

JOEL SCHOENING

The Rise and Fall of Burley Design Cooperative

I used to work as a machinist for a major steel company. I've always been kind of a hippy, and I wanted to work in a more benign industry. Where I used to work, we had contracts to make parts for bridges and dams, which I didn't mind that much. You know, everybody wants a house to live in and wants some electricity. When I found out that we were making cylinders for warships, I decided I wanted to move on in life.

—Frank¹

LIKE ALL OF BURLEY DESIGN Cooperative's early worker-owners, Frank came to the company with a working-class employment history and a desire for work that contributed something to the world, or at least did no harm. Although the idea that a working-class person can demand a socially and environmentally responsible workplace and still earn a living wage seems reasonable, in practice, those jobs have never been easy to find. Frank's desire to work for such a company was not entirely unusual, however, especially in Oregon's Willamette Valley during the 1970s, when he and a few like-minded individuals created Burley Design Cooperative. 1

The Burley company was originally founded in 1969, when Beverly Anderson — known to friends as "Burley Bev" because she raced bicycles at a time when female racers were rare — and Alan Scholz began manufacturing panniers (bicycle-touring bags) in the back of Alan's bicycle shop in Fargo, North Dakota.² Bicycle touring was popular at the time, and they made useful and reliable products, so it was not long before demand outgrew their own production capacity. They met the new demand by contracting out piecemeal work to a few people who could sew part-time, and after just a few years, the company had nearly \$25,000 in annual sales. North Dakota's climate, however, is not the most suitable for cycling. In 1974, Anderson and Scholz moved to Cottage Grove, Oregon, where the climate is more suited to cycling, and began to pursue their burgeoning business full time. The move proved a wise one. Business flourished, and Burley's success soon outpaced the two founders' desire to be managers. In 1978, they partnered with their employees to create Burley Design Cooperative.³ 2



Burley purchased this company van in the early 1980s. The logo reads "Burley Design Cooperative" on the top and "Cottage Grove, Oregon" on the bottom. The back of the van carried bumper stickers communicating Burley's position on some local political issues. Such overt political statements were a regular part of Burley's early history but became less frequent as the company's culture changed.

All photos courtesy of Patricia Marshall

They worked together to re-organize the business as a worker cooperative in which each worker-owner, regardless of job title, owned one share in the business and had one vote in the management of the company. As the company grew, new worker-owners were required to buy in, with a \$2,500 investment (which could be deducted from wages over time). Although many of the early members believed cooperatives were better than conventional businesses because they offered a meaningful voice in management and more equitable distribution of profit, they considered themselves neither a model for others nor part of some clearly defined social movement. Their primary motivation was a desire for the same quality of work life that motivates nearly everyone. Burley members simply wanted to feel as though they had some personal control over their jobs and some voice in the future of their company. They wanted to work in a safe environment among friendly and like-minded individuals. They wanted their work to make a valuable contribution to the world. They wanted a stable source of income, decent health-care benefits, and the ability to look forward to a secure retirement. The thing that truly differentiated Burley's founding members from the majority of the labor market was their commitment to an alternative business model that fit their sociopolitical ideals, provided a paycheck, and did not inordinately impinge on their autonomy. The founders, along with other members drawn into the cooperative during its early years, were so committed to their belief that work should not prevent them from pursuing their hobbies or spending time with their loved ones that they organized their own company to protect that value. 3

Over the next twenty years, the cooperative they created faced its share of organizational and financial struggles, and they made some modifications, both to Burley's original product line and to its organizational structure. Through it all, the cooperative's worker-owners made every attempt to remain true to its fundamentals — making bicycling products under conditions of equal pay, equal ownership, equal distribution of profits, and equal voice in management, while retaining a social and environmental conscience. Grounded in these fundamentals, Burley grew to become a model of successful workplace democracy and one of the United States' largest manufacturing cooperatives, with one hundred full, voting members and nearly \$10 million in annual sales.⁴ 4

Such prominence, however, was not Burley's goal, and it arrived surprisingly quickly. In fact, it came as such a surprise that the cooperative struggled to accommodate the growth. In that struggle, Burley failed to anticipate and understand the end of its growth spurt or the fundamental changes occurring in the surrounding economy. In 2006, after nearly thirty years of cooperative manufacturing, Burley was on the brink of collapse as its competitors moved manufacturing to unregulated and lower-cost markets overseas. Faced with the potential failure of the company, the remaining members sold the Burley name and the majority of the company's assets to a local businessman, Michael Coughlin. Although Coughlin kept his initial promise to continue manufacturing in Oregon for one year, he then outsourced the majority of non desk-chair labor, much of it to overseas factories. As of January 2009, the company had twenty-three employees working in Eugene, Oregon.⁵ 5

I first became interested in Burley in 1999, shortly after I moved to Eugene for graduate studies at the University of Oregon. At that time, I conducted four interviews in conjunction with my coursework, three with Burley members, who each owned a share of the cooperative and had voting rights, and one with a former member. During the following years, I kept in contact with those initial respondents and had one of them speak in a course I was teaching. In 2004, I began my dissertation research in earnest, and in 2005, I conducted eighteen additional interviews (for a total of twenty-two). I interviewed members who acted as managers, including the general manager in 2005; two previous general managers; several team managers; current and former members of the Board of Directors; members from a variety of different areas in the cooperative, such as sales, administration, welding, sewing, assembly, and shipping; and people with a range of different relationships to the cooperative, including short-term employees who were not voting members of the cooperative, voting members who had started as employees but had become members, new members, and members who had been with the cooperative for over twenty years. The group roughly reflected the demographics of the cooperative in age and gender as well as the population of Eugene in that they were predominantly Euro-American (all but one).⁶ At the time I conducted my interviews, Burley was in the midst of significant organizational change. As a result, all interviews were conducted with the promise of confidentiality, and I therefore employ pseudonyms here. The interview data was supplemented with other first-person data collection, including site visits, participant-observation of a board meeting, and ongoing contact with key 6

informants that continues to the time of this writing. Unless otherwise noted, the information in this article is drawn from those interviews and observations.⁷

FOR HISTORIANS OF OREGON AND the Pacific Northwest, Burley provides another chapter in a long history of communal organizations, utopian idealism, cooperative economics, and environmental activism.⁸ Burley's significance, however, lies not just in its relationship to the history of the region, but also in the fact that its history is the brick-and-mortar manifestation of debates on a wide range of current sociopolitical issues. Burley provided additional evidence — to both critics of capitalism and critics of socialism (an economic system of public ownership that typically requires democratic politics) — that profit and equality are not antithetical. For scholars of labor-managed organizations, Burley provided additional evidence that cooperatives can thrive, at least for a time, in market economies. For skeptics of economic democracy, Burley ultimately provided another example of cooperative collapse. This latter interpretation is a seductive one. A surface investigation of Burley's last decade typifies critics' predictions for democratic businesses. As critics would expect, Burley wallowed in the inefficiencies of its own democratic process, rendering it blind to the vicissitudes of the market. The membership became more concerned with protecting its dividends, and individuals prioritized the security of their own wealth rather than the general health or mission of the collective.

Such analysis has real value in assessing the rise and fall of Burley Design Cooperative; however, it also downplays the successes Burley did achieve. In a 2006 column in the *Eugene Register-Guard*, former Burley member Patricia Marshall wrote that the cooperative's demise certainly signaled the end of an era, but, she argued, using Burley's eventual buyout as evidence that the cooperative business model is unworkable ignores the reality that Burley prospered for nearly three decades, a huge success for any business venture.⁹ Burley's trajectory — its emergence in the 1970s, its rise to prominence in the 1980s and 1990s, and its eventual decline in the mid 2000s — is the result of a complex interplay between global and regional business trends and Burley's organizational culture. Burley's history therefore offers lessons for people interested in Oregon history, in the relationship between democracy and capitalism, and in the potentials and dilemmas of participatory economics in an age of globalization.

