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THE VOICE OF THE VILLAGES

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Real Pickles Seeks Real Paradigm Shift



Holland (l) and Rosenberg (r) will no longer be the sole owners of Real Pickles.

By SHIRA HILLEL

GREENFIELD – Eleven years ago, Montague residents Dan Rosenberg and Addie Rose Holland started a small business making and selling fermented vegetables. They committed to supporting local farms, and using local organic vegetables in their products. They also committed to only selling locally.

The business they started, Real Pickles, has grown immensely in the last decade, achieving much recognition in the organic food industry. They now supply over 300 stores in the Northeast. Three years ago, when they outgrew their previous community kitchen space, they invested in a solar-powered, energy-efficient food facility in Greenfield.

Rosenberg and Holland, showing their commitment to both talking the talk and walking the walk, have now decided to further buck the dominant paradigm laid out for successful local

businesses. Instead of selling to a larger food corporation, they are making the company a worker cooperative.

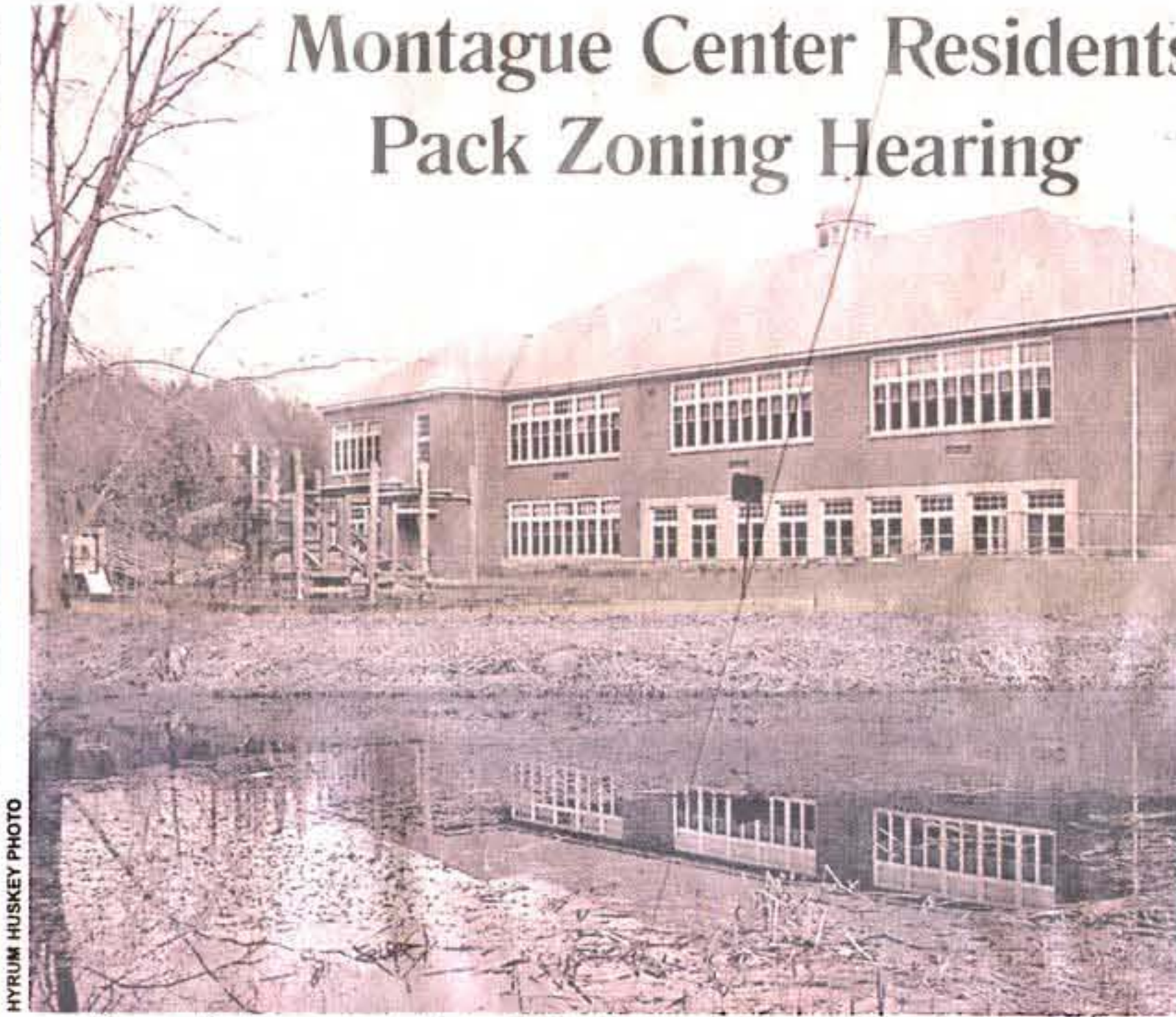
As they put it in their press release on the transition: "We are committed to keeping Real Pickles a small business working to truly change the food system, and so we clearly must choose a different direction."

