

Worker Owned Restaurant Promotes Healthy Entrees and Entrepreneurs

The 50 members and part-time associates of Casa Nueva Restaurant and Cantina in Athens celebrated 17 years of success with a community celebration last October. Casa enjoys a reputation for good Mexican food, at prices college students can afford, and for its role as a catalyst for sustainable economic growth in southeast Ohio.

We buy 85% of our supplies from local farmers and others because we know that we are improving the economy of our community, said Casa's Board President Josh Brown. Casa also actively supports a production and marketing of 200 regional food producers who share a community-based commercial kitchen and storage facility – ACENet's Food Ventures Center.

Casa is a worker-owned cooperative business, owned and run by its 25 current members, each with an equity investment and a commitment to promote good, healthy food and to promote a healthy local economy. Casa members gain experience and confidence in running a business. Many move on in leadership of other area businesses and non-profits; and, some start their own businesses.

Casa buys local

We could buy our jalapenos cheaper from California or Mexico through larger distributors, explained Brown, but instead we sat down and discussed our needs with local farmers who produced a bumper crop of 3,000 pounds of organically-grown peppers for us this year. Our Cantina offers an all-Ohio tap of Ohio microbrews.

Bill Shores, owner of Green Edge Gardens in nearby Amesville, supplies Casa with seasonal vegetables and salad greens. "I have been an organic grower for the past six years and customers like Casa make it possible. Casa represents 25% of my business and is great to work with."

We base our seasonal menus on what our local organic farmers can provide for us, explained food buyer and 12-year member Mike 'Da Knife' McNieff, who with other members of Casa's Culinary Development Committee generates ideas and tests new recipes.

The Autumn Seasonal Menu featured fresh roasted peppers, corn, dried tomatoes, local apples and fall greens in various burritos, quesadilla, sandwiches, and salads. The new Paw Paw Flan dessert features a locally harvested native fruit supplied by paw paw pioneer Chris Chmeil of Integration Acres.

Casa makes breads from scratch and fresh tortillas daily. They also bake homemade wheat bread, challah bread, English muffins, granola, cookies, and croutons during the night.

Rob O'Neil is The Bounty Hunter for Casa. He gathers and prepares the produce that Casa buys locally. He bottles Casa's Black Label salsa line, jam and dressings, pickled peppers and asparagus, and freezes blueberries and other seasonal produce that is not used immediately in the kitchen.

O'Neil does 75% of Casa's food preparation and storage at ACENet's

community kitchen. Casa time-shares at this licensed commercial facility along with 50 other food-related businesses (see ACENet story).

"We strive for a balance between good food and costs. We serve high-quality organic food at-or-below industry-standard costs because we work with multiple producers for long-term guarantees of volume and ask for a reasonable price range in return, explained Leslie Schaller, one of eight Casa founders and current Business Director.

Community involvement

"Our members share a sense of place in this community, explained Schaller, "and the political motivation to make a difference." Our Board President serves on a national cooperative association's board. We helped write Ohio's newest cooperative business law. We host forums on political and educational issues. Ohio Magazine voted Casa the 'Best restaurant with some kind of conscience' statewide in ??.

When an upsurge of new corporate restaurants came to town in 1999, we brought other locally-owned restaurants together to form the Athens Independent Restaurant Association. Structured as a secondary cooperative, or jointly owned member association, we pool marketing efforts and buying resources which promote our common survival.

From turnaround to trendsetter

Casa Nueva opened for business as a worker-owned cooperative in 1985 when the local much-indebted owner of Casa Que Pasa, a local Mexican restaurant, skipped town. As then-manager Schaller recalled, "a group of us [employees] ran the business until the bailiff showed up. Because we lacked the capital to buy the business ourselves, we incorporated as a cooperative within a C corporation.

"Each founder put up \$1,000 and bought the assets out of receivership. We then got local bank loans for working capital. We showed a profit in the first year and enjoyed double digit growth for the next decade," said Nancie Buerkel, Casa's financial coordinator and a member since 1989. "Today we make \$1 million plus in annual sales."

Today Athens has four times as many food service venues as it did 17 years ago when Casa opened. How does it survive?

"We stay on the forward side of the trend curve, explained Schaller. "Cooperative businesses are getting trendy again because of the bad economy and the bad example of Enron. There is no better reason to work in a worker-owned business." Schaller hopes this type of business takes over the world.

Self-management is core business practice

"Our employee-members have a bigger stake and they build flexibility and resilience into this business," says Schaller. Members have many more responsibilities than the average restaurant employee. Ten members work as part-time coordinators in food preparation, food service, finance, bar, marketing, systems, and HR. None of the members are trained

chefs, though a head cook on each shift is in charge of preparing the daily specials.

Members make an initial owner investment of \$1200 (up-front or through payroll deduction) for a two-year commitment. They earn yearly profit dividends and a return on their initial investment plus earnings when they leave through either a 5-year payout or a 'donate half-and-get half now' arrangement.

"Member accountability is a key issue for cooperatives," said Buerkel. "We use committees and teams for decision making and ad hoc meetings in an experimental, learning approach to our self-management process. Members discuss policy at bi-monthly all-member meetings they attend on unpaid time, and make decisions by simple majority voting.

"We get antsy and sometimes step on others' toes, so meeting facilitation is important to us. We train ourselves to be facilitative and use agendas and egg timers to manage our meetings. Because we work together so closely we actually have many of the same dynamics that occur in family owned businesses."

Seven members are elected each year to serve on the board. Directors earn an additional 25 cents per hour and record board and committee time along with restaurant hours on their timesheets. Board members have no special qualifications and members often vote for persons who will gain new skills through board service.

