RUTGERS–NEW BRUNSWICK
Institute for the Study of Employee Ownership and Profit Sharing
School of Management and Labor Relations

CASE STUDY

EQUAL EXCHANGE

A worker-owned cooperative reinvents international supply chains for the benefit of small producers.

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Summary

Founded in 1986, Equal Exchange is a worker cooperative that combines democratic worker ownership with an ambitious social mission and a successful international business model. The company has built an integrated fair-trade supply chain—including direct relationships with farmer cooperatives in more than a dozen countries, in-house roasting, global production and warehousing facilities, and national distribution—across coffee, chocolate, bananas, tea, nuts, and other products. Its innovative financing model raises outside capital without relinquishing worker control, enabling Equal Exchange to invest in facilities, partner enterprises, and a broader ecosystem of mission-aligned cooperatives.

Industry

Fair trade coffee roasting, sales, and distribution; fair trade chocolate, tea, nuts, and bananas

Size

125 employees; $73 million in revenue

Location

The company's main facility is in West Bridgewater, Mass., with four additional sites in three other states, and smaller facilities in Canada and the United Kingdom.

Ownership Model

Worker cooperative

Year Started

Founded in 1986, formalized worker-owned cooperative structure in 1990

Story

Equal Exchange's mission is "to build long-term trade partnerships that are economically just and environmentally sound, to foster mutually beneficial relationships between farmers and consumers and to demonstrate, through our success, the contribution of worker co-operatives and Fair Trade to a more equitable, democratic and sustainable world."

It is a successful for-profit company with an unswerving non-profit mission. Not surprisingly, it all started with an idea. Founders Rink Dickinson, Jonathan Rosenthal, and Michael Rozyne met in the 1980s while working as managers at one of the major natural foods wholesalers. All three had joined the food co-op movement in the belief that people deserved more information and control over their food supply, and that the producers of that food deserved a more transparent and predictable way to make a living.

Working at a wholesale level allowed the three to be part of a structural alternative, with consumers owning the local food co-ops in their communities, and the food co-ops in turn owning their wholesaler, which operated on a regional level. However, in their view, this alternative did not go far enough.

At the time, most participants in the food co-op movement focused on domestic consumers and producers and did not typically envision either building relationships with farmers outside the United States or giving workers a meaningful role in ownership and governance.

The Equal Exchange founders envisioned a different kind of supply relationship, one that was transformational rather than merely transactional, based on long-term relationships, mutual

What is Fair Trade?

Fair trade is a trading system and global movement that seeks to unite consumers with the people who grow the food and make the products used in their everyday lives through more equitable and transparent supply relationships. The goal of fair trade is to help ensure that producers and workers around the world are paid a fair price for their work and have safe working conditions, and that trade relationships support a healthy and robust local community. Fair trade practices often include a minimum price for goods to ensure a sustainable livelihood for producers and protect them from dramatic market fluctuations. Begun in the 1940s, the first fair trade products were typically artisan-made wares crafted in developing countries for European and North American Markets. In the 1980s, attention turned to agricultural products, particularly coffee, and a decade later the same fair-trade principles were also being applied to U.S. grown goods. Products sold as "fair trade" will typically carry a certification seal, indicating that they have been examined and found to comply with rigorous international standards, although specific standards vary by certification organization. The fair-trade economy is currently estimated at $10 billion annually worldwide.

accountability, and respect. Their vision extended to all producers of the food they sold, not just those in this country, and they were particularly concerned about small-scale farmers forced to compete in international markets. The three also had reservations about the U.S. consumer co-op model in general, finding that it did not sufficiently take into account employees' perspectives and the contributions that workers made to the success of the company.

Luis Blandón, coffee farmer in Colombia

The three were interested in putting into practice a bigger, bolder idea: they envisioned a new way for food to be grown, bought and sold across the world, a transparent fair-trade model that recognized and valued each element of the supply chain: producers, workers and consumers.

Dickinson, Rosenthal and Rozyne met weekly for three years to discuss their idea. According to Dickinson, about six months of that time was devoted to discussion of whether it might not be better for Equal Exchange to become a nonprofit, given their social mission. But the three were entrepreneurs at heart and saw Equal Exchange as a key element in a new kind of supply chain.

As such, they envisioned Equal Exchange as a business venture (albeit a risky one), not a charity. Their answer to the tension between pursuing a social mission and operating as an entrepreneurial, financially viable business was to found the business as a mission-driven worker-owned cooperative. "The structure we built was our answer to those dynamics," Dickinson said. The company they built was more entrepreneurial than nonprofits or food cooperatives, but less focused on profits than most other for-profit businesses.