The concept of "multiple bottom lines" is gaining traction: a business venture can yield not only financial profits, but environmental and social ones too. "The bottom line is defined differently by corporations and co-ops. For the co-op, it is measured by its benefit to the workers. For the corporation, it is measured by financial profits," said Holland.

Morale is high among the current twelve-member Real Pickles staff. With its meaningful mission and team spirit, it seems like an idyllic, warm, and friendly place to work.

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Montague Center Residents Pack Zoning Hearing



Though changing or removing Section 5.4.7 will affect planning throughout the town, Tuesday's discussion returned repeatedly to the fate of the currently unused Montague Center School.

By MIKE JACKSON

MONTAGUE – A planning board hearing held Tuesday night turned contentious, as residents of Montague Center opposed to an apartment project slated for the former Center School building accused town officials of "auspicious timing" in proposing changes to the town's zoning bylaws.

The current bylaw requires all dwellings to be at least 700 square feet in area. Last October the Zoning Board of Appeals granted developer Mark Zaccheo, of Greenfield, a variance on that requirement, which is now facing a potential court challenge.

The hearing began with an unrelated proposal, as the board weighed redistricting 74 acres on West Mineral Road, a dead-end country lane east of the airport, from Industrial to "Agriculture-Forestry-4." The

reasons were many: several adjacent parcels are restricted from development; archaeological "issues", wetlands and habitat may complicate its use; residents are in favor; the town is targeting industrial development elsewhere; and it would complete a corridor from the Montague Plains to the Connecticut River. That proposal was referred to town meeting in May, as Montague Center residents trickled in, eager to discuss the main course of the hearing, Section 5.4.7 of the Zoning Bylaws.

That bylaw may need to change at least somewhat to comply with a state statute prohibiting zoning law from regulating the interior of single-family buildings. Citing a growing demand for single-bedroom apartments driven by reduced household size, town planner Walter Ramsey and building inspector

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Real Pickles' approach to business doesn't fit with many corporations' tunnel-vision drive for monetary profit. They wanted to find an alternative way to structure their business that would support its continued financial success, long-term viability without future dependence on its founders, and lasting contributions to healthy food and healthy food production.

Once they realized that becoming a worker co-op was the key to ensuring all of those things, the question was: how would they go about doing that?

Rosenberg and Holland began thinking about the transition to a worker co-op over a year ago. They worked out a financial value for their business and put together a plan to make a buy-out accessible to their workers. Together with Rosenberg and Holland, three other Real Pickles employees, Brendan Flannelly-King, Annie Winkler and Kristin Howard, have committed to signing on as the five founding worker-owners, each buying in with an investment of \$6,000.

But five worker-owners multiplied by \$6,000 would not be nearly enough. They knew they had to raise funds from outside their business to make it happen.