THE EARLY YEARS AT BURLEY, 1978–1988

Everybody did everything. Small tasks too. Everybody was on the Board [of Directors]. We all made all the decisions. At the time, it worked because we were just on the verge of the explosion. It was great. We would all eat lunch together. It was one of those things like, as soon as you came on, you were equal to everybody in every way. There was no seniority. There was no pay differential.

—Pete¹⁰

Burley's early years, and by extension its entire organizational culture, are best understood by recognizing that the cooperative was deeply rooted in the countercultural ideals of the late 1970s. According to sociologists Frank Lindenfeld and Joyce Rothschild-Whitt, the 1970s were marked by a wave of cooperative start-ups across the country, as activists from the social movements of the 1960s and 1970s put their ideals to work in the more practical spheres of their lives.¹¹ Oregon, and the Willamette Valley in particular, was a hot spot for such countercultural organizations. According to the research of historian James J. Kopp, the idea of the Willamette Valley as Eden dates at least to the turn to the twentieth century and has long inspired migrants to move west in search of utopian futures. One distinct period of migration is symbolized by the 1967 arrival of Ken Kesey and the Merry Pranksters to a farm outside Springfield, Eugene's sister city on the opposite bank of the Willamette River. The Kesey farm is emblematic in that its popular association with the psychedelic drug LSD and hippie culture was only one part of its history. The Pranksters actually left after only a few years, while Kesey, his family, and others remained on the farm and focused on living in harmony with nature. According to Kopp, this distinction is important and represents a key difference between the utopianism of Oregon's Willamette Valley and the hippie culture most associated with the San Francisco Bay Area. Though influenced by hippie and drug culture, founders of the Oregon communes Kopp researches intended to create sustainable alternative living arrangements and were less interested in, and sometimes even averse to, the drug culture.¹²

This distinction is made more clear in another example of the rise of cooperation, collectivism, and alternative organizations in the Willamette Valley of the late 1960s and 1970s: the Hoedads. The Hoedads were a group of tree-planting worker collectives that grew out of the Oregon forest products industry of the era.¹³ The timber industry provided a great deal of work to those willing to climb the steep mountainsides of Lane County and plant saplings in the clear cuts. The work, though hard on the body and often irregular due to forest management politics and planting contracts, tended to foster strong bonds among its practitioners. Planters spent days, even weeks, camped out in the woods, working together to fulfill contracts.¹⁴ Under these conditions, workers discovered their similarities and came together to form cooperatives so they

could collectively compete for planting contracts and democratically manage their work.¹⁵

The growing interest in socially, economically, and environmentally responsible futures among Oregon residents is also evidenced by the governorship of Tom McCall. From 1967 to 1975, McCall led the state in passing path-breaking land-use and environmental regulations. Beyond the state, the idea of Oregon as part of an environmentally and socially enlightened utopia was most widely disseminated in Ernest Callenbach's *Ecotopia*, a 1975 novel in which a journalist from the United States tours Ecotopia — a new nation, comprised of northern California, Oregon, and Washington that has seemingly solved the world's environmental problems.¹⁶ All of this contributed to the establishment of Oregon's late-1970s reputation as a mecca for countercultural lifestyles, communal living, and environmental activism. This reputation, and the population that supported it, provided fertile soil for Burley's emergence.

After their move to Oregon in 1974, Scholz and Anderson were making a success of Burley by selling sewn goods such as panniers, backpacks, tree bags (for use by tree planters like the Hoedads), and cycling and ski clothing. During the years immediately following the move, they used bikes to transport Burley products from their new home in Cottage Grove to Eugene Saturday Market, a craft and farmers' market and the source of a great deal of Burley's early sales. The growing sales, and the corresponding increase in the size of the loads, made the task of traveling by bike ever more daunting. Instead of transporting everything using internal combustion and sacrificing their commitment to the environmental benefits of human-powered transportation, Scholz invented a trailer that he and Anderson could use to haul their products to market. When they arrived at the market each week with their trailer full of products, they found customers were often just as interested in the trailer as in the bags or clothing. Burley's owners soon realized that many customers wanted to do more things by bike, but they did not have a convenient way to take large or heavy things with them, especially if they had children. From there, it was a short step to the realization that Burley could produce trailers for sale.



Burley's first trailer was fashioned from a used swing set. The prototype pictured here became the basis for Burley's signature trailer, and the basics of the design remain influential in the company's "Flatbed" and "Nomad" trailers to this day.

Scholz began making improvements on his prototype, which he had pieced together from an old swing set, and before long, Burley settled on a new design.¹⁷ The improved trailer could easily attach to any kind of bicycle and carry heavy loads, including children, and was engineered to be safe and convenient. In the environmentally conscious culture of Eugene, and on the heels of the 1973 Oil Crisis, many people were looking for ways to use their cars less, but they could not haul enough on their bikes. Burley's trailer filled the niche.

Though Burley continued to produce bags and clothing, and to rely heavily on piecework and a diffuse labor pool who worked from their homes or in a small space the company rented in Cottage Grove, the increasing sales and complexity of the company meant that the original entrepreneurs found themselves spending more and more time directing others' work, a role they found uncomfortable. The result of their increasing dissatisfaction came in the fall of 1978, when Scholz and Anderson collaborated with seven of their employees and created Burley Design Cooperative.

Burley's nine original members shared the countercultural ideology that was popular in the region at the time; they believed that workers, regardless of the job description, should be able to exert some control over their working conditions and have a voice in their economic future. They also had a strong desire to avoid working day-in and day-out in a mindless bureaucracy, and this motivated them to create a new organization. The new cooperators shared the belief that because work is such a large part of the modern life, it should be democratically controlled. Perhaps most important, Burley's founders were mutually committed to the radical idea that all workers could share equally in the profits of their labor. They imagined a workplace where workers could invest equally, share administrative duties, distribute the financial risk associated with running a business, rotate the simple manufacturing tasks, be rewarded fairly for their efforts, and make democratic management decisions about the company.

One of Burley's earliest members expressed his perspective on cooperative work in this way:

Roger: [When you work at a cooperative] you've got to answer weird questions sometimes, like, "Why do you work for a place that pays you all the same?" or "How can you spend your whole life working at a place that doesn't have a pension plan?" Really good questions too, that have good answers.

Schoening: How do you answer?

Roger: Depends how Burley did. When one person with a little over time could make \$50,000 a year [in the 1990s], that was enough to do a lot of the explaining. Because most people don't understand why a person would be at a coop unless they were making okay wages. That was always the last thing on my mind.¹⁸

Though the money was good at times, as Roger acknowledges, it was never his primary motivation for choosing cooperative work. His motivations, like Frank (quoted above) were also ideological. Another notable similarity among the members of the new cooperative was that they all liked riding bicycles, and they all saw them as more than recreational tools. They also believed that using bicycles instead of cars for daily transportation would be better for the environment and weaken the influence of the Organization of the Petroleum Exporting Countries (OPEC) over the United States' foreign policy. As one member explained, "I used to work in the defense industry. I wanted to work in the bicycle industry because it seemed more socially and environmentally benign than most industries."¹⁹



During Burley's formative years, cooperative members often participated in group events like the 1988 Eugene parade pictured above, tandem bike races, and casual group bike rides. These events solidified the cooperative's early identity.

