

# Cottage Industries: Live/Work Coops

Matthew Keesan

[matt@3bbrooklyn.com](mailto:matt@3bbrooklyn.com)



# Our agenda today

- An introduction to cottage industries
- Benefits
- Challenges
- Some practices that worked well for us
- Our open source sweat equity model
- Q&A

# Cottage industry

A business you run out of your own home, with your own equipment.

A term applied, after the industrial revolution (ca 1921), to things formerly done at home--like weaving, shoemaking, basketmaking, etc

# My cottage industry: Hospitality



The Downtown Brooklyn  
*Bed & Breakfast*



# Who are our guests?

- ~1200/year
- 50% North America, 35% Europe
- 70% couples (25-45), 20% families
- Occupancy: 90%+ year round
- Average stay: 3.5 days
  - 80% of guests come for a short stay, 20% for a week or more

# Who are we?

- 7-9 owners at a time
- Ages 20-40
- 15 owners since 2010
- 2/3 women
- Other careers: students, artists, designers, musicians, writers, organizers, architects, journalists, programmers

# Why?

Hospitality was already intrinsic to our centrally-located coop of artists and organizers.

Everyone was working crappy jobs with very little time left over for their creative pursuits.

# A brief history of us

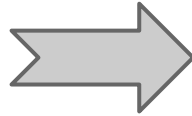
**2009** Cooperative founded





# A brief history of us

2010 Why not a B&B?



# **A brief history of us**

**2011** One of Budget Travel's Best New Affordable Hotels in the World(?!)

*<http://3bbrooklyn.com>*

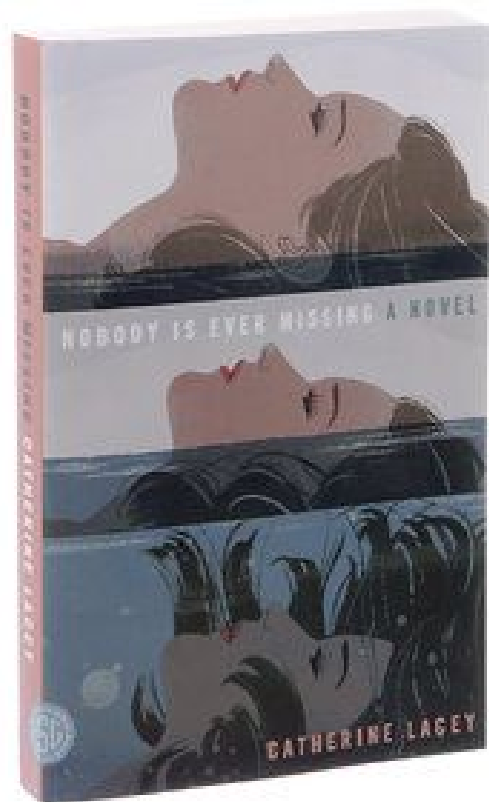
# Incubated projects

No one had ever owned a brick and mortar business before, but it only took about a year of intense startup time. Silly mistakes included!

After that, we were free to focus more on our personal projects.



[raakachocolate.com](http://raakachocolate.com)



[catherinelacey.com](http://catherinelacey.com)



[surnamegoods.com](http://surnamegoods.com)



[absorka.com](http://absorka.com)

# And social work, too

## Secret Manuals Show the Spyware Sold to Despots and Cops Worldwide

CORA CURRIER AND MORGAN MARQUIS-BOIRE 10/30/2014

We're publishing in f  
Sys

1520 SEDGWICK AVE.



## Peirce and the Temporal Core of Pragmatism

by

David R. Ferris

NYU: N19672471

A thesis in John W. Draper Interdisciplinary Master's Program in Humanities and Social Thought submitted to the faculty of the Graduate School of Arts & Science in partial fulfillment of the requirements for the degree of Master of Arts at New York University

Occupy Sandy, affordable housing, The Intercept, philosophy



# Other examples

# Not just service industries!

Twin Oaks hammocks and tofu



# Acorn heritage seeds



# East Wind Nut Butter



# Diversity of models

Twin Oaks provides 100% of your needs in exchange for about 42 hours of work a week, decreasing annually after age 50.

All income fully shared across community.

(Work doesn't just mean for the business—also includes childcare, cleaning, food preparation, etc.)

# Diversity of models

3B distributes profits based on hours worked.  
All income from outside the community is yours to keep.

Everyone has a small quota of work to maintain the community, but it doesn't count towards paid time.

