

June 5, 2009  
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## **VERMONT EMPLOYEE OWNERSHIP CENTER 2009 CONFERENCE**

### **Closing Remarks**

As an old fisherman once said to his young charge, “When you fish, in this life, always use a big hook, because, even if you catch nothing, it’s more exciting to not catch a big fish than to not catch a small one.”

These are big hook times, times that call for bold initiative. If we’re lucky, they may become big fish times too.

We don’t know what the future holds, but we are fortunate to have people like Bill Greider here with us to give us a glimpse. I’ve been a fan for many years. When we first met we were standing at the bar talking and telling tales, and he said, “You know, I’ve had a low grade obsession with employee ownership for 25 years.” He has been a tremendous inspiration to me.

Today’s proceedings, and all of you gathered here, are all about fishing with a big hook. I want to thank Don Jamison and Jon Crystal, the VEOC board, and all the superb presenters for assembling such an engaging event and filling us all, I hope, with a sense of promise.

On Sept 18, while one of my co-owners was preparing the plans for a large project for construction, and nearly ready to begin, we got a call from our client, who said the crashing economy made it imperative that he and his wife put their project on hold.

That could have been the defining incident of the last year in the history of my company – it was indeed the beginning of an avalanche of backlog-diminishing postponements. But it wasn't the defining incident – it was only a catalyst that drove us to take a sobering look at who we are, what we do, and how we might insist on the future we're fishing for.

For 33 years, every SMC employee has come to work each day of each week of each month of each year and had productive work to do. Now, perhaps for the first time, that legacy might some day be in jeopardy. For us, 2008 began like a carnival. But when the effects of the US economic collapse came, they came quickly. It became the year of trials and tribulations, tumultuous change, and scrambling to stay ahead of big waves.

But the events that made this year so dramatically different from any other were also incredibly invigorating, as they demanded of us that we open our minds, to think differently, to act differently, to dream differently, and to address tough issues. Difficulty and opportunity mingle; at times it is hard to distinguish one from the other. Perspective plays a big part in this.

There's an old proverb about a young boy walking to town who passes a stone quarry. He sees a disgruntled looking man chipping away at the stone and asks him, "What are you doing?" The man replies, "I'm chipping away at this wall of stone, trying to get a rock out of it." He walks further in the quarry, and encounters another man, who looks less grumpy but is still grunting while he works. "What are you doing?" he asks. "I'm chipping out a stone block that is going to be part of a foundation of a building," comes the response. Finally he stops to talk to a third man who is happily whistling as he chips away at the stone. "What are you doing?" he asks and the man replies, "I'm building a cathedral."

This is the predominant spirit we have tried to cultivate in our business; that no matter what we are doing – no matter how mundane – we are building a cathedral, each and every minute of each and every day.

Our own cathedral took new shape in this difficult year. Along with breaking ourselves loose from our petrified status quo to think about innovative ways to re-build our backlog, we also tackled the unthinkable: what happens when the day comes that there is not enough work for all. This is what so many businesses have had to do this year, and this is when our co-operative structure truly shined. The examination of the unthinkable had surprising results and a policy emerged:

In the event of not enough work to provide full-time employment for all individuals in the company, we will take the following six steps, in the following order:

- Voluntary temporary rolling furloughs;
- Employ people doing speculative work (income postponed) for a limited period of time;
- Employ people doing non-income-producing work for a limited period of time;
- Strategically reduce hours worked;
- Reduce wages across the board, graduated from highest paid to lowest;
- Involuntary temporary rolling furloughs.

The thrilling part of all this was that never, during these difficult discussions, did the word “layoffs” come up. Never did anyone suggest that those who had been with us for the shortest time should be at greater risk. Never did anyone suggest that we should use this time to rid ourselves of those who may be less productive or in other ways perhaps less worthy – to separate the wheat from the chaff. This was a time of coming together, as a community, in a time of difficulty, rather than, as it easily could have been, a time of fragmentation and self-interest.

Each year, toward the end of our Fiscal Year in the spring, we have company-wide evaluations. Part of this process is a written self-evaluation. One of the questions is, on a scale of one to ten, how was this year for you, individually, and on a scale of one to ten, how was the company's year? Most years, the average for the company year is around 8. Last year, our most profitable and upbeat year ever, it was 8.4. This year, our most trying ever, it was 8.7. Why? The enhancement of our sense of community and caring that came with collaborative discussion and constant internal communication was fundamental. That's what a culture of shared ownership can do.

But, of course, we cannot only play in the small garden we are tending. There are far larger forces in play. We are in the midst of a cascade of spectacular events. Several years ago, Al Gore released *An Inconvenient Truth*. About the same time, Tom Friedman, NYT columnist and best-selling foreign affairs author, saw the green light and began to write about climate change and energy extensively, culminating with the release of his book *Hot, Flat, and Crowded: Why We Need a Green Revolution – and How It can renew America*. And how it will be the greatest innovation project in American history. Venture capital shifted its focus from software and internet to clean technology. Oil prices shot up. Climate change and energy suddenly became a high level presidential campaign issue. Never before. After we allowed a childish financial elite to run the global economy unsupervised, and run amuck, Wall Street was finally unmasked, its pyramid schemes revealed, and it crumbled. With that, the impossible global economy became wobbly. Oil prices tumbled, for the moment. None of this came without warning or predictions. A few intrepid economists, and others, have insistently pounded this drum. But nobody, as far as I know, expected it to happen so soon. And so fully. Most who are entrusted with guiding us hadn't a clue. That's not so unusual. Economist John Kenneth Galbraith once said that the reason for the existence of economists is to give credibility to astrologers.

