

Solutions

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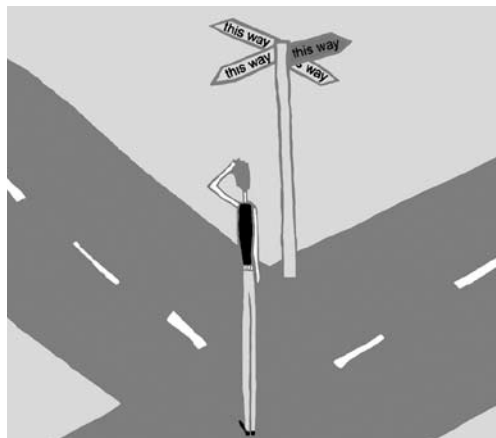
Expressing the Passion and Purpose of the Cooperative Identity

BY PATRICIA CUMBIE

A daily paper in a mid-size city recently reported that “you didn’t have to go to the co-op anymore” because big box chain stores were carrying environmentally-friendly cleaning products. That’s the sort of media that would stab the heart of nearly any dedicated cooperator, but it’s not an uncommon mindset, especially as competition for natural products intensifies. Now more than ever, food cooperatives are pressed to effectively express the passion and purpose of their cooperatives to their communities.

In the past two issues of *Solutions*, we’ve looked at how food co-ops have set out to define the cooperative advantage, and then we learned how purpose-driven boards are leading the way to articulating values through their ends statements. Now, we turn toward an examination of how the board’s ends statements make their way through the co-op’s organizational structure to be understood by the consumer.

From Brett Fairbairn’s article, “Three Strategic Concepts for the Guidance of Cooperatives: Linkage, Transparency and Cognition,” we can see how the primary purpose and values of the cooperative are most effectively communicated through the organization. Within those three concepts, Fairbairn argues that **economic linkage** is the co-op owner’s primary relationship to the co-op. In addition, the co-op’s activities and relationships are **transparent** to members and consumers. **Cognition** is the deepening of those participatory relationships that create a positive outcome. Thus, according to Fairbairn,



customer experience with the co-op earns the co-op trust as a values-based organization.

Sure, it might all sound good on paper, but from a practical perspective how do a co-op’s values make their way into the hearts and minds of co-op members and shoppers? As one consultant noted, there’s “some frustration” around what consumers know and understand about the co-op values. What some food cooperators have learned is that by making these concepts the focus of their co-op’s everyday decisions and interactions, the co-op can truly build a shared vision with its members and community.

“Big values are translated into small decisions at the co-op every day,” said CDS board trainer Michael Healy. That’s why it’s important all stakeholders clearly understand the relationship between values, co-op operations, and consumer economic engagement. Let’s say the board states that one of the co-op’s priorities is to help build a sustainable agricultural food system. “Day-to-day staff make thousands of decisions that go

Co-op Life Cycle

One well-known Paul Bunyan story is about Paul’s encounter with the Round River. Paul had a load of logs to float downstream, or “burl,” and as he saw to it, he noticed after a time the river he was on was round! There was no beginning or end to the mythic Round River, the perfect locale for an exaggerated lumberjack character.

In recent decades, the Round River folklore has been reclaimed as a metaphor for the cycle of nature. Conservationist Aldo Leopold wrote a series of essays called *Round River*, and a number of environmental organizations have adopted the name. The cultural evolution of the Round River concept is fascinating—and one that may prove useful to cooperators envisioning how the values of the co-op are circulated through their organization to the greater community.

As more and more people understand and participate in the co-op, the more the co-op’s “life cycle” is supported by their needs and values, embodying sustainability and community. I think even the larger-than-life Paul Bunyan would be amazed.

—Patricia Cumbie

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Our Mission

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

CDS includes a network of independent consulting professionals experienced in all aspects of developing food cooperatives. CDS consultants have worked on over 500 projects and will tailor their services to fit your needs and deliver results.