The new organization launched in 1986, importing fairly traded coffee from small farmers in Nicaragua, despite a U.S. embargo against the Sandinista government. Taking advantage of a loophole in the law that allowed importation if the coffee was roasted in another country, the new company partnered with fair-trade roasters in Europe. By the end of its third year, Equal Exchange was making money. An alliance with communities of faith helped promote the fair-trade idea directly to consumers through more than 10,000 congregations across the country. In 2001, Equal Exchange added chocolate to its roster (a popular choice). Soon, the company was on its way to becoming one of the largest worker co-ops in the country, both by revenues and employees.

Today, Equal Exchange has annual revenues of $74.3 million, according to 2025 audited financial statements. It maintains its core business of sourcing green coffee beans and other inputs like bananas directly from farmer cooperatives in more than a dozen countries around the world. With long-term contracts that pay higher-than-market prices, the business has developed a supply chain model that differs markedly from the conventional supply chain models where the coffee crop goes through a series of middlemen, and vulnerable, small-scale farmers are subjected to the vagaries of international commodity markets. The company roasts the coffee itself and distributes it nationally, where its brand is recognized by consumers for both product quality and ethical standards. In addition to coffee, the company also sources and produces its own fair-trade chocolate, tea, nuts, dried fruits and oils; owns a fair-trade banana company; and operates several cafés. Because of the diversity of their product lines, Equal Exchange's 125 employees are spread between purchasing, production and warehousing activities, as well as sales, customer service, consumer engagement, marketing, finance and management.

Financing Growth Through Class B Shares

Acquiring financing from a conventional lender can be difficult for worker cooperatives, and Equal Exchange is no exception. This was a problem that needed to be solved early on because, in addition to the traditional working capital needs of any high-growth small business, Equal Exchange's fair-trade model necessitates paying farmers in advance for their crops. This helps small scale farmers tremendously but requires a significant investment of cash on the part of the company.

As Equal Exchange prospered, their need for working capital accelerated. In 1989 they took the bold and innovative step of offering **non-voting preferred shares to social investors**. Called Class B shares (Class A shares are only for members and tied to patronage and voting rights), this investment offered a modest potential return in profitable years (5% goal, which has generally been met) but no governance or control rights whatsoever.

Taking on outside investment is quite unusual for worker cooperatives. Equal Exchange pioneered the approach. It took a decade to raise the first $1 million. Still, as the company grew and consumers became more familiar with the brand, their stock became a popular alternative for social investors. Today, Equal Exchange has about $17 million in outside investment, held by 500+ supportive individuals. Any new offerings of Class B shares are typically sold out within months.

Key Elements: Business Designed around Worker Ownership

Democratic worker ownership at Equal Exchange is supported by structures, policies, and processes that ensure worker-member participation. A traditional management structure ensuring sound business practices coexists with a democratic governance structure, in which worker-member input is sought at all-member meetings and through worker representation on the board.

Broad Cooperative Membership

All full-time employees at Equal Exchange are eligible to apply for membership after working for the company for one year. As of 2025, about 100 employees (80% of employees) were members. The rest were either too new to the company to be members yet, or working part-time or temporary positions, which are not eligible for membership.

Each new member must purchase an ownership share, which can be financed through a payroll deduction over the course of four years. The cost of a membership share is indexed to inflation and as of 2025 was $4,659.

Members receive paid time to complete a **mandatory worker ownership curriculum** in their first year.

Membership entitles workers to a vote for the board of directors, as well as a direct vote on major issues confronting the company, such as merger, acquisition, dissolution, or significant changes in ownership structure.

Members are given a certain number of hours per year (at the discretion of their supervisor) to volunteer and work on cooperative issues, which may involve board service (either on the Equal Exchange board or allied organizations), committee work, or worker-owner meetings.

Democratic Governance

Equal Exchange is governed by an eight-member board of directors. **Six of the eight board members are currently employee-owners** and two are outside members elected by the board. Over time, the board structure has varied, with outside members sometimes elected by the board and sometimes by the membership. What has remained constant is that employee owners have always held the majority of board seats.

Board terms for member-owners are three years, and traditionally seats have turned over after two terms. **Any employee who has been accepted for membership may run for the board** with a nomination from another member. Candidate statements and a "Q and A" session help other worker-owners learn about board candidates. Voting is done electronically and is confidential, with aggregate vote totals reported out. The length of terms for outside board members is currently under discussion.