This kind of ideological unity is typical for a new cooperative. John Pencavel's study of the Plywood Cooperatives of the Pacific Northwest, for example, demonstrates how the shared Scandinavian heritage of the cooperative's memberships — that is, their cultural homogeneity — meant that members had a shared set of values about work and property that greatly contributed to the success of the cooperatives.²⁰ Research on cooperative bakers in Berkeley, cooperative trash collectors in San Francisco, and cooperative manufacturers in Mondragón, Spain, has demonstrated a level of cultural homogeneity in cooperatives that exceeds that typically found in conventional businesses.²¹ Cultural homogeneity serves an important

purpose in democratic businesses, because shared values eliminate a great deal of potentially divisive conflicts and therefore smooth the democratic process. This is of particular importance to cooperatives because the deliberation associated with the democratic process could be slow, and thus presents a competitive disadvantage when compared to the hierarchical decision-making common to conventional businesses.²²

An important example of cultural homogeneity at Burley can be found in the cooperative's early policies. Members' shared commitments materialized in a flat wage (the same hourly rate for all workers, regardless of job description), an equitable distribution of profits (dividends were allocated according to hours worked), and a mandatory membership vote before an individual member could be terminated from the cooperative. Perhaps the best indicator of the cooperative's reliance on cultural homogeneity was its three-quarters, super-majority requirement in democratic decisions. Only a group of committed individuals with a highly unified vision can achieve a three-quarters majority often enough to run a successful business.²³ Part of what made this all work was Burley's location in the Willamette Valley and its ability to rely on word-of-mouth and friendship networks to find new members with similar ideological commitments and work ethics. This homogeneity ensured that the cooperative was filled with like-minded progressives and made the company feel as much like a community as a workplace. During the early years, members regularly rotated responsibilities, shared meals, took group bike rides over lunch hour, and socialized outside work. One member recalled fondly the social life outside the cooperative:

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Another Burley member lived right next door to us. That was when most of us lived in Cottage Grove. So we did a lot of stuff together. We talked about ... [starting] a food coop. That didn't come to be. It was great fun. We used to go to the Challenge in Ashland every year. That was a bike ride. There would be tons of kids from Burley hanging around and somebody would stay and keep track of the kids while all the rest went riding. It was a great time.²⁴

Burley easily found like-minded individuals to bring into the cooperative, and trailer sales were growing as they were being sold in a local bike shop. Nevertheless, the early 1980s were financially difficult for the cooperative.²⁵ The Oregon economy was struggling to make the transition out of its reliance on the timber industry, and unemployment was over 10 percent at the beginning of the decade.²⁶ The lagging state and national economy was enough to put a dent in revenues, and the cooperative was not busy enough to supply members with a living wage. As a result, a few members decided to move on. By 1983, the membership had shrunk from over ten to just four. Such a small workforce made it difficult for the cooperative to maintain its wide variety of products, which still included all the sewn garments and accessories as well as the trailer.²⁷

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In 1983, with unemployment in the state at nearly 12 percent, the remaining membership decided to redouble its efforts and reorganize the business plan.²⁸ First, they reconfigured the product line by eliminating the panniers and most clothing items and by concentrating the business on the rain gear and the trailer. Second, they applied for small-business loans from the city government in return for a commitment to create local jobs. Third, and a crucial signal of their commitment to the enterprise, members put up their personal possessions as collateral and took additional loans from a local credit union. These loans allowed them to purchase new equipment, take in new members, and relocate the company to a new facility in Eugene. The influx of cash from loans also allowed Burley to send representatives to national and international trade shows, giving them wider brand recognition and exposing the company to new international markets, especially those in Europe.

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By early 1986, Burley's new business strategy was clearly working. Sales, especially of trailers, grew stronger with each passing month, and feedback was very positive from customers and retailers alike. The members, as both workers at and owners of their place of business, paid painstaking attention to detail to ensure that every product they made was of the highest possible quality. The quality of the products was also bolstered by the fact that the members, as cyclists themselves, made regular use of their merchandise. Firsthand experience with their own products allowed them to find and correct design flaws almost immediately. Recalling his experiences at Burley in the mid 1980s, one member reported:

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Nobody was saying, "Eh, this is just a job. I'm here, I get paid by the hour, I don't care." People actually really, *really* cared about the structure, the organization, and the products.²⁹

The result of this attitude was that, within just a few years, Burley had established itself as a recognized brand with a reputation for products of unique functionality and exceptionally high quality. Burley had discovered — in fact created — the previously unrecognized market for bicycle trailers, and was now successfully cornering it.³⁰





Facing many organizational and financial problems, Burley reorganized in 1983 and refocused its business on the rain gear (hanging to the left of the Burley banner) and the trailers (folded in the box on the front table) and eliminated the panniers (on bicycle under banner). After the reorganization and with new financial support, Burley's presence at trade shows like this one was more frequent.

The financial success associated with Burley's domination of the emerging bicycle trailer market was, at least initially, accompanied by equal success in the operation of the cooperative's democratic organizational structure. Even though the first bylaws had been written to accommodate only a handful of members, they continued to work when the cooperative reached twenty-two members in 1986.³¹ And, while the increasing dividends did not hurt anyone, Burley's early organizational success was due in large part to the fact that membership homogeneity made the need for the bylaws almost unnecessary.

Even though Burley's members struggled through some economic hardships during the cooperative's first decade, the cooperative's democratic process was generally characterized by a relative absence of serious conflict. Members from that time describe the cooperative as a family and speak nostalgically about the direct-democracy system employed at board meetings. One Burley member recalled those meetings:

When I first came to Burley, I was surprised at the level of energy that went into the social side of the business. I was surprised at the board meetings that went until 11 at night that might have taken five minutes at another business.³² This kind of commitment is common to many new businesses, cooperative or otherwise. What made Burley different was that the business was designed to stay this way. Unlike a conventional business, in which the company becomes more hierarchical with its successes, Burley's member-owners wanted to grow, but they also wanted to keep the business in line with their social goals. The question of whether a cooperative business can grow *and* remain committed to its principles is one of the most debated issues in the literature on cooperative businesses, and one that Burley would begin to struggle with during its second decade.³³

THE BOOM YEARS, 1990–2000

One of the first indications that Burley's growth was conflicting with its social principles came during board meetings. By the late 1980s, the cooperative had grown to twenty-six members, all the while holding tightly to its participatory democratic management style. Every member of the cooperative still sat on the board, and a weekly, two-hour board meeting was still the main venue for taking care of the needs of the business. As the business grew, however, the length of the meetings began to stretch out to accommodate both its increasing complexity and the questions, concerns, and debate of twenty-six members. Long meetings became a disincentive to participation and weighed on member morale. Some members dreaded the meetings and chose not to attend, or when they did attend, chose to ignore pertinent concerns in favor of speeding up

the pace of the meeting and avoiding conflict. The cooperative also paid members for their meeting attendance, and some members began to see the long meetings as an unnecessary overhead expense.