Board Leadership Development

- CBLD—Cooperative Board Leadership Development
- Board training and facilitation
- Strengthen board/manager relations
- Policy Governance® and Accountability
- Member owner linkage

Expansion and Relocation

- Expansion planning
- Financial pro forma
- Capitalization and member loans
- Business strategy
- Market, location and site analysis
- Trade area and market penetration analysis
- Project management
- Store planning and design services

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- Audit and strengthen operational systems
- CoCoFiSt
- CoCoFiSt workshops
- Margin enhancement
- Labor controls
- Merchandising
- Financial system design and assessment
- Management training, coaching, and support

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into our ability to build a sustainable system," Healy said. "It should be clear that what they are doing is based on a set of values, and that it is apparent to customers." For example, when the co-op makes "local" foods a priority, buyers may make the decision to support local producers instead of imported organics.

Likewise, it should also be clear to the co-op member why they are serving the best interests of their co-op with their patronage. This connection is reinforced in general manager reports to the board and members, enabling members to see and understand what the co-op is doing.

Food co-ops have not always done a consistent job of explaining their purpose to the community beyond the selling of natural foods. The articulation of values may happen accidentally or haphazardly. Healy said, "A lot of wonderful things have happened, in any case, but it can be more powerful to take that energy and focus it. That's when a lot of exciting things start to happen."

At Linden Hills Co-op in Minneapolis, Minn., general manager Paula Gilbertson found that when she and her staff applied the co-op's ends policies more fully to decisions, their programs got more focused, but also much more meaningful to participants, thereby embodying the co-op's vision for community.

As part of the co-op's mission to encourage environmental responsibility, the co-op began the organizing process for the Community Solar Project a couple years ago, a development to install solar power at the co-op. Gilbertson said conscious attention to the ends policies and co-op values (concern for community) helped guide their whole process for the project.

Rather than the tried and true approach to fundraising—sending letters to a targeted audience—the co-op looked at ways to make the project educational, inclusive and fun, even for the time-pressed consumer. "We didn't go back to the same old group. We said 'let's talk to everybody.' We wanted this project to get us to connect the co-op with new people too," she said. They invited people from many different groups to join them in coordinating idea fairs, concerts and other fundraising activities.

The outcome exceeded their expectations.

Not only did they raise the money for the solar project, they brought together a whole new group of people and expanded the co-op's influence in the community. Gilbertson found that their approach actually inspired people and increased their sense of pride and ownership in the co-op. "People were participating in something, even if it was shopping and watching the process," she said. "The co-op gave them a vehicle to act. I think it's made the community stronger and cemented the connection between the environment and community ownership."

At Outpost Natural Foods in Milwaukee, Wis., general manager Pam Mehnert said that when they considered opening another location, the board held a stakeholders meeting with suppliers, employees, owners and people from the local business community. The meeting was a potent reminder how much the co-op's values matter to people. "It helped us understand that it's important to walk the talk, not necessarily build a new store. It's the values behind it that's important to them about growing the business."

Alex Gyori, general manager of Brattleboro Food Co-op in Brattleboro, Vt. concurred. "People have a need for community, a place they can trust. Their need is for the co-op to satisfy those values."

"Big values are translated into small decisions at the co-op every day."

—Michael Healy

Quantifying that sense of ownership or engagement with the co-op is part of the feedback loop that demonstrates to boards that the co-op's mission is being carried through the co-op's activities. It can be challenging sometimes, often requiring the general manager to be "bilingual." The manager takes those broad value statements and applies them to the co-op's operational programming. The manager will need to identify metrics and gather data to establish benchmarks and measure progress, and then report back to the board on those business decisions in the language of values. In turn, this information is translated to the co-op's members clearly showing the co-op's purpose and what it is doing for the community.

In this way the cooperative advantage is developed as the co-op's most distinctive competitive asset. By all constituents applying the ethic of economic participation as it is defined through co-op values, co-ops build membership investment and loyalty that can resonate throughout a community.



