



The Giving Generation

By ELIE WINNINGHOFF

How the new philanthropists' intellectual capital is changing society.

BRENDAN MARTIN

Age: **39**

Vehicle: **The Working World**

Locations: **Buenos Aires;**

Leon, Nicaragua; New York City

Brendan Martin grew up in Rochester, N.Y. His mother struggled after his parents' divorce, while his father, a computer-science Ph.D., built a business fortune.

Martin became fascinated by economics in high school, but he always found it odd that basic economic models appeared to view workers as costs to be minimized and eliminated. Was there a way, he wondered, to genuinely serve people who work, alongside those that represent the firm's capital?

"Our whole system is predicated on the greater fool theory -- making money on the transfer of wealth, not the creation of wealth," he says.

Martin studied economics at Wesleyan and eventually went to work on Wall Street. He wound up as a partner in theflyonthewall.com, a start-up providing information to financial institutions. His life changed in the fall of 2004, when he saw *The Take*, a documentary about Argentine workers taking over abandoned factories in the wake of the country's financial collapse, creating their own jobs and businesses.

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His true calling could no longer be ignored. "Suddenly, there were 200 cooperatives appearing out of nowhere," he says, "and that meant I could experiment." Martin convinced the film's Canadian director to fly with him to Argentina and introduce him to the workers. He visited 10 cooperatives, gathering ideas. "As you dig into possible plans with people," he says, "the sense that it's real and can work and you might even be trustworthy begins to take root."

Brendan Martin finances the New Era Windows employee co-op.

In 2005, Martin moved to Buenos Aires, while still working remotely for his firm. There, he eventually put over \$250,000 of his own money into The Working World (TWW), a nonprofit revolving-loan fund he created to extend credit, based on a new financial model that would "maximize community wealth."

To those who think this sounds suspiciously like socialist claptrap, Martin calmly responds: "It's a way of making owners out of everybody. If you have [all the workers] invested, cooperative ownership is actually taking the logic of capitalism to the next step." In short, Martin maintains there is empirical evidence that the community benefits and that companies are better run when all employees, not just senior management, have a significant financial stake in the enterprises' well-being.

TWW does so by partnering with workers' cooperatives, helping them with their business plans, and offering other services. Martin has, for example, developed a series of smaller "just-in-time" loans, up to

\$20,000. In administering these, TWW loan officers stay in close touch with the cooperatives, which don't have to pay back their debt until they make a profit.

"We act like equity investors. Sounds risky, right? Ninety-eight percent pay back," Martin says. One of his biggest success stories: \$15,000 in loans to people living in a squatters camp near Laferrere, outside Buenos Aires, to buy a nearby plot of land and erect a factory to make work boots. The tenfold increase in production, the 40 working at the boot factory, and the income brought in has all helped to transform the village.

TWW has now made more than 600 loans, worth over \$3 million, to some 100 cooperatives in Argentina and Nicaragua, ranging from metal-working to honey-gathering groups. And this year Martin came back home to set up TWW in the U.S. Among his new client-partners: New Era Windows in Chicago.

New Era is a cooperative established in June 2012. The firm's workers were in the news when they occupied the Republic Windows and Doors factory in the fall of 2008, after Bank of America cut the company's line of credit, suddenly leaving the workforce unpaid and high and dry. Martin's TWW has invested \$500,000 in New Era Windows, which the workers now own.

Penta caught up with Martin while he was checking out the lighting in New Era's dusty, 60,000-square-foot factory. About 70% of the workers are Hispanic immigrants; the rest, African-American, and they are all working hard on getting the factory fired up. Martin communicates mostly in Spanish; the workers

have been taking classes in business and cooperative business at The Working World's behest. Martin tells us most of them have a natural entrepreneurial instinct. When they received a bid to move the factory's equipment for \$100,000, for example, the workers saved 80% of the cost by moving it themselves.

Should New Era Windows survive and prosper, Martin's social-investing experiments could make cash-strapped companies fighting for their survival re-evaluate whether bankruptcy or selling to private equity are the only ways to re-engineer an ailing firm looking to find its path to the future. ■