Michael Shuman, author of *Local Dollars, Local Sense*, was a major influence on Rosenberg's and Holland's thinking. When Shuman came to the area to speak a while back, Rosenberg and Holland were in the audience. Shuman began his presentation by asking how many people in the room buy locally because they believe in community prosperity. A majority of hands were raised. How many bank locally? Fewer hands were raised. How many have pension funds that are invested in local businesses? Not a single hand was raised.

Half of our national economy is made up of small businesses. But stocks, bonds and investment in Fortune 500 companies are where private individuals' long-term investments end up. Shuman is part of a movement to redefine investing. His message is that "the 99%" need to invest in the local economies of "Main Street," not just the one on Wall Street.

While there are other examples of successful worker co-ops in the region, such as Pioneer Valley PV, Simple Diaper and Linen Coop, and Equal Exchange Coffee of Western Mass, which pioneered worker co-ops in the 1980's, there are no local stock investment opportunities. "There is almost no infrastructure or opportunity for people to invest locally," said Rosenberg.

Real Pickles aims to raise \$500,000, which would finance the purchase of the business and provide extra operating capital. To do this, they have started a direct public offering of Real Pickles stock shares.

Real Pickles will have two separate classes of shareholders. At the higher level, there are the worker-owners who buy in and are able to vote on the business management decisions. There will also be shareholders who own non-voting stock.

These shares will be sold directly by Real Pickles and cannot be purchased through a broker. With a minimum investment of \$2,500, buyers will receive non-transferable stock that yields annual dividends. After five years, it can be sold back to the coop at its initial price.



Amber and Ona count carrots at Real Pickles' Greenfield facility.

"The United States enacted securities laws during the Great Depression to protect the least-wealthy 99 percent of the American public from being sold worthless securities by fraudsters. Grandma should not be snookered into buying swampland in Florida. But effectively, the law also forbade the 99 percent from putting their money into the local businesses we love, by imposing impossibly difficult and expensive legal hurdles," said Shuman.

Because such a structure is so out of the ordinary, Real Pickles had to wait a long time for approval from the security regulations of Massachusetts and Vermont. "Of course, we had to hire a lawyer to work all of this out," said Rosenberg. "In order to develop local investment, we had to enlist a non-local, local investment lawyer." Rosenberg was referring to Jenny Cassan, the CEO of Capital Investment Firm in California, who specializes in this niche of local investment. The vetting process of their financial records took months to be completed. "It was a really good process. They took a

close look at our business, because they are looking out for the public and trying to protect investors," said Rosenberg.

As a worker cooperative, Real Pickles will be governed by the worker-owners. The company's social mission and guiding principles will be inscribed in its articles of organization and bylaws, and will be difficult to change: The business will stay rooted in the community. Its owners will continue to be local residents who are directly involved in the day-to-day operations. Staff members will share in the decision-making and profits. They expect this opportunity will contribute to their success by incentivizing staff to remain on a long-term basis.

Real Pickles hopes additional staff members will join, following the transition. Staff become eligible for worker-ownership after a year of employment at Real Pickles. Once approved by the membership, a worker can purchase one share of common stock in the cooperative, entitling them to a single vote in coop affairs and to a share of its profits through annual dividends.

The day-to-day management will run much as it always has. Rosenberg will remain the general manager, Winkler the lead production manager, and so on. The business will continue to be managed in as participatory and inclusive a manner as possible, an approach that has contributed to a satisfying and productive Real Pickles workplace.

Workplace democracy and worker self-management are ideas with deep philosophical roots. They often come together with the advocacy of autonomy and self-control, the alleviation of alienation in the workplace, and the encouragement of participatory or direct democracy. "There are different ways to do democracy," said Rosenberg. When workers have a say in the management of the business they work for, that's living democracy.

The United Nations celebrated the International Year of Cooperatives in 2012, recognizing the contributions of coops around the world to community resilience, secure employment, and food security. Secretary-General Ban Ki-moon stated: "Cooperatives are a reminder... that it is possible to pursue both economic viability and social responsibility."

Note: The Montague Reporter does not endorse this, or any, investment opportunity, as we are not in the business of analyzing investment risk.