CASE STUDY

Communicating Co-op to Members and Consumers

Right in the backyard of Wal-Mart's headquarters is a thriving food cooperative that prides itself on its accomplishments as a business and community-owned entity. As food cooperators look at ways to differentiate themselves from mainstream competitors, conveying the cooperative advantage to customers becomes even more important. As boards work to codify those values that are critical to their co-op members, it is the work of the manager and staff to carry those forth in their day to day interactions with members and customers.

At Ozark Natural Foods Co-op, William Beaver, the co-op's owner services coordinator, the job of understanding how the staff can connect the co-op's mission to the shoppers' experience is his priority. He also understands that doing so is the co-op's competitive advantage. In all their activities, Beaver said, "We are very cognizant of ourselves as a co-op."

Beaver has developed a system for continually being mindful of "co-op" based on Brett Fairbairn's "Three Strategic Concepts for the Guidance of Cooperatives: Linkage, Transparency and Cognition." (See cover story for more info.)

After Beaver heard Brett Fairbairn speak at a Consumer Cooperative Managers Association (CCMA) conference he said he was inspired to work on these issues at Ozark, but he wondered: how do you make the things Fairbairn talked about actionable? As part of Ozark's annual owner services goals, Beaver set out to divide the work plan into Fairbairn's three strategic concepts. Starting with linkage, Beaver said the co-op had to do a better job of actively linking owners to the market.

He began by looking at ownership benefits and patronage refunds through that lens, and how the co-op could measurably increase owner participation and satisfaction in those areas by shopping, voting or attending activities that contribute to the co-op's overall health. For example, as part of improving members' understanding of the cooperative, a training program with front end staff was designed to



Ozark Natural Foods Co-op Fayetteville, AR

Founded: 1971
Number of members: 4,400 households
Equity investment: \$140 per household
Number of staff: 90
Retail square feet: 10,000

turn staff into "enthusiastic supporters" as well as be better equipped to answer member questions or concerns.

Beaver also believes "we are what we measure," and part of the work of being certain there is linkage, transparency and cognition with co-op members is to quantifiably measure it. Beaver has been keeping track of not only sales to members, but participation rates in voting and annual meeting attendance. As a measure of success, he noted that voting rates doubled from one year to the next because of the co-op's greater focus on linkage and transparency. Now, he is in the process of creating measurements for each owner benefit the co-op offers as well. "I'm finding out how many people are taking advantage of their benefits, and what is the return on investment for members," Beaver said. "My goal has been to develop systems internally that take a look at that."

By setting ownership goals specifically focused on the co-op's ends and mission through the tool of Fairbairn's three strategic concepts, Ozark Natural Foods Co-op is well on its way to the development of truly meaningful feedback loops with all of its stakeholders.

New Cooperative Board Leadership Distance Learning Workshops Set to Begin

Six new Cooperative Board Leadership Development (CBLD) Distance Learning Workshops will be held during July through December, as part of CBLD 2007. The sessions are topic-specific learning opportunities for directors of co-ops participating in CBLD. These are distance learning sessions, with no travel time or cost. Directors will be able to explore important issues with directors from other co-ops.

For complete information on CBLD and the new workshops, go to www.cdsfood.coop and click on "News and Events."

Topics scheduled for 2007

- **GM Compensation:** Thinking strategically
- **Accountability:** Acting on GM monitoring reports
- **Governing for the future:** The board's role in expansions
- **Cost of governance:** Building a board budget
- **Linkage:** Including members in the Ends dialogue
- **Equity:** Exploring member economic participation

Sessions will include a resource packet, online forum for topic-specific dialogue with other directors and presenters, and a phone/computer webinar session. Please join in while we develop this new learning model!

For more information contact Mark Goehring (MarkGoehring@cdsfood.coop) or your CBLD consultant.

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