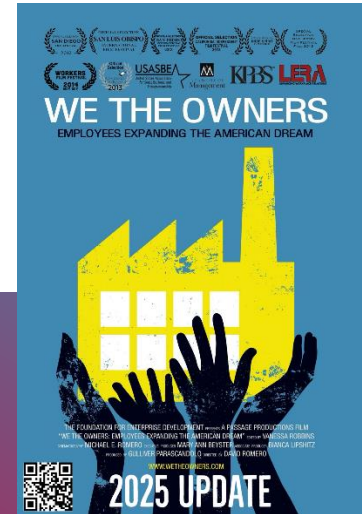


WE THE OWNERS

EMPLOYEES EXPANDING THE AMERICAN DREAM



We the Owners Case Study –

Namaste Solar

J A N U A R Y 2 0 2 5

Matthew Mazewski
Research Associate



RUTGERS–NEW BRUNSWICK

**Institute for the Study of Employee
Ownership and Profit Sharing**

School of Management and Labor Relations

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Cooperative Ownership Model

Namaste Solar, based in Boulder and Denver, Colorado, is a solar energy company that specializes in the design, installation, and operation of photovoltaic (PV) systems and related electrification technologies like battery storage and electric vehicle chargers. Serving a wide range of commercial, residential, public sector, and nonprofit clients, Namaste Solar has completed more than 13,000 projects over its twenty years in business.¹

Founded in 2005 as a C corporation by Blake Jones, Wes Kennedy, and Ray Tuomey, Namaste Solar was reorganized in 2011 as a *worker-owned cooperative* (or “co-op”), a firm that is owned and democratically owned by its own employees.² Co-op worker-owners (or “co-owners”) make collective decisions in accordance with the principle of “one person, one vote” and generally take an active part in the day-to-day management of the business. They also share in any profits of the firm, usually in the form of payments known as *patronage dividends* that are made in proportion to the amount of labor that each individual contributes.³

At Namaste Solar, workplace democracy is practiced not only at the company level, where worker-owners can both run for and vote on the board of directors, but also in the setting of smaller committees and teams. Employees are encouraged to engage in “frank, open, and honest communication,” and quarterly “Big Picture Meetings” are held to foster open discussion about high-level matters of finance and strategy and to promote a sense of camaraderie among the workforce. When it comes to compensation, Namaste Solar not only aims to ensure that the fruits of its success are broadly shared by distributing patronage dividends in times when the company is profitable, but also by committing to a maximum pay ratio of six-to-one between the most- and least-highly compensated employees, as well as to pay transparency (i.e. wage and salary levels are not considered as confidential like in most workplaces).^{4,5}

¹ Namaste Solar. “Public Sector Solar Projects.” Available at <https://www.namastesolar.com/commercial/public-sector/>. Accessed 16 November 2024.

² Júlia Martins Rodrigues and Nathan Schneider. (2022). “Scaling Co-operatives Through a Multi-Stakeholder Network: A Case Study in the Colorado Solar Energy Industry,” *Journal of Entrepreneurial and Organizational Diversity*, 10(2): 29-53.

³ Democracy at Work Institute and U.S. Federation of Worker Cooperatives. “What is a Worker Cooperative?” Available at <https://institute.coop/what-worker-cooperative>. Accessed 16 November 2024.

⁴ Namaste Solar. “Solar Spotlight: Rachel Mountain.” Available at <https://blog.namastesolar.com/solar-spotlight-rachel-mountain>. Accessed 16 November 2024.

⁵ Namaste Solar. “Employee-Ownership.” Available at <https://www.namastesolar.com/about-us/employee-ownership/>.

Even before converting into a cooperative, Namaste Solar had already been committed to the notion of shared ownership. It routinely offered workers the opportunity to invest and acquire a stake in the business; adopted a one-worker-one-vote system of governance; and embraced the idea of “open-book management,” whereby all employees are afforded access to information about the company’s finances and operations. The choice to formally reorganize was driven by the conflict between Namaste Solar’s egalitarian decision-making style and the legal constraints of running a C corporation where individuals had unequal ownership shares. After evaluating various alternatives, including the possibility of being acquired by another firm, the employee-owners decided in 2010 that becoming a cooperative was the best way to preserve Namaste Solar’s unique culture.⁶

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Worker-owners can both run for and vote on the board of directors.