# Why does this work well?

- Skills for living cooperatively directly translate into skills for working cooperatively
- Worker coops are competitive in the marketplace
- Even without providing 100% of your needs, subsidization from a part-time business can create freedom

# Benefits



# Reduced cost or free living

- Average NYC monthly rent: **\$3,017**
- Average rent pre-business: \$635
- Average rent now: \$25

# Ownership experience

- In 2010... over 40% of all Americans thought starting a business would be a good idea
- Yet less than 15% did so
- Share risk and support systems!

# Surplus for projects



openindie.com



urban workshop



a new shower

# Reduced turnover

- No more economically-motivated departures
- Deeper relationships
- More institutional knowledge
- Less stress on community

# Challenges

# Boundaries

- Living with your friends who are like family, sounds great!
- Living with your business partners, uh oh.
- Living with your customers? Yikes!

# **Raised stakes**

- Money changes decisionmaking
- Legal bonds via partnership

# Scrutiny

Would your existing home pass any fire department or building department inspection?

Are your coop finances ready to be audited by an outsider?



# Praxis

# **Weekly meetings**

Many housing cooperatives already do this. But a lot of small businesses don't.

# Checking in

- Every meeting begins with checkins.
- Why?
  - Contextualizing behavior (cf. Fundamental Attribution Error)
  - Practicing hearing and being heard, integrity

# Standups

Coordinating complicated relationships between startup projects is a Hard Problem.

Planning helps, but plans always change.

Daily super-short meetings make sure we're never more than 24 hours out of synch.

# Flexible schedules

You're a home first and a business second.  
Don't burn out!



# Provisional membership

All the more essential when entering into a binding legal partnership or corporation.

3B uses a six month provisional period.

**Why not just AirBNB?**

# Values-driven aesthetics

Our guests love us not because we have the best hotel (let's be honest, the Ritz-Carlton actually is better), but because our values match the image we project.

With a commodity product, feelings and values matter most.



# Values-driven suppliers

Doing business with people who share your values strengthens your values in the world.



# Intentional standards and irregulars

- Systems good!
- If your whole life is systematic, you're a computer.

**Checklists** for critical, simple processes,  
principles for broader goals.

# Transparent documentation

A grid of 20 thumbnail images showing various documents and spreadsheets used for transparent documentation, organized into categories.

### Old projects

- Marketing

### Membership

- agendas
- notes

name	relationship	email	phone
adam aliva	resident	adam.aliva@gmail.com	201 243 214 613
mattfisher keam	resident	keam@gmail.com	438 426
styma roble	resident	styma.roble@gmail.com	718 923
tom kuckler	resident	tomkuckler@gmail.com	506 742
patrick lehrer	resident	patricklehrer@gmail.com	917 814
claudia hofner	graduate	claudiahofner@gmail.com	567 476
lisa custer	resident	liscuster@gmail.com	718 815
alby smith	volunteer	alby.smith@gmail.com	917 992
maya heath	volunteer	maya.heath@gmail.com	917 992
georgy shafiq	graduate neighbor	georgy7@gmail.com	917 992
petera mcyski			437 992
catherine leary	former resident	learycatherine@gmail.com	780 274
elaine walt	former resident	elaine.walt@gmail.com	867 996
dan ferns	former resident	dfern@gmail.com	917 996
karin hofner	former resident	karinhofner@gmail.com	917 996
dexter walcott	former resident	sewalcott@gmail.com	437 996

### Legal

### Guest relations

### Finances

### Marketing

### Operations

### 3B Hours

136 / 3B meetings

136 lawrence - abo...

Policies

3B : an owner's ma...

### Onboarding Checkl...

b&b (the spreadh...

NYPD/DOB 8/18/1...

august/september...

Username and pa...

# Pay yourself

- Consider everything you value worthy of pay
- (e.g. childcare at Twin Oaks, checking in at 3B)

# Sweat equity

When worker-owners can buy in with labor instead of capital, your potential membership pool is basically limitless.

# **Our labor model**

# Our labor model

If you're not transitioning to a full commune, a sweat equity model might be perfect for you.