Open books and shared profits

All financial information is open, even salary information, so everyone sees the direct consequences of what we do. New members get ten hours of financial training on the business and Casa's system of internal capital accounts (ICAs) of their investment in the cooperative. At year's end, 40% of profit is retained and 60% is distributed to members through a patronage dividend.

As one 6-year member described her former role as finance coordinator, "I was a theater major and didn't understand financials but was psyched about ownership and wanted to get everyone else psyched too. I treated us like we were in first grade. I taught the relationship of shift scheduling to costs and used lots of other simple examples. I showed the breakdowns visually with graphs and pie charts, and posted the financials on our freezer. I made the numbers fun."

Posting results on Snezy

Three stainless steel kitchen coolers, named Dopey, Snezy, and ?, proudly display Casa's financial goals and accomplishments on their doors. Snezey displays 2003 business planning and the results of the members' annual 4-step planning process. Dopey holds minutes of all-member meetings and committee meetings, the monthly events calendar, and the Shift Coverage Schedule. Members select their own hours of work, though all employees are required to work weekend shifts. Members earn 50 cents more per hour than part-time associates. Members sign up for the 40-hour

shifts they will work during each week. Others can sign up for Shift Coverage and earn time-and-a-half to cover overtime shifts. A third freezer displays the Day-By-Day Report of sales information broken down by category and key indicators. This gives everyone the 'how we're doing' view as the week unfolds.

Shared Tips and a Living Wage

Members and associates earn between \$7 and \$10 per hour, including a tenure differential based on hours worked. Tips from the restaurant and cantina for the two-week pay period are pooled across all shifts and jobs, even with the dishwashers. In slow times we all make a living wage, where in other restaurants you get minimum wage or a lay-off. Tip-sharing helps all work better as a group.

Group benefits include health insurance, a dental plan, and paid personal time as well as one free meal per shift and off-duty meals at half-price. A retirement plan is in the works which makes it feasible for members to look at Casa as a career.

Hiring new members

We ask applicants why they want to work here. Hiring Team members look for people with enthusiasm about a different job environment and positive energy, though its hard to pinpoint if people are going to be able to take it here. We look for a two-year commitment;

New members undergo a 6-month trial period of training with as many different jobs and work problems as possible. New people start on the floor and work their way back into the kitchen so they know what the food should taste and look like.

Size is an obstacle

Size has been the biggest obstacle to us as a cooperative. We grew from 1985 and in 1999 we got too big. Fifty employee-members trying to make decisions together is difficult. The bigger we get, we can't keep track of everything that's going on all the time. Heath Stevens, the Front of the House Coordinator, described how everyone used to acquire general knowledge in all areas of running this business, now have more specialization. Hard to focus people. We are also becoming more specialized and kitchen coordinators now want to have designated full-timers in food prep so there is expertise.

Ohio law used to require a cooperative to be 51% worker-owned. The laws for cooperatives have changed, so since 1999 we started hiring part-time associates. Casa is only 40% worker-owned now because only 40% of the employees are owners.

Training entrepreneurs and leaders

Casa has hatched entrepreneurs and spin-off businesses. Former member Christine Hughes opened The Village Bakery Café in Athens one year ago and still can't believe that, at the age of 33, she already owns a business of this size with four employees. It all started one day five

years ago when I heard about Casa on NPR and liked the idea of cooperatives.

I moved here and got involved with Casa. Baking became my focus and I worked with others to develop Casa's bread recipes. Now Casa features me on their menu as a supplier of some of their seasonal and special breads. I made Roasted Tomato and Rosemary Flatbread for Casa's Open Face Autumn Sandwich.

Being a member was so much responsibility but I got a feel for all aspects of business. I worked as a coordinator, went to board meetings, worked on the P&L, figured out our costs, and improved my skills in communicating effectively in a small group. I had to be completely responsible for my vote, especially when I was the one person blocking a new system or policy.

The Casa experience gave me confidence and experience.

The cooperative experience offers Ohio University students and others to gain business skills in a low risk environment, explained Schaller, Each member has to deal with twenty or more members in a very professional setting and come to good decisions.

Member Greg Lyle waits tables, tends bar, and puts together the income statement and balance sheets. In his role as Finance Coordinator he also educates members on finances.

Board VP and Treasurer Nicole Icker, a recent OU grad in food service management, is learning the human side of business. During my four years of college I managed a corporate restaurant, so it was a tough transition here where we focus on a really good product and less on costs.

Does a cooperative restaurant make sense?

"Its obvious that corporations which focus mostly on costs, are successful," said Icker. They run the world. But cooperatives change the way you think. I find myself thinking the Casa way now and it amazes me. Casa puts the human side of business into it. It's not what I'm used to but it makes sense here.

"Restaurants are ideally suited to be cooperatives," responded Brown. "We offer a unique and inviting environment with good affordable food, good music, and great service. We have art shows. It's an upbeat place. Casa enjoys popularity and we show appreciation for our core base of devoted customers.

High turnover and slim margins characterize the restaurant industry; the average turnover among Athens restaurant employees is six months. But turnover is low at Casa. Only 1 or 2 members leave per year and the median length of members' employment is 5 years. Said Schaller, "Casa has been fortunate because 35 % of our coordinators have been here five or more years, half have been here over 12 years.

The cooperative structure makes running a restaurant more challenging, explained Matt Marenberg, Marketing Coordinator. Sometimes there is tension between the amount of energy it takes to run a restaurant and the amount of energy it takes to maintain a cooperative.

"But after 17 years we are still growing, said Icker. "Growth is

difficult but with so many minds at work in a cooperative the sharing of ideas is phenomenal. Every day we experiment with how we will handle new situations. If we handled it correctly then we continue. If not we try again. We take a lot of pride in this business, and that's completely what it is. People, for the most part, take pride in working here because you own a part of the business.