a business.

This model isn't perfect. We must learn the daily practice of sharing power and resources. We must work together to resolve conflicts while at the same time running a demanding business. But it is an antidote to many challenges small-scale manufacturers face and many of the injustices our economic system has inherently developed (like grossly inflated pay gaps). Indeed, there is a true art to our workspace. We make lovely things by doing the hard work of creatively organizing process and space.



**Figure 2** - Walter Vicente, of Guatemalan heritage, is a master stitcher, sample maker, and worker-owner at Opportunity Threads. Photo courtesy of Opportunity Threads.

## Works Cited

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