



RUTGERS-NEW BRUNSWICK

Institute for the Study of Employee  
Ownership and Profit Sharing

School of Management and Labor Relations

## CASE STUDY

# The Industrial Commons

*A new model for regional renewal*

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## Summary

What role can worker ownership play in a concerted regional economic development effort dedicated to valuing both people and place?

This innovative nonprofit is working to revive the textile industry—using employee ownership as a central pillar of its collaborative, member-led, network-strategy to build a resilient local economy.

## Initiative Name

The Industrial Commons

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## Industry

Textile manufacturing (emphasis on recycling and circularity)

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## Size

34 employees in central nonprofit  
10 of the 34 currently placed with  
affiliated enterprises

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## Location

Morganton (Burke County, N.C.)

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## Ownership Model

The Industrial Commons is a 501(c)3 nonprofit. Affiliate enterprises are limited liability companies or worker-owned cooperatives.

# Story: A Textile Manufacturing Rebirth

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**For much of the 20th century, textiles, along with furniture manufacturing, had been the foundation** of the local economy in this largely rural part of Western North Carolina. This rapid decline in manufacturing jobs that began at the end of the century hit Burke County hard. From 1995–2010, North Carolina lost 450,000 manufacturing jobs, over a quarter (120,000) in the textile industry. The Hickory metropolitan statistical area or MSA (which includes Burke County and its largest city, Morganton) alone lost 47,000 manufacturing jobs during this 15-year period. Not surprisingly, this loss in manufacturing jobs coincided with a loss in population, particularly young people. In the decade between 2000 and 2010, the Hickory MSA lost more 18–24-year-olds than any other place in the state. It was a difficult time indeed.

Yet as is often the case in times of major economic disruption and realignment, the effect did not affect every enterprise equally, even those in the same industry. Those businesses that did manage to survive the crisis did so through a combination of adaptation, innovation, and grit. One of the new businesses to emerge during this bleak period was Opportunity Threads, a worker-owned cooperative cut-and-sew shop, which opened its doors in Morganton, N.C., in 2009. With a focus on organic and “upcycled” inputs and sustainable production, Opportunity Threads soon found a niche market among customers with an interest in high-quality, small-run production from a business whose democratic business structure and environmental focus set them apart. Not content with building one successful business, founder Molly Hemstreet soon teamed up with Sara Chester, who worked at the county’s economic development agency, to bring together area small business owners to collaborate in their common interests. The result was the Carolina Textile District (CTD) founded in 2013, a network of small-scale textile producers who work closely together on issues from worker training to shared contracts. Foundational to the CTD approach envisioned and put in place by Hemstreet and Chester

“We’re not just building businesses—we’re building a local community and economy that is prosperous and welcoming for all.”

– ***Molly Hemstreet***

was that the network is not just a transactional space. Companies are linked together not only for purposes of production and marketing but are also united by a statement of shared values and a commitment to building a local community that is prosperous and welcoming for all.

In Sara Chester's former role with a conventional local economic development organization, she had run an internship program for high school students to help encourage more young people to consider a career in manufacturing. Some companies in the program had complained that young workers were lazy and entitled, unwilling to do the kind of hard work that their parents and grandparents had done. But when Chester interviewed the students about why they had not taken a job in manufacturing, she found something different. She found that the high school students didn't mind the long hours or the hard work, or even the lack of air conditioning in the plants during a North Carolina summer. What they hated was that they didn't have a voice. Interns told her stories of being told at 4:00 on a Friday afternoon that they had to work a double shift the next day. But many of them had football practice on Saturday and would be kicked off the team for missing it. They didn't mind the work. What they did mind was being treated as if they, and their commitments to others outside of work, didn't matter. Chester realized that to encourage young people to stay in the county, they would have to create jobs where workers had some kind of a say and stake in what happened in their companies. Through Hemstreet she learned about worker-owned cooperatives, where employees have both an ownership stake and governance rights in the company—a concept that would animate their next shared project.

The success of the Carolina Textile District had convinced participants that it was indeed possible to capitalize on the historic assets of the region while at the same time bringing the local textile industry into a new age of flexible, small manufacturing runs, environmental sustainability, and high-road production methods that valued both people and place. Hemstreet and Chester created a new nonprofit organization in 2015, The Industrial Commons (TIC). The Industrial Commons enveloped CTD and expanded the strategy. (The CTD continues, as a successful LLC 100% owned by TIC.)

