



The word "COVIVI" is written in a large, bold, orange, sans-serif font. The letters are set against a blue rectangular background that has a light-to-dark gradient from left to right.

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Cooperatives aim to tap into digital platforms for growth

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By Daniel Moore / Pittsburgh Post-Gazette

Digital platforms have changed the service industry, allowing any two people with a smartphone or computer to connect to sell rides to the store, a place to stay the night, hire help around the house or in the yard — you name it.

But as the convenience of these platforms makes them [a larger chunk](#) of the economy, some worry that freelance workers and independent contractors driving the wealth of Silicon Valley darlings like Uber, TaskRabbit, Craigslist and Airbnb are losing out on their fair share.

Now, a Pittsburgh group is preparing to pitch a mobile platform that puts a twist on these popular service apps: Instead of funding it by venture capitalists who demand high returns, the platform will be owned by its members who have a collective motivation to grow it.

“This is a vehicle for the cooperative movement,” said Ron Gaydos, Covivi project coordinator and manager of the Pittsburgh Chamber of Cooperatives, a group founded about a year ago to promote a business structure that eschews the traditional boss in favor of collective ownership.

The group’s idea, called Covivi, is [one of the contestants](#) in for the Forbes Funds UpPrize Social Innovation Challenge competition sponsored by Bridgeway Capital and BNY Mellon Foundation of Southwestern Pennsylvania, which will hear pitches beginning in January and will award finalists a combination of grants and investments up to \$700,000.

“We’re going to make it easier to be found in the marketplace,” Mr. Gaydos said, adding that he considers roughly 125 businesses in the Pittsburgh area to be cooperatives in some form.

The sentiment that gig work is unsustainable for people who rely on it has bubbled up in recent years in court challenges and unionization efforts, including an [unsuccessful push](#) earlier this year to unionize Uber drivers in Pittsburgh.

Mr. Gaydos said he thinks cooperative ideals translate well to an online community. He envisions Covivi as fostering neighborhood ties, connecting local businesses to customers in their community, similar to how Craigslist has local threads and forums.

He cited example of cooperatives — because they run democratically regardless of share values or level of investment — voting to reduce work hours rather than lay off any employees.

“Members share profits in the good times and burdens in trying times,” Mr. Gaydos said. “When you and your co-workers are the boss — the one who profits and the one who bears business burdens — it makes more sense to sacrifice when the time comes, and you get more of the profits since there’s no far-off headquarters to serve.”

Covivi would operate like a traditional cooperative but under terms similar to service apps. There would be a fee on transactions — fees that customers pay for ride-hailing and room-sharing services but which are not shared equitably with workers under the standard model, he said.

Member equity would be generated with every transaction through a service fee and distributed through a dividend, either paid or given as a special discount, similar to the East End Food Co-op or the sporting goods retailer REI.

There are downsides to trying to mobilize people online — it’s a bigger audience, but can it build the cohesive bonds that drive a cooperative business model?

“What we’re finding is there still has to be a commitment to the collective, so that’s still a barrier,” Mr. Gaydos said.

More broadly, Covivi is part of a global push for “platform cooperativism,” an idea that has gained steam in the last year or so to change the way people own and profit off internet-based work. Though research is scarce into the gig economy is incomplete, a study by the Pew Research Center in May showed the benefits of online work do not reach as far into poorer, uneducated and older populations.

While it had the promise to be a great equalizer, online services have exacerbated inequalities, said Nathan Schneider, a scholar-in-residence of media studies at the University of Colorado Boulder who writes about economy, technology and religion.

One of the most known proponents of “platform cooperativism,” Mr. Schneider said the internet has been a paternalistic operation run out of Silicon Valley — with workers and customers are merely feeding a rich few, he said. “The apps don’t have the workers’ best interest built in.”

Though it may sound idealistic, the cooperative model is a practical way to return online ownership to people who use it most, he said. Start-ups like Covivi “are starting to have success, and that success comes from understanding their market and understanding the deeper problems people are facing.”

It also could dovetail with efforts to form labor unions. “As private sector unions are on the decline, unions more and more realize they need to turn back to co-ops as a business model,” he said.

Currently, there are an estimated 40,000 cooperative businesses across the country, according to the National Cooperative Business Association, a century-old industry group based in Washington, D.C.

Daniel Moore: dmoore@post-gazette.com, 412-263-2743 and Twitter @PGdanielmoore.