

Solutions

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Recession: Maintain Stability with Communication, Standards

BY PATRICIA CUMBIE

The most severe fallout from the current economic recession is its toll on the workforce. When faced with the need to contain labor costs, an employer could resort to several different strategies, none mutually exclusive: layoffs, wage freezes, benefit reductions, or hiring freezes. All these approaches demand sacrifice from the staff in the form of reduced income or heavier workload. Therefore, whatever strategy management chooses, communication, education, and accountability are critical to maintaining morale and financial stability. Proactive human resource systems, coupled with holding employees to high standards, and a “do the right thing” approach from management, will allow food co-ops to survive and thrive during economic challenges.

Build Systems for Success

According to CDS Consulting Co-op’s human resource training consultant, Carolee Colter, systems built on fairness, accountability, and transparency are the keys to succeeding during both boom and bust. “Now more than ever, people need to be efficient and high-performing. You’ll need the most teamwork-oriented, cooperative people who put out a strong effort.” Good human resource practices will allow retailers to identify and support the people crucial to your operation.

Colter believes that good human resources is first and foremost based on open communication. One important aspect of this in a recession is educating employees about the financial health of the business and giving them a real understand-



Educate employees about the financial health of the business and give them a real understanding of why every sale counts.

ing of why every sale counts. “A lot of food co-op employees don’t think profitability is part of sustainability. They think of it in terms of higher values more than money, and that attitude is so common. Now is the time to address this front and center.”

This is especially important if the co-op is faced with having to make tough decisions like layoffs, pay freezes or cutting hours. Colter said that if you do have to make a change to pay or benefits it’s important to let people know that

Real Leaders Stand by Their People

Our employees create value for our food co-op shareholders and customers by listening to their concerns and meeting their needs. During a recession, it might be easy to overlook the workforce as one of the co-op’s key assets to building a better future, especially if labor lines creep higher than what is sustainable.

In some cases it’s necessary to take drastic measures to survive, but most human resources experts think that proactive leadership is a much better process for surviving economic downturns in business: Lead and educate. Listen. Tell people what you know about how the business is doing. Work together so everyone can contribute to achieving goals. Let staff know you appreciate their efforts. Once the crisis has passed, strong operations continue to enhance those communication tools to keep staff focused on the future.

As food cooperators grapple with how to do this in a changing economy, we are so pleased to announce that Carolee Colter and Mary Courteau have joined the CDS Consulting Co-op team. Both women have had a tremendous impact on countless food co-ops around the country through their human resource expertise and co-op development capacity. We count ourselves fortunate that we can build a team of consultants equal to the excellent cooperatives we serve.

—Patricia Cumbie

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Our Mission

CDS Consulting Co-op is dedicated to building and strengthening cooperative businesses by providing consulting, training and development services.

CDS Consulting is a network of independent professionals experienced in developing cooperatives. Our consultants have worked on over 500 projects and will tailor our services to fit your needs and provide solutions.

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Maintaining Stability continued from page 1

there's a plan for how to address the problem and restore those benefits. "Keep it simple," she said. "Use bullet points and key indicators that will give people an indication of when things can be restored. Give people the general path the plan will follow. Show non-management staff what managers are doing."

"We may not have seen the worst of this recession yet, and we may be in it for the long haul. Managers will have to think long term," Colter said. As part of looking ahead, she advises that the manager and management team consider making sacrifices first—and to communicate this with staff. Not only is it the right thing to do to show support for those who can least afford cuts, but to help minimize any perception of illogical or unfair actions that might seem to come down

from on high. "One of my missions is to see the employee-management relationship as adult to adult, versus parent to child." Colter thinks that applying fair values with honest communication about workplace issues is the place to start changing that dynamic.

Ozark Natural Foods' Experience

Alysen Land, general manager of Ozark Natural Foods in Fayetteville, Ark., has seen her co-op come full circle in the past decade. Ozark went from a deeply divided workplace with the co-op on the verge of failure, to a cooperative model of success with a very bright future. Land took over management duties in 2001 after an expansion in which nobody was prepared for the change from a 1,200 square foot store to one 9,000 square feet. To stop the huge financial losses Land made many hard decisions, including layoffs, cutting health care coverage, and discontinuing staff discounts.

"Initially there was a lot of anger," she said about the rebuilding process. "I was handling problems," Land said, "but not the communica-

tion. I had to get better at that." Colter showed her how certain personnel habits and procedures were contributing to the downward spiral. With Colter's assistance, she was able to create improved HR systems: There would "be no secrets," they'd "mark things off a visible to-do list," and "get people to talk to each other," Land said.