Our principles:

1. Value all types of labor equally
2. Value longevity—but not too much
3. Value personal investment

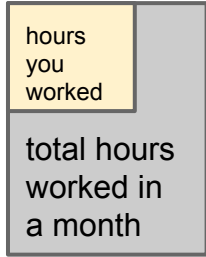
# Profit allocation formula

- 25% to the bank for lean times
- 25% proportionally based on direct contribution: hours worked that month
- 50% proportionally based on sweat equity contribution: hours worked over the last two years (counting all of the last year's hours and half of the previous year's hours)



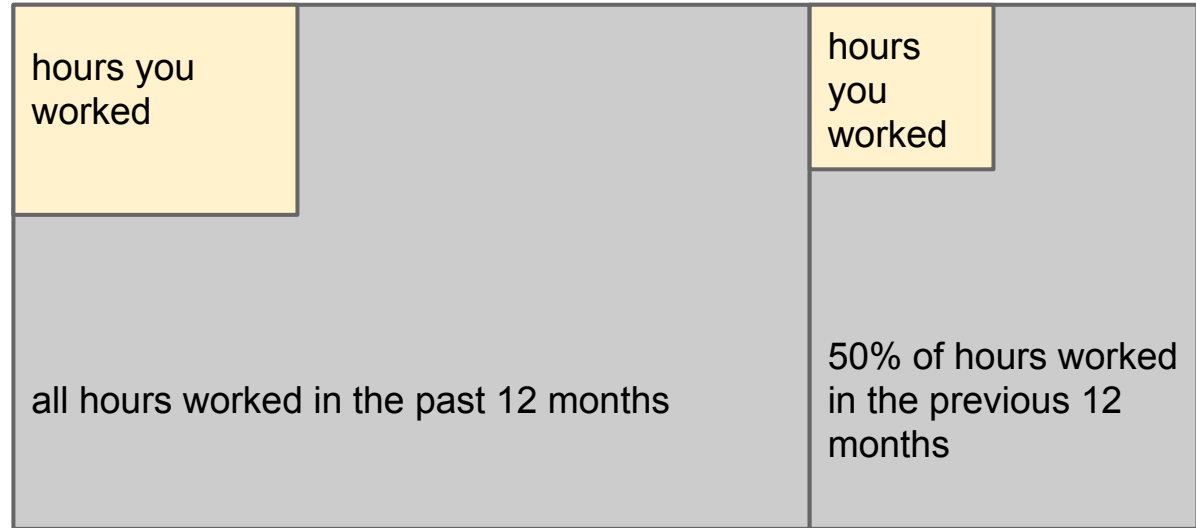
# Proportions visualized

**direct contribution**  
(25% of profits)



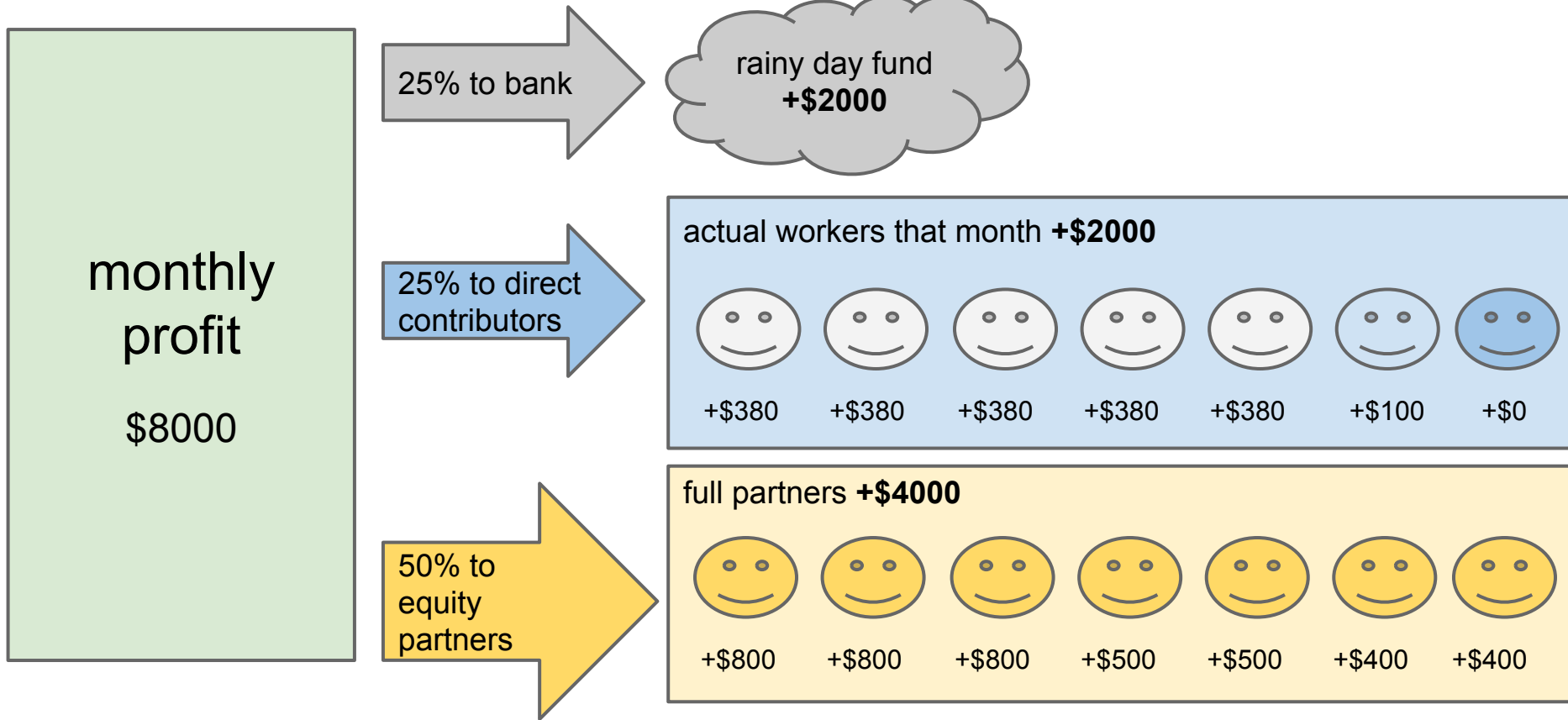
~40 hours  
out of  
280 hours

**sweat equity**  
(50% of profits)



~720 hours out of 5400 hours

# Profit flow visualized



# Onboarding, vacations and pensions

- Six months provisional membership before becoming a full partner (hours logged, but no sweat equity distributed)
- But we'll pay your equity holder share for six months after you leave as a mini pension
- You can take a vacation or sabbatical for up to six months—your sweat equity decreases, but the model accounts for it fairly

# The basis: logging hours

who	what	hours	when		total hours
					14,887
adam	meeting	2.25	8/19/2014		
tim	meeting	2.25	8/19/2014		
katherine	meeting	2.25	8/19/2014		
cora	meeting	2.25	8/19/2014		
matt	correspondence	0.5	8/18/2014		
katherine	breakfast	2.75	8/18/2014		
cora	breakfast	2	8/19/2014		
liza	evening	1	8/17/2014		
Joshua	correspondence	0.66	8/17/2014		
liza	phone	2	8/16/2014		
liza	evening	1	8/16/2014		
liza	afternoon	1.5	8/16/2014		
liza	Breakfast	2	8/16/2014		
