

WORKERS EQUITY (W.E.) FUND



With the W.E. Fund framework, people can invest in an asset with an intention of giving the equity back to the workers of the investment.



What is a private equity fund?

A private equity fund is a vehicle for private investors to pool together money in order to purchase a business, property or a revenue producing asset to create a return for themselves. It's a private equity fund because the return is going back to the private investors.

In a worker's equity model, the return goes back to the workers, hence the name – Workers Equity Fund.



How the Workers Equity Fund Works



Abiodun needs to figure out how to get funded.

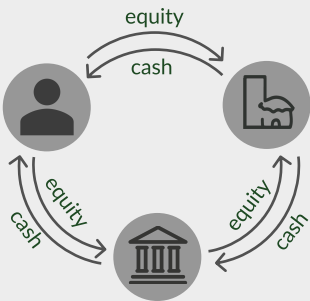
Abiodun Henderson is the founder of Gangster to Growers (G2G), an Atlanta based company that makes Sweet-Sol hot sauce and aims to help employ formerly incarcerated youth. Abiodun works with the Village Micro Fund to acquire capital that will be used to pay a consistent team and to purchase necessary equipment.

Most small businesses can't just go and get a bank loan and you have to pay a loan back. That's where equity investments come into play.

Private Equity Fund

Corporation (Small Business)

- Produces and consumes products
- Provides income and creates jobs



Buy Side (Private Equity Fund)

- Creates liquidity
- Gives people that have assets cash in exchange for the asset

Limitations

For Small Business Owners

- Investors only care about short term profit
- You could lose control of your company
- Your perceived value is greatly influenced by investor bias

For Employees

- A private equity funds goal is to maximize profits and cut loses - a lot of times those 'losses' refer to employees

For Investors

- This is an unsustainable model
- Only 3 out of 10 businesses that you invest in will produce a return

Workers Equity Fund (WE Fund)



Benefits

For Small Business Owners

- Get the money that you need
- Have employees that care more about your business
- Succession planning

For Employees

- Get equity in the company and an opportunity to build wealth
- Feel like your business cares about you and you in turn care about your business

For Investors

- Sustainable way of investing
- Healthy ecosystem that you can continue to invest in the long term
- Businesses that you invest in have a higher likelihood of surviving.

Abiodun decides to use a **Workers Equity Fund**. Within 5 years, G2G scales and sells its products in Kroger, Whole Foods, and other grocery stores nationwide. Investors are ecstatic because they see a return on their investment; they did a good thing and did well. The youth who are employed by G2G own a portion of the company.

The Workers Equity fund is a standard practice in the finance world, as private equity funds are today.