The problem, as members came to understand it, was that too many ancillary issues were being addressed by the whole membership. As Gerry explained, "the company realized during discussions that would take an hour, [or an] hour and a half regarding the size of the garbage bin and whether we should have a garbage bin, that we were wasting valuable resources."³⁴ The solution, however, was much less clear. Some members accepted that it was wasteful, or at least unnecessary, for every member to engage in a rigorous democratic discussion before every decision. Others, particularly some of the most veteran members with the strongest commitment to democratic principles, saw any move away from the model of direct, participatory democracy as a sacrifice of Burley's founding principles. The debate became so contentious that the cooperative decided to hire an outside arbitrator to assist members in finding a solution, but getting to that solution continued to be difficult. As one member described the process of accepting a new structure, the outside arbitrator

basically dragged us kicking and screaming into [a reorganization]. We were kind of backed into a corner until we couldn't do anything but raise our right hands and vote, "Yeah, we'll accept it."³⁵

In 1989, with the help of the arbitrator and forty-three revisions, Burley settled on a reorganization of its internal structure that introduced representative democracy. The new policy came to be known as Draft 44. The full membership would now elect a board of directors who would be responsible for the long-range planning of the cooperative. The company would also be formally divided into administrative units, or "Task Teams," and the teams would each elect a representative to a management team that would oversee the day-to-day business operations. Additionally, Burley would hire a general manager who would lead the management team. The new organizational structure was controversial, and some members left the cooperative over their dissatisfaction with it. Most members, however, were willing to compromise because they believed the new system protected much of what Burley stood for, especially the flat wage and equal distribution of profits. Although democratic participation had been curtailed, compared to more conventional businesses, there remained vast opportunity to participate in the governance of the company. And although the cooperative's new structure helped it cope with the responsibilities of its mounting successes, Draft 44 marked the cooperative's first step away from the direct, participatory democracy on which it was founded.

The cooperative moved through the early 1990s with significant financial and organizational growth. The cycling industry was experiencing a renaissance — largely due to the popularity of mountain bikes — and per-capita bike sales in the United States grew throughout the decade.³⁶ World bicycle production reached a record high in 1995 at 106 million units.³⁷ Burley's trailers were an ideal solution for parents, now comfortable in the upright riding position offered by mountain bikes, who wanted to bring their kids along or pick up some groceries. Furthermore, the trailers, low to the ground and virtually un-tippable, offered a level of safety never before available to parents who wanted to take their kids along for bike rides. Members welcomed the success, although they had not exactly expected it. One long-time member remembers:

We did so well, by such luck. It was one of those things, right place, right time, right product, and bing! We didn't have to try. We were six thousand units backordered for three months. Stuff was flying out the door as fast as we could make it.³⁸



The cooperative built a state-of-the-art building in 1996. This new facility, just down the street from the original Eugene location, consolidated the co-op under one roof, improving production flow and allowing Burley to manufacture new products. Most significantly, the facility fit Burley's environmental consciousness in that it made as much use of natural light as possible. During daylight hours, the sewing room, shown here, needed almost no electric lights.

The boom years of the early 1990s were a remarkable time for Burley Design Cooperative. Most members, especially those working in sewing, assembly, and welding who had never planned on professional salaries, were making more money than they had ever anticipated. At the peak of the boom cycle, a member who worked a bit of overtime could make \$50,000 a year. Draft 44 and the new democratic structure of the cooperative seemed to have resolved the tensions of growth. Having grown to sixty members by 1992, Burley was spreading the benefits of cooperative work to an ever-larger workforce.³⁹ The early 1990s were also marked by Burley's entrance into the European market and the expansion of its product catalog to include tandem bicycles.⁴⁰

Though the boom significantly raised Burley's profile, it also posed a number of problems. Burley would solve those problems in the short term, but in so doing, it also laid the groundwork for its later difficulties. The initial surge in demand, and the seasonal nature of the bicycle industry in general, complicated the cooperative's ability to grow its membership in a way that would meet its needs as a business while protecting the cultural homogeneity that was still integral to the cooperative's democratic structure. One example of this tension was Burley's use of seasonal non-member workers. Although the cooperative was ideologically opposed to hiring non-member labor, in 1992, it hired its first ten temporary employees. These employees were given equal pay and benefits, but they had no voting rights or claims to company profits. Proponents of contemporary best practices for cooperatives (many Burley members included) suggest that an over-reliance on non-member labor contributes to the decline of a cooperative and therefore view it with contempt. As political economists Sidney Webb and Beatrice Webb documented almost a century ago, when a group of cooperative members increase their reliance on non-member workers, they stand to consolidate profits among a smaller group of owners but also to decrease the democracy of the firm; this results in what they identify as "degeneration," the replacement of democracy with conventional models of capitalist ownership and management.⁴¹ To guard against this, while still meeting their labor needs, Burley adopted a policy mandating that anytime a non-member worker worked 1,500 hours in a year, a membership position had to be opened up.

Strictly speaking, the policy worked. As the hours added up, the cooperative created openings for new worker-owners, and a member search was begun. Of course, seasonal workers always had a leg up on the new positions. After the initial hire into a membership position, a new member was required to serve a six-month candidacy period after which the candidate's team would recommend her or him to the membership at large. The entire membership then voted to accept the new member. Burley also required new members to buy a share in the cooperative for \$2,500, which could be financed if they could not afford to pay in a lump sum. By decade's end, the cooperative reached nearly one hundred members. The expansion in membership solved the immediate labor shortage without compromising the structural integrity of the cooperative's democracy, but the new members did not all come to the co-op from the same population as the early members, or for the same reasons. This new heterogeneity would become glaring in the cooperative's later years.

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Burley workers pose in front of their facility (where it remained until this year) with their signature trailer, rain coat (hanging from trailer), and tandem bike (behind sitting workers on left) in October 1999.

Burley's financial security at the time, however, gave members a sense of confidence, and the cooperative was using its higher profile and financial success to support its social and environmental causes. In the wake of Draft 44, and with the hope of ensuring a homogeneous cooperative culture committed to social progress for years to come, the cooperative took several steps to re-commit to its foundational values and educate all members about them. Burley paid for a weekend membership retreat and hired a leadership expert to help members collectively write a credo. The company joined national cooperative associations such as the Western Worker Cooperative Conference and the United States Federation of Worker Cooperatives. Burley also formally adopted the seven principles of organization endorsed by the International Cooperative Alliance: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community.⁴² At the same time, Burley became more overtly active in regional politics. One member recalled a case in which the cooperative endorsed a statewide forest protection measure that brought some criticism:

As we became more prominent, more social organizations would come looking for financial assistance. Then we had to figure out where we draw the line between organizations that we assist and those that we don't? We got in trouble with some of the wood products industry for our support of a sustainable forestry organization. We got this letter that people were going to boycott us, but it doesn't make any difference to us because not very many loggers use our products, and 95 percent of our products are sold out of state anyway. I took it as an honor.⁴³

Unrelated to Burley's efforts on social causes, in the late 1990s, the cooperative's business environment began to change. With the accuracy of hindsight, many Burley members willingly admit that there were plenty of signs of impending financial trouble. Burley's profits began to decline well before the turn of the century, but due to the still-booming economy and the cooperative's fantastic reputation, it remained, for a time, insulated from the effects of increased competition in a shrinking market. The long boom cycle allowed members to get comfortable with large dividends — as much as \$30,000 for a full time worker in the peak years — and that complacency resulted in a prevailing internal sentiment that things that were not broken should not be tampered with.⁴⁴ For nearly two decades, long-term sales planning had been almost as simple as answering the phone and filling orders. The downturn in the external market, combined with internal inertia regarding long-range planning, put the cooperative in an extremely vulnerable position.

A lot of our production stuff you can teach.... But I think it's a whole lot easier to teach that sort of thing than it is to teach someone to, for instance, to love bicycling, or to understand a democratic workplace. We hired because of the skill, and it should have been the other way around, but you know people, money is a powerful incentive. If you can hire somebody that's going to make you more money in the short term, you'll likely do it. And we did.

