

## **An Explanation of EEC By-Laws**

**by Will Bronson, President EEC, Dec 1, 2022**

This revision of the EEC By-Laws is long overdue, the original drafted in 2020 or before. It came about as it was apparent that there was some confusion regarding how EEC was to operate, particularly among those unfamiliar with the worker co-operative business model and also, some unspecific and confusing language in the original drafts.

First, let me say that our worker co-op, being in the non-profit space and being a 501c3 does not have profit and loss statements per se. All income is used for program costs or compensation of members of EEC.

A person who is elected to become a Member of EEC may be compensated or defer their compensation to their Member Account, to be paid at a future date. A person may also be so compensated or deferred until such time as they are elected as a member, usually within 3 months.

In the for-profit co-op business model, such deferred compensation becomes an ownership interest in the co-op. In our non-profit model, it simply becomes a liability of the co-op. Any assets of the co-op, if it dissolves cannot go to members but must be transferred to another non-profit.

Therefore, the terminology of profit and loss does not apply to us. That is the focus of the “normal way of doing business.” It puts in motion, motivations regarding stock value, going public, etc.

The other major difference in a co-op as opposed to other business models is that the members make all the decisions democratically on site. There is no “absentee ownership” issues. This allows for better decision-making and a sense of “ownership” of the co-op by the members.

As founder of EEC, I am encouraging our members to be familiar with the Ricardo Semler approach to management which is reflected in his book *Maverick* which tells of his successful management of the Brazilian business Semco which he inherited from his father.

Also, the Basque corporation Mondragon Industries is a model of how successful the worker co-op model can be and we hope to emulate that in the non-profit space.

I hope this gives some context to the reasons our by-laws are what they are.

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