The Industrial Commons has grown substantially in its first

## History

The story of the Industrial Commons in some ways goes back centuries, moving from the Old World to the New. The Industrial Revolution itself was birthed in the cotton mills of Lancashire, England, with textile manufacturing being the very first sector to move from hand crafting to industrial level production. By the mid-19th century, mechanized production of yarn and cloth had spread from the North of England to the mill towns of Massachusetts and New England. As the 20th century progressed, the industry relocated again, this time to the Southern United States, in search of cheaper labor and less stringent government oversight. By 1923, North Carolina had surpassed Massachusetts as the leading textile-manufacturing state. And by 1940, 40% of all jobs in the state were in textile and apparel production. But this dominance would turn out to be temporary as well. In search of yet cheaper labor, textile production shifted once again beginning in the late 20th century, primarily to Asia this time, taking thousands of jobs with it.

decade, with a 2026 operating budget of \$21 million. These resources are not spent in a single central place but rather are spread out in an “ecosystem” of enterprises, a network of independent but interdependent entities that interact with their environment in an integrated and systemic way. It is a tangible, deliberate, thoughtful and cohesive system of institutions and shared practices joined together for the support and development of enterprises that are owned, controlled and accountable to members of the local community in which they exist.



*Carolina Textile District*

# Ecosystem: Organizations

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Four kinds of organizations exist in the TIC ecosystem:

1. **The 501(c) Nonprofit** – The central nonprofit is the driver of activity and innovation, houses affiliate arts, training and education programs, and supports member organization through contracted shared services in areas like accounting and human resources. The nonprofit is also the key initiator of new elements of the ecosystem and is currently in the process of developing an Innovation Campus of shared work and community space and an affordable housing cooperative.
2. **TIC Sponsored Enterprises** – Small businesses founded and incubated by TIC that are on a path to becoming fully employee- or community-owned. These are legally formed as LLCs, but function on a cooperative basis. The first of these launched is Good Books, a worker-owned bookkeeping firm started by TIC that now has two workers. The vision is for these enterprises to become independent over time, when they meet established financial, governance and operational benchmarks.
3. **TIC Partnered Enterprises** – Enterprises that TIC has put significant grant resources into. These are small businesses in which TIC will likely retain some ongoing ownership role into the future. This is generally either because of the central role that the enterprise plays in supporting other members of the ecosystem, or because TIC has invested substantial philanthropic funds in the business that it is responsible for overseeing, or both. These enterprises have elements of worker ownership, but also elements of nonprofit ownership. They function something like a worker-governed, employee ownership trust might in another context. Employees have some governance rights, but not full control, and are not permitted to disband the company or take major steps without approval. The first of these to be launched is Material Return, an 8-person company involved in recycling and repurposing industrial waste from textile companies across the region.
4. **Ecosystem Members** – Independent businesses, generally employee-owned, that support TIC’s mission and benefit from its services. Examples include Opportunity Threads, the worker-owned cooperative that started it all, and several local businesses that have converted to employee ownership as a succession strategy.



*Working at Opportunity Threads*

Enterprises in each group—both sponsored and partnered—benefit from different financial and governance rights, both within their own organizations and within the ecosystem. (The ecosystem also includes some other independent companies that choose to affiliate, for example, to access technical assistance from The Industrial Commons.) At its core, the entire ecosystem is aimed at revitalizing the local rural economy through interconnection and mutual support.

## Ecosystem: Strategies

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Each organization within the ecosystem works as part of one or more of the four major “fields” or strategies that have been articulated within the Industrial Common, to help those both inside and outside better understand the logic and rhythms of this complex organization. Each field represents a distinct area of practice and impact, but each is interrelated and interdependent. The four fields are:

- Business development
- Workforce development
- Network development
- Community engagement

The Industrial Commons envisions these fields as situated in a Venn Diagram-like relationship, with overlapping circles representing projects and entities that contribute to more than one field. The Carolina Textile District, for example, exists both as a business development project and as a network.

## Strengths of the System

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Leaders at the Industrial Commons attribute their rapid growth and successes to a number of effective strategies that unite and guide their work, no matter the kind of enterprise.

These are:

- The combination of being place-based *and* sector-focused. Combining these two strategies in a “yes, and” rather than “either/or” way helps participants to utilize their existing networks and skills to find common ground and build firm relationships.
- Creative use of a combination of legal enterprises to do what each does best. Instead of a single, massive organization, TIC has a 501(c)3, which delivers workplace development and youth services, as well as a Public Benefit Corporation, which owns and manages all or part of several different social enterprises. The nonprofit holds its ownership stakes in these different businesses in the PBC.
- Supportive infrastructure. In addition to technical assistance from TIC staff, ecosystem members have access to loan capital from their own loan fund and a 30-acre Innovation Campus currently under development. A creative reuse of a former furniture factory, the Innovation Campus will offer space for incubating businesses in the textile sector as well as house community programs

and the TIC offices. The Innovation Campus will support long-term opportunities for locally rooted wealth creation. This is done primarily by making employee and community ownership a key part of their work.