—Roger⁴⁵

The seeds of Burley's eventual demise were sown while most of the membership was celebrating the cooperative's success. Looking at only the bottom line, the cooperative remained lucrative while annual profits steadily declined during that latter part of the 1990s. The initial drop in sales was part of a national decline in the bike industry that many associated with the saturation of the mountain-bike market and with the baby-boomer generation aging out of the bike-rider pool altogether.⁴⁶ That sea change sent the big players in the bike industry looking for new markets, and they discovered they could compete in the specialty markets typically dominated by smaller high-end producers — like Burley — with products manufactured in lesser-regulated, lower-cost overseas facilities, primarily in Asia. Initially, Burley's had been the only quality trailer in the market, but now there were trailers of nearly similar quality, for much lower costs and supported by larger distribution networks and advertising budgets. A former general manager, having recently represented Burley at a conference on sustainable business, summed up the cooperative's business context in 2005:

So, the boomer population is aging, and the "X" generation is half the size of the boomer generation, so unless you see a dramatic increase in ridership in that "X" generation, your ridership has to go down, it's just a numbers game. So there's a lot of declining downward pressure from the consumer side of things, and then because there are so many competitors chasing a smaller number of consumers, you get a lot of intense competition, and you start to see things like off-shoring. You can go get products sourced in Asia and buy [them]. One of our indirect competitors is a \$99 WalMart trailer. It's not as good, it's not as functional, and it won't last as long as ours, but for the average consumer.... Most of our customers are people earning \$70,000 and more in household income — they shop at WalMart for their staples, paper, plastic bags, all that kind of stuff. So when they're in there and they happen to see a trailer.... They might not ever see our product in a bike shop. So this is the kind of environment we're facing.⁴⁷

Not surprisingly, Burley lost significant market share under these conditions, and by the turn of the millennium, it was clear that the cooperative was in trouble.

In 2001, Burley recorded its first loss, forcing many members to face possibilities outlined by policies they had never before considered. Most significant was the fact that, prior to 2001, members regularly received a dividend check to augment their wages. Each quarter of the business year, members of the cooperative's administrative and finance team calculated a dividend by dividing total profits by the total number of labor-hours worked. Using this formula, a dollar amount was determined for the profit per labor-hour, and dividends were then allocated to members according to the number of hours worked. A member who worked 2,000 hours, for example, would get a larger check than would a member who worked 1,800 hours. The 2001 loss was symbolic in that it destabilized members' reliance on their dividend and made them realize that the cooperative was in real financial danger. The loss was also very concrete, because members — as owners — were expected to cover Burley's losses in the same manner that dividends were distributed. In other words, the losses were attributed in proportion to the number of hours worked, so members who worked the most hours were expected to cover proportionally larger shares of the loss. Most members were saved from actually writing checks by a built-in lag time in the payout of previous dividends, which they simply did not receive.⁴⁸ Although it probably should not have come as a surprise to anyone paying attention, the cooperative's first recorded loss shocked many members.

Burley's eventual decline was not, however, simply the result of being out-competed by the brands in the industry. There is a wealth of evidence suggesting that cooperatives like Burley have competitive advantages when it comes to labor productivity and quality control.⁴⁹ Briefly, these advantages come from that fact that, as owners, cooperative workers have a vested interest in the speed and quality of their own, and their co-workers', work. According to my interviews, Burley was no exception. Many members reported intense peer supervision and stringent attention to the quality of Burley products. Moreover, Burley still had excellent brand recognition in the bicycle market and was especially popular among the middle-class American and European consumers who were looking to support socially responsible, environmentally conscientious, and family friendly businesses.⁵⁰ The cooperative's decline was a result not of the market changes themselves but of the organization's inability to respond to those changes. Critics of cooperatives would end the story here, adding Burley to a list of failed cooperatives and reassuring themselves that cooperatives and, by extension, democratic management, is unsuited for market economies.

The problem for Burley, however, was not that it was a cooperative or that it was democratic, but that it was not cooperative or democratic enough. The changes in Burley's practice of bringing in new members described above fundamentally altered the cooperative's culture and created rifts that prevented it from effectively responding to market

changes. In the early years, members were brought in through family and friendship networks and extensively vetted over a six-month candidacy period. More important than the candidacy period, however, was the fact that new members fit the existing culture. During Burley's youth, it had been so successful at recruiting like-minded workers that an independent reviewer criticized the cooperative for its lack of diversity.⁵¹

This practice, however, gave way under the labor demands of the boom years of the 1990s. During that time, Burley offered some of the best wages and benefits in the state for industrial sewers, welders, and general production workers, and the cooperative saw an associated rise in membership applications from people with a much broader range of political and cultural perspectives. The cooperative's relative wealth, furthermore, had exposed it to a broader audience and made it attractive to people other than the initial idealists who had come in search of a nontraditional workplace and, in some cases, had sacrificed higher pay at other jobs for the benefits of democracy and autonomy. The combination of Burley's growing need for workers during the decade and the general attractiveness of a job at Burley meant that Burley began to hire applicants who were coming to the cooperative for less idealistic, and more materialistic, reasons. As one longtime member recalled:

We flip-flopped from "Let's get someone who likes cooperatives" to "Let's go for someone who will just come in here and work because we have far too many people standing around talking about democracy."⁵²

To exacerbate matters, the cooperative no longer dedicated the time or the resources to the development of organizational culture. Burley was no longer bringing in consultants on organizational culture or sending members on weekend credo-writing retreats. In years past, a new worker-owner would have been mentored by another from the same team, but such practices became formalities and did not serve to imbue new members with old Burley's cooperative ethos. Another member recalled:

The members that we brought on who were worker types, not democrat [democracy] types, and they loath when we have meetings, they loath the voting, they loath everything — you know — the slow, encumbered processing of being a business, because it's very expensive and they are saying, you know — "you are eating my profits alive."⁵³

Burley's mandate to create a new membership position any time a non-member employee worked 1,500 hours in a calendar year turned out to be a catch-22 for the cooperative. The policy initially worked to stave off the forces of degeneration, but it eventually exacerbated the threat posed to the organization's culture by its need for more labor.⁵⁴ The policy was forcing Burley to create membership positions faster than it could find new members who fit within the organization's culture and who shared the cooperative's commitments to equality, participatory democracy, and environmental stewardship.

The result of the labor demand was that the six-month pre-membership candidacy period became a rubber-stamp method to fill desk chairs and get laborers on the production floor. The larger size and faster pace of the cooperative played a significant role in the change as well. An increasing membership decreases the chance that any two members from different areas of the cooperative will have an opportunity to interact. A member working in the office might never see a potential new member working on the production floor, yet policy required the office worker to vote on the production worker's candidacy for membership (and in rare instances, termination). The relaxation of criteria for the selection of new members, and the shift in focus from bringing in members with a desired set of values to bringing in members with a desired set of skills, changed the cooperative's culture. Burley lost its unified commitment to the cooperative model and made a transition from what political scientist Jane Mansbridge calls a "unitary" democracy to an "adversarial" democracy, which is typified by struggle rather than cultural cohesion.⁵⁵ One member summed up the situation:

You have to have an interest in the business, the products, and the form of government we have at Burley. We let people in when they had none of that. They were good sewers, or good assemblers, or good whatever. We welcomed those people in. We said, "Oh they'll change, they'll see the light." But they didn't, what they did is to start voting against us.⁵⁶

"Us," in this case, is a reference to those members who remained committed to Burley's original ideals and who believed that, without the social commitment to democracy and autonomy and environmental stewardship, Burley was really meaningless. New members who came to the cooperative for the money, however, were scared by Burley's worsening financial situation and were willing to sacrifice democracy to keep the business alive.