We are seeing all the bad things we thought would happen. Our country is experiencing more mood swings than a teenager. But it's all a prelude to the good things we know must come next. There are no guarantees, only possibilities. As Bill so eloquently tells us, we cannot re-build the same economy we had before. We must build a new one. And it must be based on new knowledge and new circumstances. America the Possible.

And an America quite different. John Fullerton, former Managing director of JP Morgan, says, "At the beginning of the 20<sup>th</sup> century scale did not matter. At the start of the 21<sup>st</sup> century, scale redefines our economic challenge. The world may be flat, but far more critical in terms of its implications, the world is full, and that changes everything."

Our future will require us to transform our economy. We will have to manage the sky as a commons, auction emission permits, and use the income to serve the public good – to redistribute wealth and wean ourselves from fossil fuel. Ecology is not rocket science; it's far more complex and intricate. We cannot rush headlong and expect good solutions. We must pace ourselves and build the road as we travel. But the pace must be steady and robust. Along this road business and sustainability intersect, join hands, and continue on together, inseparable.

I can't help but think that this long-term global transformation will require more than political will and appropriate investment; it will also require collaboration of a type and scale heretofore unknown. We will need new tools, new abilities, and new ways of working together. New forms of governance and business. Businesses will need to share information and support each other rather than engaging in competitive exclusion. All of us will need to own the endeavor. A central requirement for the journey may be the ability to own our workplaces and share responsibility for the outcomes, both good and bad. The subject matter we've been discussing today may become essential to our future.

Owning our work, and finding meaning there, is as essential to a good life as owning our homes. When the employees, who live in the community, and are part of the civic landscape, are making the decisions, it is less likely the business will be sold, more likely that it will stay rooted in place, and there is more incentive to be a positive force in the community. We are a part of the place where we are raising our children, and we have a long-term commitment to it. Community accountability is woven into the fabric of the system.

The task at hand is to unwrap the complex bundle of convergences that suggests that the next twenty years will be *dramatically* different from the last twenty, to try to understand what the differences will be, and to change our business and our selves so we are ready, able, and above all willing to do what it takes. It won't be easy, but I think it will be a rousing journey, what David Korten calls "The Great Turning." We need to prepare our businesses to lead the way as this awakening begins to take shape.

I want to read a quote from Andre Gide, who relates the experience of a trip he took into the Belgian Congo: "My party had been pushing ahead at a fast pace for a number of days, and one morning when we were ready to set out, my native bearers, who carried the food and equipment, were found sitting about without any preparations made for starting the day. Upon being questioned, they said, 'Quite simply, they had been traveling so fast in these last days that they had gotten ahead of their souls and were going to stay quietly in camp for the day in order for their souls to catch up with them. So they came to a complete stop.'"

We don't have to come to a complete stop, but it may be that we need to find time, especially in these slower economic times, for our souls to catch up with us. "Markets,"

as Marjorie Kelly, the former editor of business Ethics Magazine says, “are a subset of the earth and subject to its requirements.”

And so are we.

Although hope and optimism are not the currencies of the day, I look around me and I see wonderful ideas and forces stewing at the edges of our culture. A mosaic of new institutions and approaches is emerging, and making inroads.

I don't pretend to know how much we can build on the foundations we have created, or to what extent our experience in business can help others toward a path to economic democracy, environmental restoration, and local community commitment, but I have a deeply embedded sense that if we are encouraged sufficiently, we will choose to care about the common good. It's important, I think, to take the information from today's gathering, bring it back to our organizations and communities, and light new fires of responsibility and democracy. This morning Bill Greider asked us to raise the stakes. We must. And in his opening remarks VEOC board president Paul Millman asked perhaps the most important question of the day “Are we different enough?”

Are we? It's time now to exercise our ingenuity to the fullest extent.

Last year we were moving a building that a client wanted to tear down to make a garage out of it. It was moving to a slab-on-grade foundation. When you move a house you place steel beams under it, lift it, set it over a foundation, cut holes in the foundation for the beams, set it down, pull the beams, and patch the holes. On a slab on grade there would be no place for the beams to go. The building was placed over the foundation, but how would it be lowered? We asked Mike Reid, the mover, how he would do it.

“Show up on tomorrow and you’ll see,” he replied.

Our guys showed up, Mike’s pick-up arrived, and he and his two guys got out and started unloading blocks of ice from the truck. The blocks of ice were taller than the I-beams. They carefully placed six of them on the foundation, slowly lowered the house down, pulled out the I-beams, said “You’re all set here” and drove off. Twelve hours later the ice had melted and the building was sitting squarely on the foundation. Now that’s ingenuity, huh?

So is the idea that someone at Gardener’s Supply had, as we heard in the last session, to reduce the size of their 8½ x 11 catalog by a mere ¼ of an inch. Turned out that saved \$70,000 in paper and postage, and helped the planet just a wee bit too.

This is our watch. It’s time to harness our ingenuity to create a restorative future. There’s a Chinese saying that “Man stands for long time with mouth open before roast duck flies in.” We can’t wait. There’s nothing to keep us from building those cathedrals, except ourselves. We need to be the ones roasting the duck. We need to use a big hook. Thank you.