- Leveraging local assets and investing in kids. From the beginning, TIC has used partnerships with local K-12 schools and community colleges to train and engage the next generation of local enterprise leaders and worker-owners.
- Building upon existing industrial expertise and connections to markets. Focusing on enterprise development in industries where local connections and market expertise already exist helps to lessen the risks for new business ventures. This focus allowed TIC to be designated an Innovation Engine by the National Science Foundation, furthering the organization's access to markets and innovation.



*Workforce training*

# Key Elements of The Industrial Commons Approach

## **DEEPLY PLACE-BASED**

Invests in the Burke County, NC, economy creating locally rooted enterprises to create long-term economic opportunities for residents in a way that honors the local history and culture.

## **NONPROFIT-DRIVEN**

Coordinates strategy, raises capital, launches and incubates enterprises, and provides shared services across the ecosystem through a central nonprofit.

## **SECTOR-FOCUSED**

Builds on the region's longstanding textile industry to leverage local skills, relationships, and knowledge.

## **DEMOCRATIC GOVERNANCE**

Gives voice to workers through cooperative ownership structures, employee handbook, formal participation in workplace and organizational decisions, and across the ecosystem through a central Cooperative Council currently under development.

## Worker Ownership

The founders of The Industrial Commons see employee ownership as a natural partner of a place-based economic development strategy. Because who cares about the community (particularly a poor, rural one like Burke County) more than the people who live and work there?

While many economic development agencies work to create and retain jobs, TIC's leaders wanted to make sure that the jobs created were the kind that would keep people happy and secure in their local area. That, they have found, does not just involve a paycheck but rather a work environment where everyone is valued, and where employees have voice and agency.

# Worker Voice

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The Industrial Commons is currently in a strategic planning process that will further clarify and strengthen the governance role of employees at the organization. Depending on where people work within the system (at the nonprofit, partnered enterprises, sponsored enterprises or ecosystem member), workers will have the ability to vote for and potentially serve on the board of their own organization within the ecosystem, the board of the Industrial Commons, and in the future, the board of the planned Cooperative Council, which will help set and vet policy for the ecosystem collectively. For enterprises that allow for ownership (the partnered and sponsored enterprises), there will also be clear path to a role as a worker-owner. Ecosystem members, as independent companies, will continue to make their own decisions on employee ownership and governance roles, but TIC will be there to help with supportive resources and guidance on becoming employee owned.

Already, TIC creates paths for workers to have influence over key decisions that affect their work lives. One example is the Employee Handbook Task Force. The TIC Handbook outlines a wide range of policies and procedures that have a direct impact on everyone's work life, so it is an important document. At any time throughout the year, any TIC employee can add an idea, question or concern about employment policies to a special document. Once a year, a task force is convened to go over every single suggestion and make a recommendation on any change in policy. The task force membership changes from year to year, but is always made up of workers from both the nonprofit and the small business side of the organization and must include both supervisory and nonsupervisory employees. The task force is facilitated by the top human resources person, but this person's job on the task force is only to keep the meetings on track and serve as a resource. The task force members themselves do all of the research needed on a proposal, and work to try and see an issue from all angles before making a recommendation for any change in policy. Suggested changes are sent to the Executive Director who strives to incorporate most of the task force's suggestions.

It's not enough to just say your door is open, or that management will consider suggestions. TIC's employee handbook task force has a formal charge. It has resources, responsibilities, and a timeline. Its work is taken seriously, and its members have the responsibility to report back to their peer employees at all of TIC's enterprises.

Task forces like this allow for agency and participation in shaping the organization. As a nonprofit organization, however, TIC itself cannot offer its employees ownership shares.

## Key Takeaways

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- Cooperative organization and worker ownership are not just company-level strategies but can be an effective part of a comprehensive community economic development effort.
- In addition to ownership, offering opportunities for employee input and decision-making on a variety of levels encourages both engagement and creativity, generating the kind of jobs that might encourage young people to stay in their hometowns.
- Building a platform for innovation upon a foundation of legacy industries can help a region tap into existing skills and expertise, but with a new focus on 21st century needs.

# Author

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## **Margaret Lund**

Margaret Lund is an independent consultant specializing in the areas of community development finance, cooperative structure, and shared ownership strategies. Since 2016 she has served as a trustee for the Cooperative Charitable Trust, a catalyst for research and innovation in worker ownership. Lund has authored numerous widely read case studies and publications designed to make shared ownership more accessible and better understood. She holds an M.S. in Industrial and Labor Relations from Cornell University.