Burley trailers sit in the assembly area near the end of the production process. Visible on the trailer to the far right is the unique and versatile single arm hitch that allowed the Burley trailer to attach to almost any bicycle and helped, along with its small wheels and low center of gravity, to make the trailer Burley's most famous product. The hitch could also be mounted with a third wheel, turning the trailer into a stroller.

The combination of Burley's early membership policies, its brief period of meteoric economic success, the related change in organizational culture, and the outsourcing of the majority of the United States' bicycle manufacturing industry created a complex web of problems for the cooperative. Burley was floundering. As one longtime member with a strong commitment to the cooperative's socially progressive ideals described the situation: "It was a total power vacuum. We were ripe for a takeover."⁵⁷ 39

In an attempt to deal with that vacuum, Burley's board of directors looked for new talent to fill the position of General Manager (GM). The Board believed the cooperative could benefit from some more traditional expertise, and it therefore hired Tom Wright-Hay and tasked him with the job of improving the financial situation of the cooperative. In Wright-Hay, the board got what it wanted; he had traditional business training and came with experience. Nevertheless, he was polarizing. His Master's in Business Administration (MBA) and background in the oil industry was, for many, symbolic of the cooperative's shift away from its values, and they distrusted him as a result. Wright-Hay quickly instituted changes that initially improved Burley's bottom line. He eliminated some of the cooperative's underperforming products and refocused the cooperative on its most successful ones: trailers.⁵⁸ He changed the structure of the cooperative's governance and began to integrate lean production methods into the cooperative's manufacturing process.⁵⁹ He worked to outsource some of the cooperative's more expensive, but non brand-specific, manufacturing processes. 40

Wright-Hay instituted these changes to help the cooperative's finances, and cooperative members who had joined more recently and who were centrally concerned with the financial security of the cooperative, therefore viewed them and Wright-Hay favorably. The new GM, however, was also able to use his job description to exert influence over the democratic side of the business. As he said, "if I am responsible for the financial future of the company, then I need to have the power to control my staff."⁶⁰ In short, he lobbied for policy changes that would give him the ability to hire and fire members without a membership vote, and he advocated implementing differential pay and increasing the cooperative's reliance on non-member labor. His tenure as general manager was divisive, to say the least. There was still significant resistance from some long-time members who found differential pay, or the use of non-member labor, anathema to the cooperative's mission. A few members went as far as outright sabotage, disrupting meetings or overtly disregarding policies they saw as incursions on their autonomy or on the democratic process. Wright-Hay, for all his business expertise, became another roadblock to the cooperative's democratic recovery. 41

Although he may have been able to solve some of the cooperative's financial problems, his divisiveness as GM contributed to the cooperative's organizational paralysis. Some of the remaining members from the early years of the cooperative became so disenfranchised by his leadership that they stopped participating in the debate. Two members independently confided to me that they would actually be happy if Burley failed, so they could start again in the old model. 42

At the same time, others from the early years had sunk enormous portions of their lifeblood into Burley and had large chunks of their retirement tied up in the cooperative. These members, along with many newer members, worked hard to save the company but did not have the votes or the leadership to steer the cooperative back to organizational and financial stability.

One of the most significant indicators of Burley's troubles was the decline in democratic participation. Some members say Wright-Hay's traditional approach to management and his desire for hierarchy was detrimental to the cooperative's democracy, and thus its organizational morale. As one member recalled: 43

And as soon as it starts not making a difference, then why bother, even if it's the easiest thing in the world to do. It's 20 feet across the floor to drop your ballot in the ballot box, after you check a square, lick it, sign the back of the envelope. It couldn't be much easier than that. And we lost — we had our lowest voter turnout in Burley history during the last Board of Directors election [January 2005]. Definitely an indicator that people are being left out of a lot of information of what's going on, and therefore they are formulating their own concepts of what's truth, and their conclusion is that what I know tells me that what I do doesn't matter anymore. So, why bother.⁶¹ Another longtime member saw the lack of participation and decided to get involved.

I'm going to be surprised if four people even accept nominations. Our Board is eight people and every year we replace four. And I thought, you know, we are going to be lucky to even get four people to stand for election here. This is a sad state of affairs. I've run for the Board and not made it before. Not a lot of times, I ran twice. I ran for Board and didn't get it twice. This time [in 2004] I was a shoe in.⁶²

The vibrant democracy and commitment to social causes that once characterized Burley had eroded. The core commitment of the membership had changed from putting democracy and social causes in front of the business to putting the financial needs of the business first. Even an interest in bicycles was no longer enough to unify cooperative members.

At old Burley one of the things we did was, at noon, we used to ride around Cottage Grove Lake. Just take a nice long bike ride for about an hour. We did that everyday in the summer. That will never happen here. It did for a while. We had Wednesday rides for a while. That's another telling thing. We posted a sign for Wednesday rides, and the most we ever had, we might have had five people once. But mostly it was three people. So much for the passion huh?⁶³

Finally, in 2006, after continued financial losses, Burley's remaining members (approximately forty) voted to become a traditional corporation. In large part, they were motivated by the fact that incorporation would protect the few remaining members from personal fiscal responsibility for Burley's debts, but they were also motivated by the fact that incorporation would make it easier to refinance or sell the company. In September of that year, almost twenty-eight years after Burley's first members created the cooperative, the remaining worker-owners sold the company to a private investor. The new owner came with a reputation for sustainable business practices, and the membership chose him in part for his commitment to keep as many Burley jobs in the Pacific Northwest as possible. In order to save the business, however, he quickly cut out all products except the trailers and unilaterally reduced the workforce by half. 44

A PROPER EVALUATION of Burley's history must include an examination of the cooperative's culture, beginning with an examination of the role of culture in cooperative organizations in general. As economist John Pencavel rightly points out in his evaluation of the Pacific Northwest Plywood cooperatives, the definition of success is not the same for value-driven cooperatives like Burley as it is for conventional businesses that need only make money to satisfy their shareholders.⁶⁴ If a sole proprietor turns her or his business into a publicly traded corporation, for example, it would generally be regarded as a success for the founder of the business. Moreover, the extension of the ownership and control to shareholders not employed by the company would not be regarded as either an organizational or an ideological failure. Cooperative believers, however, consider a group of cooperators' extension of ownership to non-workers to be indicative of a cooperative's failure.⁶⁵ 45

A worker cooperative, particularly one like Burley with social goals that extended beyond profit seeking, is only considered truly successful when meeting the triple standard of maintaining a profitable business, sustaining a vibrant democracy, and distributing the ownership of the business and profits equitably across its workforce. This triple standard has been set, to a large degree, by socialist, Marxist, and other heterodox economists who see in cooperatives a path toward equitable distribution of wealth that preserves some of the economic freedom and competitive innovation of a capitalist economy.⁶⁶ Additionally, because cooperatives create a form of economic democracy, their champions claim they offer an alternative to the alienating conditions of work in conventional capitalist organizations.⁶⁷ The potential for cooperatives to achieve these noble goals remains an open question. What is certain is that a cooperative is, at the most basic level, a business model, and not all cooperatives share the goals of social scientists interested in more socially equitable business practices. Thus, the triple standard should be applied only to those cooperatives like Burley that are overtly committed to an idea of social equity. 46

For those cooperatives committed to social goals as well as business success, there is a great deal of sociological research documenting the important role that organizational culture and shared values can play in their ability to thrive over time. 47

Scholars of cooperatives took a particular interest in this issue during the 1980s. Writing in 1982, for example, sociologists Ana Gutierrez Johnson and William Foote Whyte pointed out the importance of the Basques' shared culture and "associative spirit" in maintaining the Mondragón cooperative's success.⁶⁸ Three years later, Raymond Russell documented the role of shared culture among scavenger cooperatives in the San Francisco bay area.⁶⁹ Then, in 1986, Edward S. Greenberg documented the importance of shared heritage and culture among the plywood cooperators in the Pacific Northwest.⁷⁰ According to their findings and my own research into Burley's early history, the homogeneity of a cooperative's members contributes significantly to the smooth operation of its democracy and thus facilitates the efficient management of the cooperative in general.