The board of directors meets four or five times a year, while **the membership as a whole meets between two and four times a year to conduct elections and to discuss topics** such as annual financial results and plans for the coming year.

Management Structure

Equal Exchange is led by two presidents who serve as co-leaders of the organization. One is an original founder. (Two other founders have gone on to other ventures.) The other comes from the group of vice presidents; this is in line with the succession plan drafted by the founder and approved by the board of directors.

Four vice presidents, each managing a major division of the company with various other department and team leaders under them, form the leadership team with the presidents.

All workers are assigned **a cooperative mentor** in addition to their supervisor to help ease the way to becoming successful worker-owner.

One all-worker owner meeting per year is management led and addresses the state of the business and the co-op with financial and other metrics communicated to the entire coop in a virtual and physical format.

Coffee fruit

Patronage (Profit-Sharing)

Under the cooperative's bylaws, the annual surplus is divided between the cooperative and its member-owners: 60% is retained to support the cooperative's fair-trade mission, and 40% is allocated to members. The amount of patronage paid to members varies by year according to financial results, with the average payment over the past 20 years being $3,659.49. The co-op has paid a dividend to members in 19 of the past 20 years.

Patronage is distributed according to members' "use" of the cooperative. In a worker cooperative this typically means hours worked. A full-time barista or customer service manager gets the same payout as a full-time warehouse worker. This practice underscores the belief that everyone's time has value and everyone's work contributes to the company's success.

Patronage paid to individual worker-owners is split between cash and funds retained in an individual capital account. The board decides the division each year, with a minimum of 20% in cash and the common practice being 50%. Funds kept in individual capital accounts are used to purchase "Class B" shares, which earn the same dividend rate (typically 3-7%) as Class B shares held by outside investors (see sidebar). This means that even in years where only a small surplus is distributed to members in annual patronage, they might still earn a return on their Class B shares since dividends are paid to investors before patronage is calculated. (No dividend is ever offered on Class A shares since these are intended only as voting shares and can only be held by co-op members.)

When a member retires or leaves the company, their original membership share, along with any funds held in their individual capital accounts, is paid out to them as long as there is sufficient cash to do so. To date, all former worker-owners have been paid the full value of their share accounts.

Spotlight: How Employee Ownership Makes a Difference

At Equal Exchange "worker ownership makes a difference in hundreds of different ways," says co-founder Rink Dickinson. Ideas flow up from the shop floor, but also down from the board room. Examples include:

Transparency and Fairness in Pay Scales

In most workplaces, including ESOP companies, frontline employees have little to no influence on pay scales. Base pay may be set through a market study commissioned by management, or through some combination of informal surveying, subjectivity, and simple tradition— "that's the way things have always been done around here." At a worker-owned cooperative, members may expect a more fair and rational system, but having everyone vote on everyone else's pay is cumbersome, time-consuming and fraught with anxiety for any number of reasons. So, what is a worker cooperative to do?

At Equal Exchange, at first everyone was paid the same wage, no matter what their job responsibilities. This tended to result in warehouse and production jobs being paid above market, while office and management jobs tended to be paid below market. As the company grew, this "same pay" system became unsustainable. Through various iterations—each involving input from worker-members across every department—the co-op has worked to balance issues of fairness (and differing perspectives on what is fair) with market conditions. While there is no set policy mandating a maximum ratio of highest to lowest paid worker, but by practice and by culture, this ratio has remained relatively flat over the co-op's existence (currently less than 5:1) in tune with the co-op's values.

Other programs are also in place—for example, a low-interest loan for first-time homebuyers—that help to equalize circumstances between workers and encourage financial stability and generational wealth. And when the co-op has a pool of funds available for Cost of Living Adjustments (COLA), the management and worker-member board consistently vote to distribute the funds as equal lump sums to each employee rather than a percentage of pay. This is considered more fair because lower-paid workers spend a higher percentage of their wages on basic goods such as food, housing, and fuel, where prices have been rising. "We want this to be a more fair place to work for everyone," explains Vice President Nicole Vitello.

No method for determining compensation is perfect and, indeed, Equal Exchange has modified theirs several times over the years and continues to tinker with it regularly. But having a transparent system to which employees at all levels have contributed their thinking, as well as one that is open to change over time, is a key differentiator of a company where worker voice matters.

