

# ***THE ISLAND EMPLOYEE COOPERATIVE: DEER ISLE/STONINGTON, MAINE***



Photo Credit: Gloria LaBrecque, Cooperative Fund of New England

## **PROJECT GOALS**

To maintain the ongoing operation of an island community's core service businesses and local jobs through a transition in ownership and management to local people.

## **BRIEF DESCRIPTION**

Deer Isle lies off the coast of the Blue Hill peninsula in mid-coast Maine. Its year-round population of approximately 3,000 nearly doubles during the summer months. Over the years the Seile family built up several businesses—the Burnt Cove Market, the Galley, and V & S Variety and Pharmacy—that formed much of the commercial core of the island and its small communities of Deer Isle and Stonington. In 2013 the family decided to retire and sought new owners for their establishments. Islanders were concerned about the potential loss of these important stores, the possible sale to non-residents who might consolidate the businesses and reduce employment opportunities, and a fear that losing the businesses would force island residents to travel approximately 25 miles to the next closest similar services on roads made treacherous during the long winter months. A worker cooperative was established with sufficient financial backing from several sources to permit the successful transfer of the businesses to the majority of their employees. The result is that jobs have been maintained, money stays within the community and people are learning new skills and building new assets that the island can draw upon.

As members of the Independent Retailers Shared Services Co-operative (IRSCC), the Seile's contacted the Cooperative Executive Director who suggested that an alternative to seeking a

single purchaser for the Businesses –likely form off-island-- might be for the employees to form a cooperative to purchase the stores. A business and financing plan was developed and over a period with many meetings of a local steering committee and others, and with creative financing and advice from Coastal Enterprises, In. (CEI), a Maine-based community development finance institution, the Cooperative Fund of New England (CFNE) and the Associated Grocers of New England (AGNE), an ownership transition strategy was created that has culminated in the establishment of the Island Employee Cooperative. Currently 45 of the businesses' 60 island employees now own shares in what has become Maine's largest cooperative and the businesses are operating providing services customarily offered by supermarkets, a pharmacy, small appliance and hardware sales, and more. Moreover, for Islanders the stores provide community gathering places and employment opportunities where few others exist.

### **LESSONS LEARNED**

Many rural grocery stores and similar outlets are at peril of closing, especially where owner/operators contemplate retirement. These services, like schools, post offices and churches, are often vital community assets in rural places and small towns. The case of the Deer Isle solution suggests that employee cooperatives may be one way of providing a successful transition in ownership and control. Moreover, the island Employee Cooperative has maintained jobs in an area where there are few other alternatives, and consumer spending is retained in the community as well as local control over business decisions. The cooperative idea is not entirely foreign to Deer isle and this may be one of the reasons for the success of the model given the proximity and history of the Stonington Lobsterman's

Cooperative. The role of the Co-Operative Development Institute, Coastal Enterprises, and the Associated Grocers of New England cannot be discounted because of their long history of financing and support for the establishment of independent groceries and cooperatives to promote local control and employee ownership and democratic management. The sellers of the businesses, the Seile family, were especially keen to see the stores remain open and in island ownership and control. Altogether this was a \$5/6 million project. Training and business assistance to the new ownership cooperative is being provided through a local community college, the previous owners, and the above named organizations. In speaking with several participants each indicated that patience and perseverance were key elements in the success of the overall strategy.

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