More recently, communications scholar George Cheney investigated the role of values in the Mondragón system of cooperatives. He sought to understand how the values of this world-renowned cooperative network have been tested by its growth. What he found was that, as the cooperative has grown and diversified (both in the kinds of work it does and in the backgrounds of its members), it has lost much of its cultural homogeneity and has seen a related increase in tensions between rank-and-file members of the cooperative and the network's upper echelons. The loss of cultural homogeneity at Mondragón has not led to the "failure" of the cooperative in economic terms. Nevertheless, according to Cheney, it has come with an increase in feelings of alienation among members, and an increase in conflict within the democratic process.⁷¹

The difference between Mondragón and Burley is that Burley lost its cultural homogeneity at the precise time when it needed it most to withstand the competition of its recently globalized market. At Burley, the cultural homogeneity of the membership was distinct in the early years of the cooperative and helped carry it through considerable financial difficulty. During this time, members were so committed to the cooperative's democratic ideals that they made financial sacrifices to sustain it in hard times, and they fashioned a set of policies — like flat pay, the 1,500-hour rule, and the six-month candidacy period for membership — to protect the cooperative from the typical causes of cooperative degeneration. In practice, these policies (the 1500-hour rule in particular) contributed to the cooperative's loss of cultural homogeneity. During a period of intense growth, the cooperative's own policy led it to take on new members faster than it could thoroughly scrutinize candidates' commitment to Burley's mission. As a result, the cooperative lost much of its homogeneity, resulting in an increasingly adversarial democratic process. Members, frustrated with the conflict, stopped participating actively, and by the late 1990s, races for important elected positions in the cooperative went uncontested. Also of significance, some of the cooperative's most active and committed members were so disgruntled with the process that they left the cooperative altogether.

This crisis in the cooperative's culture, and the resulting low point in Burley's democratic process, came just as the cooperative began to face a new set of business pressures. The cooperative was experiencing falling revenues as a result of the shrinking of its market in demographic terms and because of low-cost trailers built in overseas labor markets by competitors. But due to the cooperative's more heterogeneous membership, it responded differently to this problem than it had responded to past problems. Most notably, Burley no longer sought to harness its internal talent as the primary solution. Instead, after considerable rancor and disruption, it turned to popular ideas from the conventional business world, like lean production methods, a (hierarchical) pay scale that more closely reflected the wider market, a steep and clearly defined hierarchy of accountability, and an increased reliance on non-owner labor. While these changes did have some impact on the cooperative's bottom line, they were so divisive that they cost the cooperative dearly. Costs included the time spent in debate, the losses and debt that piled up during this time, the loss of long-time members who departed the cooperative in frustration and for fear of losing their investment, and the damage done to Burley's reputation among its creditors. The combination of these forces left Burley weak and led to its ultimate demise as a cooperative when the remaining members incorporated the business and sold it to a single investor.

In Burley's case, it is perhaps fair to hold the cooperative to the triple standard of economic, democratic, and distributional success. What we can learn from Burley is that the three standards are not independent, and in fact they all rest, to a large degree, on the cooperative's shared values. Burley's story lends further evidence to the already established claim that a homogeneous culture among cooperative members facilitates decision-making, and thereby decreases the time and costs associated with democratic governance. Considering the role that values played at Burley, one must now consider organizational culture a necessary, not simply beneficial, ingredient in the success of values-based cooperatives.

NOTES

- ¹ Confidential interview by Joel Schoening, in author's possession, March 5, 2005.
- ² Burley Design Cooperative, "Co-op information," www.burley.com (accessed December 12, 2002).
- ³ Ibid. Alan Sholz, who at the time of the research still resided in Eugene, declined to be interviewed. Beverly Anderson was not contacted. Other longtime members I interviewed substantiated the account given on the Burley web site.
- ⁴ During my research, I was not given access to the company's financial records. These figures are based on the reports of several members I interviewed. As a cooperative, all members had access to the company's financial records. The claim to "largest" was made by several interviewees and is made with two significant qualifications. First, worker cooperatives like Burley are distinct in their democratic management style and in their distribution of profits and should not be confused with either consumer cooperatives (like grocery cooperatives in which *consumers* own shares) or with Employee Stock Ownership Programs (in which employees become shareholders, but ownership is not necessarily equal and in which a conventional corporate structure is retained for the management of the firm). Second, Burley was a manufacturer of durable goods. Though no one has systematically collected recent data on the number and size of cooperatives in the United States, according to the United States Federation of Worker Cooperatives, the two largest worker-owned and democratically managed cooperatives at the turn of the twenty-first century were most likely the Rainbow Grocery in San Francisco (at approximately 250 members) and Cooperative Home Care Associates (with approximately 1,000 members), neither of which are manufacturers.
- ⁵ Jason Norman, "Burley Owner Revamps Business Model to Boost Company Profits," *Bicycle Retailer & Industry News* (January 1, 2009).
- ⁶ The racial background of employees and members is based on my observation. I was told by some respondents that the cooperative was increasingly likely to hire minority workers, especially Hispanic women, to fill its part-time labor needs in the later years, but I was unable to reach these employees for interviews and was not allowed access to employment records that may have documented this practice.
- ⁷ Joel Schoening, "Democracy Derailed: Cooperative Values Meet Market Demands at a Worker-Owned Firm" (Ph.D. Diss., University of Oregon, 2007).
- ⁸ For a full history, see William G. Robbins, *Landscapes of Conflict: The Oregon Story, 1940–2000* (Seattle: University of Washington Press, 2004); and James Kopp, *Eden within Eden : Oregon's Utopian Heritage* (Corvallis: Oregon State University Press, 2009).
- ⁹ Patricia Marshall, "Burley's sale doesn't mean the co-op failed," *Eugene Register-Guard*, September 17, 2006, sec. Commentary.
- ¹⁰ Confidential interview by Joel Schoening, in author's possession, July 28, 2005.
- ¹¹ Frank Lindenfeld and Joyce Rothschild-Whitt, *Workplace Democracy and Social Change* (Boston: Porter Sargent Publishers, 1982): 22.
- ¹² Kopp, *Eden within Eden*, 137.
- ¹³ Lois Wadsworth, "Tree Planters — The Mighty Hoedads, Back for a 30 Year Reunion, Recall Their Grand Experiment" *Eugene Weekly*, http://www2.eugeneweekly.com/2001/08_02_01/coverstory.html (accessed March 16, 2010); Hal Hartzell, *Birth of a Cooperative: Hoedads, inc., a worker owned forest labor co-op* (Eugene, Ore.: Hulogosi Communications, 1987).
- ¹⁴ "West by Northwest.Org: hoedads," <http://www.westbynorthwest.org/summerlate01/roshoedad.shtml> (accessed October 27, 2009).
- ¹⁵ Hartzell, *Birth of a Cooperative*.
- ¹⁶ Ernest Callenbach, *Ecotopia : the notebooks and reports of William Weston* (Berkeley: Banyan Tree Books, distributed by Bookpeople, 1975).
- ¹⁷ Burley Design Cooperative, "Burley Design Cooperative History," www.burley.com (accessed December 9, 2002).
- ¹⁸ Ibid.
- ¹⁹ Confidential interview by Joel Schoening, March 8, 2005, in author's possession.
- ²⁰ John Pencavel, *Worker Participation: Lessons From the Worker Co-ops of the Pacific Northwest* (New York: Russell Sage Foundation, 2001).
- ²¹ Ann Arnett Ferguson, "Managing without Managers: Crisis and Resolution in a Collective Bakery," in *Ethnography Unbound*, ed. Michael Burawoy (Berkeley: University of California Press, 1991), 108–32; William F. Whyte and Kathleen King Whyte, *Making Mondragón: The Growth and Dynamics of the Worker Cooperative Complex* (Ithaca, N.Y.: ILR Press, 1988); Raymond Russell, "The Rewards of Participation