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Growth and Evolution

Since transitioning to a cooperative model, Namaste Solar has undergone considerable growth. It has expanded its workforce from around 100 employees in the early 2010s to more than 200 today. With co-ownership structured as opt-in at Namaste Solar about a third of employees are co-owners and around 5-10% are candidates for co-ownership. According to the U.S. Federation of Worker Cooperatives (USFWC) and Democracy at Work Institute (DAWI), there were an estimated 1,300 worker co-ops in the United States as of 2023. With the median co-op only having a mere six worker-owners, however, Namaste Solar easily ranks among the largest such businesses in the country.⁷

The company has evolved in its approach to bringing new co-owners into the fold. “Our principles are the same,” says Blake Jones, the sole co-founder who remains with the company as of 2024, “but we’ve changed some of our practices and we have an equity paradigm that we didn’t have ten years ago.” While incoming co-owners were originally invited to purchase a share in the cooperative for five thousand dollars in cash – a policy designed to ensure that they would have “real skin in the game” – Namaste Solar has since started allowing co-owners to pay for their co-op share via a zero-interest loan.

According to Jones, this shift was motivated in part by a recognition that an increased cost of living in the Front Range region of Colorado meant that the price of an ownership share had become prohibitive for some candidates. But, he says, even though the company believes that co-ownership should be attainable for as many workers as possible, it also feels strongly about the importance of not diminishing its value by simply “giving it away.”

⁶ Exit to Community Collective. “Namaste Solar.” Available at <https://e2c.how/namaste-solar>. Accessed 16 November 2024.

⁷ Democracy at Work Institute and U.S. Federation of Worker Cooperatives. “2023 Worker Cooperative State of the Sector Report.” Available at <https://democracy.institute.coop/sots2023>. Accessed 16 November 2024.

Dave Rizzotto, Namaste Solar co-owner and Director of Marketing, notes that the candidacy process, which provides a year-long “free trial” of co-ownership, has also undergone changes. Those on the path to co-ownership now take part in an experience that the company informally refers to as the “Namaste Solar MBA,” which offers training on the different areas of the business and the industry more generally. Rizzotto explains how, for instance, “folks who traditionally might not be on an executive track, like those who are in the field doing installations, are connecting with internal experts who can help them learn how to read financial statements,” while at the same time “an accountant is getting to know more about how solar technology actually works from a licensed electrician who is in the field.” The goal is to ensure that, when candidates finally assume their role as co-owners and are faced with the responsibility of voting on matters of high-level strategy, they are able to make informed judgments based on a deep familiarity with how the cooperative operates as an organic whole.

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Employees are encouraged to engage in “frank, open, and honest” communication.
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Jones and Rizzotto stress that whether to pursue co-ownership is a choice that workers must make for themselves, and that the company does not put everyone on that path by default. Rizzotto makes clear that “our model is opt-in: we share the value proposition and some people want to get on that track right away, whereas others may only decide that they want to invest after three or four years of working here.”

Becoming a B Corp and Public Benefit Corporation

In the same year that Namaste Solar officially became a cooperative, it also achieved B Corp certification, a designation granted by the nonprofit organization B Lab to companies that meet or exceed certain minimum standards of good corporate citizenship, including with regard to environmental sustainability, financial transparency, and fair labor practices.⁸ Jones remarks that

it would be quite easy to be an employee-owned cooperative without being a certified B Corp, and sometimes we even lament the extra work it takes to go through the certification process, given that it has become increasingly strict. But the stricter the certification the more meaningful it is, and it also gives us a way to communicate with internal and external stakeholders about the positive social and environmental impact that we’re having. In addition, it lets us know where we’re falling short or where we have an opportunity to improve. As much as we’re proud of what we’ve done, there are always ways we can make the company even better.

⁸ B Lab. “About B Corp Certification.” Available at <https://www.bcorporation.net/en-us/certification/>. Accessed 16 November 2024.