Member Input in Key Strategic Decisions

The boardroom is the primary venue for strategic decision-making in most companies, and Equal Exchange is no exception. But sometimes in a worker cooperative it is important to involve all worker-owners in making a major decision. When done well, the process enhances understanding and builds buy-in, but also brings the broadest and best thinking to an issue that will affect everyone.

One such issue for Equal Exchange was the purchase of a fair-trade banana company, Oke Banana, in 2008. Oke Banana was a Dutch fair-trade brand focused on environmental sustainability and fair treatment for banana growers. Equal Exchange was already a small investor when company leaders asked if the co-op might want to take over the whole thing. Long dominated by huge multinationals, commercial banana production is heavily associated with negative environmental impacts such as high pesticide use and deforestation. Small farm production is generally much more environmentally sustainable, but small producers have little leverage in the international market, thus making the industry a good fit for fair trade organizations.

Oke Banana's mission was well aligned with that of Equal Exchange, which had led to the initial investment. At the time, however, Oke Banana's U.S. operation was losing hundreds of thousands of dollars a year and would require more money to turn the company around. Bananas were very different products from coffee or chocolate, with very different markets, so a successful turnaround would require a significant input of staff time. While the board had the technical authority to execute the purchase agreement, they were well aware of the risks involved, and that those risks involved the money of every worker member. So the issue was brought to a full member vote.

A lot of discussion ensued on both the mission and business fronts. In the end, 80% of worker-members exercised their right to vote on the issue, with 70% supporting the idea and 10% against. That decision was made 17 years ago, and rather than threatening member equity accounts, the banana division at Equal Exchange today contributes to profits and worker patronage payouts. For a mission-driven, employee-owned company like Equal Exchange, such discussions are vital. "Democracy is taking that risk and owning that mission," something that involves all worker-owners, notes co-founder Dickinson.

Not every worker-owner at Equal Exchange chose to participate in the banana vote and indeed, not every member attends all the all-member meetings or chooses to run for, or even vote for, the board of directors, but the path is open. A significant degree of information exchange is the norm rather than the exception in worker cooperatives, and specific voting rights for worker-owners are mandatory. Whether members elect to participate beyond these basic rights, or advocate within their work teams or to their elected board representatives for additional opportunities to participate in decision-making will vary from co-op to co-op. "People can choose to experience it (workplace democracy) or not, but it's always there," notes Vice President Nicole Vitello. "If they do, it can be pretty powerful."

Mission Drives Impact

Almost 40 years ago, Equal Exchange articulated a mission to be part of a "more equitable, democratic and sustainable world," a vision that would take its worker-owners far beyond the confines of their workspace. Forging partnerships and nurturing authentic relationships between producers, workers and consumers across international borders and between the global north and south is a big ask, as is the premise that the structure of a workplace can, indeed, contribute to a more equitable, democratic and sustainable world. In pursuit of that mission, Equal Exchange has made some tangible, if modest impacts on how business is done in the industries it touches.

As a supplier, Equal Exchange has been a vital participant in the growth of the natural foods consumer sector, which continues to outperform the conventional grocery sector by double digits. In 2024, for example, consumer-owned food cooperatives posted 4.7% same-store growth in sales, as opposed to the overall U.S. food market growth of less than 3 percent. And this growing group of food cooperatives boast a not insignificant 6% of sales going to fair trade certified products like Equal Exchange's, as opposed to only 0.5% in conventional stores.

Consumer interest in Equal Exchange's message and their products is certainly growing. And the interest of outside small investors in the co-op's B shares shows that support for building a more fair, democratic and sustainable world is not limited to worker-owners or coffee connoisseurs.

Key Takeaways

- Social mission organizations, like this one supporting fair trade, can be successfully combined with an entrepreneurial business culture, and worker ownership is an excellent mechanism for doing so.

- Democratic worker ownership can be meaningfully implemented even in complex workplaces where jobs vary dramatically, from warehouse work to sales and office staff.

- By working with other key players in a supply chain, a motivated company willing to take risks can have positive influence on consumer behavior and offer a meaningful alternative to corporate practice.

Author

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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. Ms. Lund is the author of numerous practical publications designed to make shared ownership more productive and accessible. A Rutgers Institute Executive Fellow, she holds an M.S. in Industrial and Labor Relations from Cornell University.

Interviews were conducted with Co-founder and Co-Executive Director Rink Dickinson and Vice President Nicole Vitello in 2025 with follow-up interviews in 2026.