in the Worker Owned Firm," in *Workplace Democracy and Social Change*, ed. Frank Lindenfeld and Joyce Rothschild-Whitt (Boston: Porter Sargent Publishers, 1982).

²² Gregory K. Dow, *Governing the Firm: Workers' Control in Theory and Practice* (New York: Cambridge University Press, 2003).

²³ For more on the idea of ideological unity and democracy, see Jane J. Mansbridge, *Beyond Adversary Democracy* (Chicago: University of Chicago Press, 1983).

²⁴ Confidential interview by Joel Schoening, March 10, 2005, in author's possession.

²⁵ Burley Design Cooperative, "Burley Design Cooperative History."

²⁶ Christian Kaylor, "OLMIS — Oregon's Recessions: A History," *Qualityinfo.org*, <http://www.qualityinfo.org> (accessed March 23, 2009).

²⁷ Ellen Wojahn, "Spokes of the Growth Wheel," *Oregon B* 17:4 (1994): 64–67.

²⁸ Kaylor, "OLMIS — Oregon's Recessions: A History."

²⁹ Confidential interview by Joel Schoening, April 5, 2005, in author's possession.

³⁰ Wojahn, "Spokes of the Growth Wheel."

³¹ Ibid.

³² Confidential interview by Joel Schoening, March 10, 2005, in author's possession.

³³ See, for example, Ferguson, "Managing without Managers," 108–132; George Cheney, *Values at Work: Employee Participation Meets Market Pressure at Mondragón* (Ithaca: Cornell University Press, 1999); Pencavel, *Worker Participation*; and Yohanan Stryjan, *Impossible Organizations* (Westport, Conn.: Greenwood Press, 1989).

³⁴ Confidential interview by Joel Schoening, March 26, 2005, in author's possession.

³⁵ Confidential interview by Joel Schoening, July 12, 2005, in author's possession.

³⁶ Matt Wiebe, "Bicycle Sales Fail to Keep Pace with U.S. Population Growth," *Bicycle Retailer & Industry News* 18:9 (2009): 27.

³⁷ "Bicycle Statistical Data: Usage, Productions and Sales," <http://www.ibike.org/library/statistics-data.htm> (accessed May 22, 2009).

³⁸ Confidential interview by Joel Schoening, March 10, 2005, in author's possession.

³⁹ Barbara Lloyd, "Bicycling in the Rain: A Clothing Line Geared to a Drier Trip," *New York Times*, July 11, 1992, Late Edition — Final edition, sec. 1.

⁴⁰ Wojahn, "Spokes of the Growth Wheel."

⁴¹ Sidney Webb and Beatrice Webb, *A Constitution for the Socialist Commonwealth of Great Britain* (London: Longmans, 1920).

⁴² "Statement on the Co-operative Identity," <http://www.ica.coop/coop/principles.html> (accessed October 29, 2009).

⁴³ Confidential interview by Joel Schoening, August 18, 2005, in author's possession.

⁴⁴ Wojahn, "Spokes of the Growth Wheel."

⁴⁵ Confidential interview by Joel Schoening, June 9, 2005, in author's possession.

⁴⁶ Confidential interview by Joel Schoening, April 11, 2005, in author's possession.

⁴⁷ Confidential interview by Joel Schoening, June 15, 2005, in author's possession.

- ⁴⁸ The lag time was not instituted for this purpose. It was created so dividends would be awarded closer to the end of the year so members could be prepared for the tax implications of their profit earnings.
- ⁴⁹ Henry M. Levin, "Employment and Productivity of Producer Cooperatives," in *Worker Cooperatives in America*, ed. Robert Jackall and Henry M. Levin (Berkeley: University of California Press, 1984), 16–32.
- ⁵⁰ Sean Hong, "Burley Design Cooperative Becomes Corporate," *Bicycle Retailer & Industry News* 15:14 (August 15, 2006): 8.
- ⁵¹ Wojahn, "Spokes of the Growth Wheel."
- ⁵² Confidential interview, March 10, 2005, in author's possession.
- ⁵³ Confidential interview, January 19, 2005, in author's possession.
- ⁵⁴ For more on the degeneration debate, see Webb and Webb, *A Constitution for the Socialist Commonwealth of Great Britain*; Chirs Cornforth, "Patterns of Cooperative Movement: Beyond the Degeneration Thesis," *Economic and Industrial Democracy* 16 (1995): 487–523.
- ⁵⁵ Mansbridge, *Beyond Adversary Democracy*.
- ⁵⁶ Confidential interview by Joel Schoening, July 12, 2005, in author's possession.
- ⁵⁷ Confidential interview by Joel Schoening, May 20, 2005, in author's possession.
- ⁵⁸ Sean Hong, "New Ownership Focuses Burley on Trailer Line," *Bicycle Retailer & Industry News* 15:17 (November 1, 2006).
- ⁵⁹ For more on lean production, see Paul Adler, "'Democratic Taylorism': The Toyota Production System at NUMMI," in *Lean Work*, ed. Steve Babson (Detroit: Wayne State University Press, 1993), 207–219.
- ⁶⁰ Confidential interview, July 14, 2005, in author's possession.
- ⁶¹ Confidential interview, March 8, 2005, in author's possession.
- ⁶² Confidential interview, March 10, 2005, in author's possession.
- ⁶³ Confidential interview, July 12, 2005, in author's possession.
- ⁶⁴ John Pencavel, *Worker Participation: Lessons From the Worker Co-ops of the Pacific Northwest* (New York: Russell Sage Foundation, 2001), 75.
- ⁶⁵ Webb and Webb, *A Constitution for the Socialist Commonwealth of Great Britain*; Dow, *Governing the Firm*.
- ⁶⁶ Robert Alan Dahl, *A Preface to Economic Democracy* (Berkeley: University of California Press, 1985).
- ⁶⁷ Michael W. Howard, *Self-Management and the Crisis of Socialism* (New York: Rowman & Littlefield, 2000).
- ⁶⁸ Ana Gutierrez Johnson and William Foote Whyte, "The Mondragón System of Worker Production Cooperatives," in *Workplace Democracy and Social Change*, ed. Frank Lindenfeld and Rothschild-Whitt (Porter Sargeant Publishers, 1982).
- ⁶⁹ Raymond Russell, *Sharing Ownership In the Workplace* (Albany: State University of New York Press, 1985).
- ⁷⁰ Edward S. Greenberg, *Workplace Democracy: The Political Effects of Participation* (Ithaca: Cornell University Press, 1986).
- ⁷¹ Cheney, *Values at Work*.
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