Joshua	Check-in Suzanne trudel.	0.83	8/17/2014		
joshua	check-in Lisa Huang, cas	0.66	8/17/2014		
joshua	phone	2	8/17/2014		
joshua	afternoon	2.5	8/17/2014		
joshua	breakfast	2.75	8/17/2014		
joshua	phone training Eliza	0.25	8/14/2014		

# Bonus: stats!

what	hours	shifts	average
breakfast	2891	1399	2.07
phone	2841	1723	1.65
afternoon	2347	1239	1.89
evening	1258	1100	1.14
laundry	401	252	1.59
granola	124	69	1.80

Total time spent...

...and per member

alayna	hours	shifts	average
breakfast	258	148	1.74
phone	135	92	1.47
checkin	9	18	0.52
afternoon	121	66	1.84

# Sweat equity calculator

	total	adam	alayna	joshua	matt	tim		allison	catherine
all-time hours	9,453	1,545	806	728	2,374	619		1,254	2,127
hours from previous year (worth 50%)	2,582	474	386	314	370	247		421	369
expired hours (worth 0%)	4,342	667	0	0	1,577	0		598	1,501
<b>countable hours</b>	<b>3,820</b>	<b>641</b>	<b>613</b>	<b>571</b>	<b>612</b>	<b>495</b>		<b>446</b>	<b>441</b>
<b>sweat equity</b>	<b>100.00%</b>	<b>16.78%</b>	<b>16.06%</b>	<b>14.95%</b>	<b>16.02%</b>	<b>12.96%</b>		<b>11.68%</b>	<b>11.55%</b>
		8/2011	1/2013	3/2013	5/2010	5/2013		7/2011	5/2010
								retirees	

# Want to replicate?

We're interested in helping to create more 3Bs around the world, and also more worker cooperatives in general, through mentoring, technical assistance and funding.

[TheFEC.org](http://TheFEC.org)

[FromPointA.org](http://FromPointA.org)

# **Our model is open source**

- How to run a B&B, specifically
- Worker cooperative resources
- Sweat equity recording and calculators

**<http://3bbrooklyn.com/learn>**



# Q&A



[matt@3bbrooklyn.com](mailto:matt@3bbrooklyn.com)