Land credits Colter's advice during a tough time as one of the reasons they are thriving today. "Carolee's work is benefitting us even now. We have great potential and a really exciting future—even in a recession—I have great plans 3, 5, 10 years out."

"One of my missions is to see the employee-management relationship as adult to adult, versus parent to child."

CAROLEE COLTER

Ozark's current position is due to their willingness to take leadership on challenging human resource issues. Like Ozark, food co-ops will also continue to thrive during the recession, and Colter thinks this is also a good opportunity to consider ways for the co-op to strengthen their commitment to the seventh co-op principle, concern for community. "There is no better way to support the local economy than through our employees. Being able to pay them well enough is good for everybody. The livable wage model helps give co-ops a tool on how to arrive at it," she said.

Not only that, how you treat job applicants is important. It is not unheard of nowadays for a food co-op to get dozens of applicants, if not more, for every job opening. Colter's advice to HR managers and others is to treat those people as well as you can, demonstrating the co-op's commitment to its values through common courtesy. "The applicants are in your community, and they are probably your customers or possible customers in the future. For that reason, it is cost-effective to call them when you can't hire them. Usually people are happy to get word back and it shows them how you function in the community."



CASE STUDY

Improved Human Resources Build Operational Success

Unlike a lot of food cooperatives operating today, the Good Earth Market in Billings, Mt., founded in 1994, is a relatively young co-op. However, it already has quite a history behind it as it has struggled to find its identity in the community. When the store was founded it was a 1,400 square foot residential corner store. Prior to its 2006 expansion and relocation to a 6,500 square foot store, the co-op had five employees.

To say that the co-op was woefully underprepared is not hyperbole. Nobody involved was prepared for the impact of such a big move up in size and scope. The breadth of the project was outside everyone's expertise. After the move, sales didn't grow and the co-op lost money.

It almost goes without saying the co-op culture was very insular. In the leadership vacuum that occurred, the staff had conflicts and factionalized. The board hired a new general manager, but that person left before a year was out. The co-op had big, big problems.

Fortunately, help arrived before all was lost. The co-op reached out to Bozeman Community Food Co-op in Bozeman, Mt., which gave technical expertise on all fronts—management, governance, operations. Good Earth Market also hired experienced grocer Perry McNeese as general manager. His first goal was to build confidence and trust with a staff that saw him as a conventional grocery industry interloper "who was going to change their co-op," he said.

"I worked really hard on relationship issues," McNeese said. "I really hate hidden agendas. I want upfront communications that foster open relationships with employees. Everyone is part of the team and obligated to help each other." That has been his approach for every challenge. In the crisis he could have set forth "rules" about the mechanics of retailing—staffing, inventory, buying—and "made" people follow them. But he believed that in a fractured work environment



Good Earth Market

Billings, Montana
 Founded: 1994
 Number of members: 4,000
 Number of employees: 20
 Retail square footage: 6,500

what was needed first was "a common sense of purpose" and a way for people to be "interdependent and inter-helpful."

"I released them from arbitrary controls that were counterproductive and helped them make their own decisions. That made an impact right away," he said. By building trust through transparency, he was then able to dialogue with a more receptive staff about sales, expenses and inventory issues. He could explain the causes of the post-expansion losses and ask people how they could bring the business to profitability. They celebrated sales milestones together. After only four months of improved HR practices, Good Earth Market was on its way to being a radically different place to work and shop.

By educating staff about the business and giving them opportunities to make positive contributions, change did arrive. Today, the co-op is not only profitable, but enjoying double-digit sales growth and truly meeting the needs of an ever-growing community of members and shoppers. That is very good news in this economy, but McNeese and his staff don't take it for granted. "People will keep coming here if it's a fun place to shop, and that's why we have to cultivate a pleasant place to come to work."

Welcome, Carolee and Mary!

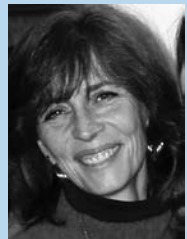
For the past 25 years, Carolee Colter has consulted for consumer and worker co-ops and other small community-based businesses to create productive and satisfying workplaces.



- Carolee can work with your co-op on:
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 - Co-presenter of "Polish Your Rising Stars," a three-day leadership seminar designed specifically for department managers of natural food stores. www.risingstarseminar.com

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Mary Courteau has been working with natural food co-ops since 1986 as an experienced general manager and education and development specialist. Among her many accomplishments, she developed the Toolbox series of manuals for small natural food co-ops (now available at www.cgjin.coop).



Mary works with co-ops to provide employee surveys that monitor staff treatment and compensation, identify training needs, help set benchmarks for progress and compare results to natural food co-ops across the country.

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