



ASPEN TECH
POLICY HUB

PROJECT



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Worker-Led Start-Ups on the Blockchain

Helping democratic organizations start and raise venture funding

EXECUTIVE SUMMARY

Many Silicon Valley founders want to create technology companies with long-term values like social responsibility or sustainability, but that vision is often compromised because of pressures from institutional finance to turn quick profits. This project recommends an alternative start-up structure, in which board-level decisions are made democratically by a company's workers. This can be managed using blockchain technology — specifically, through the formation of a decentralized autonomous organization (DAO) to make governance simple, while a formally chartered corporation takes on investment as usual. This project calls for start-up accelerators to begin targeting a portion of each batch for companies structured in this way, paving the way for larger-scale venture investment in the category.



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THE PROBLEM

While the unrelenting focus on shareholder value is [increasingly](#) a problem for technology companies, the alternatives are unclear. Many are turning to founder-led businesses, in which control is concentrated in a single person, but the lack of accountability inherent in this structure can lead to even greater ethical issues. Meanwhile, worker cooperatives have a [strong record](#) of high productivity and strong talent retention, but they struggle to raise venture-scale capital and grow at a start-up pace.

” *A decentralized autonomous organization (DAO) can help founders ensure that worker control is not eroded over time.*

THE SOLUTION

Founders who want to create companies committed to values like sustainability or social responsibility can structure their businesses as worker-led DAOs, with governance managed on the blockchain and investment handled through a normal corporation. This gives them the values, efficiency, and talent retention of worker cooperatives, plus access to the funds needed to quickly scale.

This project recommends that accelerators take a leading role in this shift, because of their unique position as stakeholders across many early-stage start-ups. They can help establish this as a viable venture investment category by introducing social-impact-focused founders to this structure, making worker-led DAOs eligible for their standard follow-on investment, and setting aside portions of each batch for these companies.

For more information about this proposal, see: 1) a [website](#) that educates startup founders and investors on the worker-led DAO model; and 2) a [policy brief](#) for accelerators and incubators.

ABOUT THE HUB

The Aspen Tech Policy Hub is a Bay Area policy incubator, training a new generation of tech policy entrepreneurs. We take tech experts, teach them the policy process, and support them in creating outside-the-box solutions to society's problems.

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