Beyond the certification itself, Namaste Solar has consistently been honored by B Lab as part of its “Best for the World” lists of truly exceptional B Corps. Only around 5% of those in a given size group are so recognized each year, and the company had the distinction of earning an award in at least one “Best for the World” category every time the recognition was issued from 2012 through 2022.⁹

In April 2018, Namaste Solar also became a Public Benefit Corporation (PBC), a designation under Colorado state law that requires a business to pursue certain environmental and social objectives in addition to the goal of earning a profit. (Its status as a PBC is separate from – albeit in alignment with – the fact that it is legally structured as a cooperative.) In regular reports describing how it fulfills its responsibilities under the PBC statute, the company declares that

Our mission is our statement of public benefit: We work to propagate the responsible use of solar energy, pioneer conscientious business practices, and create holistic wealth for ourselves and our community.¹⁰

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Over the past ten years it has built up a robust ecosystem of supportive partner cooperatives.
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Nurturing a Cooperative Ecosystem

Another notable aspect of Namaste Solar’s evolution over the past ten years is the fact that it has not only significantly expanded its own workforce and project portfolio, but it has also cultivated a robust ecosystem of supportive partner cooperatives. The first of these, Amicus Solar Cooperative, is a purchasing co-op launched in 2011 that, as of 2024, counts as its members over 80 solar installation companies from across the U.S., Puerto Rico, and Canada. Since then, Namaste Solar has spun out three additional co-ops: Amicus O&M Cooperative, which provides technical support and training for providers of solar operations and maintenance services; Clean Energy Credit Union, a depositor-owned cooperative that specializes in financing of clean energy products and services; and Kachuwa Impact Fund, an investment cooperative and PBC that aims “to create positive impact while earning reasonable, non-extractive returns for its members” through investments in real estate and privately-held companies.

Many of the companies that are members of these cooperatives are themselves co-ops and/or B Corps or rely on other forms of employee ownership, and in some cases have embraced these structures as a result of observing other such companies thriving around them. But these “spinoffs” have also helped to facilitate the further growth of the ecosystem in other ways: as an example, the Kachuwa Impact Fund has provided capital to help facilitate conversions to employee ownership.¹¹

⁹ Namaste Solar. “Awards.” Available at <https://www.namastesolar.com/about-us/awards/>. Accessed 16 November 2024.

¹⁰ E.g. Namaste Solar. “Namaste Solar’s 2023 Public Benefit Report.” Available at <https://www.namastesolar.com/namaste-solars-2023-public-benefit-report/>. Accessed 16 November 2024.

¹¹ Rodrigues and Schneider (2022).

Jones explains that the impetus for establishing new cooperatives was in part the fact that Namaste Solar saw there were

needs that weren't being met – primarily business needs, but societal and environmental needs as well. We tried to find already-existing solutions – but there weren't any. So we thought, let's do it ourselves! And if we're going to do this, we're going to do it as a cooperative.

He likens the “Namaste Solar ecosystem” to a miniature version of the Mondragon family of cooperatives in the Basque region of Spain, the most prominent example of a “cooperative economy” in the world today.¹² While he emphasizes that what Namaste Solar has started is not yet at that scale, no one can say what the future may hold.

Conclusion

Since being featured in the 2012 documentary film *We the Owners*, which explores various forms of employee ownership being used by small businesses across the U.S., Namaste Solar has more than doubled its workforce and has been recognized as a leader in the Colorado solar industry. In 2024, the trade magazine Solar Power World ranked it the #1 solar contractor in the state in the engineering, procurement, and construction category serving both the commercial and residential markets, as measured by number of kilowatts installed.¹³ Jones reports that he is incredibly proud of how “Namaste Solar has continued to thrive as an employee-owned cooperative” after almost twenty years, and of the great strides it has made in its broader efforts to promote sustainability and cooperative economics. “That’s not to say that we haven’t experienced challenges,” he admits. But as the team looks ahead to its third decade in business, it “remains fully committed to employee ownership and the cooperative structure.”

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Namaste Solar has more than doubled its workforce and has been recognized as a leader in the Colorado solar industry.

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¹² For background on the Mondragon cooperatives, see Whyte, William Foote and Kathleen King Whyte. (1991). *Making Mondragon: The Growth and Dynamics of the Worker Cooperative Complex*. Ithaca, NY: ILR Press.

¹³ Solar Power World. “2024 Top Colorado Solar Contractors.” Available at <https://www.solarpowerworldonline.com/2024-top-colorado-solar-contractors/>. Accessed 16 November 2024.

The Institute for the Study of Employee Ownership and Profit Sharing would like to thank the employee-owners at Namaste Solar who shared information about the company and/or who took part in interviews for their time and support of this project. This case study and accompanying discussion guide have been designed solely for educational purposes and should not be construed as providing management advice.