

Solutions

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Fulfilling Our Intentions by Measuring the Mission

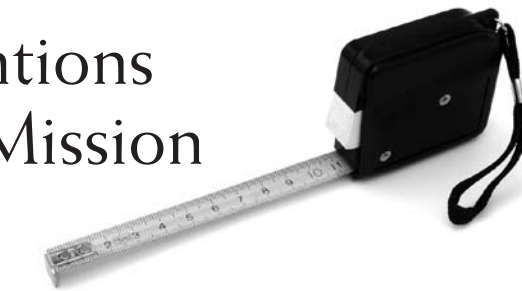
BY PATRICIA CUMBIE

In the realm of publicly traded companies, share value is of penultimate concern to shareholders, and getting a return on investment is critical. Shareholders can easily see earnings reports and stock performance is reported on daily. Clearly, what's expected by the owners of publicly traded stock is easily accounted for.

Since co-op shares don't increase in monetary value, what exactly is the co-op's return on investment? What results do co-op owners expect? Cooperatives are held accountable to a different "share value" than that of publicly traded companies, one that must be defined by its board of directors on behalf of its member owners. It is harder to quantify, but equally imperative that co-ops show measurable results of the co-op's mission.

"The better we get at articulating our mission and measuring it, the more satisfying that information is to member-owners. Successfully demonstrating value will trigger further investment in the co-op, greater membership numbers, and additional sales," said board consultant Marilyn Scholl. "The more we can quantify and measure these less tangible outcomes, the better we can articulate to the marketplace why people should shop at and invest in the co-op."

Through the board's process of envisioning the co-op's purpose and creating ends policies that articulate them, followed by the general manager's accountability of those ends, food cooperators are beginning to develop a system that can extrapolate value from metrics that measure the co-op's mission. It's the next logical



outcome in a full-circle development of the use of Policy Governance®.

Although co-op managers around the country have forged ahead adopting ends reporting methods and creating metrics, this work is still very much in the beginning stages within the food co-op system. Up until now, boards and managers have largely been focused on the limitations policies that help establish the board-manager relationship. Now that these precepts have been embraced, Scholl thinks cooperators have the opportunity to begin placing greater emphasis on measuring outcomes and impact. "It's a real exciting shift with profound implications," she said.

Part of the purpose of this article is to spark the conversation regarding the importance of this work, show how some co-ops have approached it, and encourage greater dialogue amongst cooperators for how to share what's been done and create best practices.

We invited general managers from around the country to weigh in on their activities regarding ends reporting and developing measurement tools. Some have been doing it for years, others have just got started. No matter where they are in the process, all of them are working ensure that their co-op's activities are compliant with board policies, but are also doing the deeper work of promoting organization-wide alignment to make the co-op's mission real day-to-day. The managers have noted it has been a huge undertaking, but that even from tough beginnings, the benefits of doing it have been worth it.

Changing the World Through Metrics

Many food cooperatives have learned to manage the dynamic tension between commerce and changing the world to be successful at fulfilling multiple bottom lines. For as long as the new wave food co-ops have been open, they have striven to lead by example, to be the doers of good works that benefit their member owners and their communities. Good intentions and lots of effort aside, the question remains, how do you really know you've accomplished all that you said you were going to?

One of the most invigorating things to emerge within the food co-op sector in the last decade is the more widespread use of Policy Governance®. As board members and general managers gain greater facility using this model to direct and manage food co-ops, exciting things are happening. People are beginning to realize the value of the governance system and gaining greater organizational alignment through measuring outcomes.

As more food cooperatives engage in quantifying their fulfillment of the mission, they will have a clear launching pad for taking the co-op further than they ever expected.

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—Patricia Cumbie



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
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- Strengthen board/manager relations
- Policy Governance® and Accountability
- Member owner linkage

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- Market, location and site analysis
- Trade area and market penetration analysis
- Project management
- Store planning and design services

Improving Operational Performance

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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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At LaMontanita Co-op Food Market in Albuquerque, N.M., general manager C.E. Pugh said that his board had finished creating their ends policies last fall. Once they were finished he was ready to embark on the challenge of defining measurable outcomes for things that may sometimes be difficult to measure. "The ends policies are broad and nebulous and not that tangible. They're about the difference we want to make in the world," Pugh said. "It's management's job to convert these into tangibles."

General managers are discovering that measuring the mission is not just a numbers game, but also a tool to better articulate the big picture to their staff. "We have seen how this can inspire and motivate staff to see the difference in the co-op's work. Their ability to understand this will go a long way to increase satisfaction and impact sales. We've just seen the tip of the iceberg," Scholl said.

As the managers go through their reporting and measuring process, they are getting more staff engaged in a course of action that's far greater than what's happening in the retail moment. "We've operated for years with department managers having a lot of autonomy," said Pugh. "This work is leading us to recognize all areas of the organization have a role to play in working together...to make decisions for the good of the whole."

At Seward Co-op Grocery & Deli in Minneapolis, Minn., general manager Sean Doyle began the development of the Seward Scorecard a year and a half ago. He was first inspired by the social auditing work done by a number of European companies and cooperatives, and by the work of his board as they have set out to determine the co-op's ends policies. The co-op is currently preparing to expand, and questions about Seward Co-op's identity and what the co-op would do and be in the future arose.

About a third of the co-op's staff was engaged in a 6 month process of developing 5 to 10 metrics in four categories: workplace, environment, community and financial success.

Seward Co-op has already seen a positive outcome just by putting those metrics in place. For example, to measure the co-op's impact on

the environment one of the metrics they created was to measure how much of the co-op's waste is recycled or not. They got data from their waste hauler and based on that information were able to set new programs in place order to reduce waste.

Doyle said, "Not only has it promoted internal alignment, but it's given us a way to present ourselves to the marketplace, that we're not just giving lip service to our mission, but we can demonstrate what we are doing."

Pam Mehnert, general manager at Outpost Natural Foods in Milwaukee, Wis. has been actively engaged in developing metrics for measuring their mission for the last four years. As she heads into year five, she can see that the whole process is all about taking the long term view.

"Without something formal in place there's no way to measure progress," she said. From her viewpoint a five-year period is a good chunk of time to actually see how the co-op is progressing. It gives her a different outlook, and lately that's had an influence on her reports to the board. "It's helpful to have that perspective,

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I don't just want to look at things short term, but at the cycle of co-op life," Mehnert said. "Now I look for measurements and data that will do that."

Although Mehnert's had years of experience working with reporting and measurements, she still recalls the learning curve of the first year. That's why she and other the general managers see value in sharing information in getting feedback from each other on how to get started.

"It makes sense to approach it from a systematic perspective," Scholl said. "A more coordinated effort to establish reasonable metrics, gather data and set benchmarks could benefit a lot of co-ops." One such effort for members of NCGA is a newly launched web-based NCGA discussion board for general managers and directors that is moderated by Mark Goehring of CDS. "It's a good place for people to start working on these issues," Scholl added. "And a great example of how CDS can partner with other organizations to meet this need."



CASE STUDY

Key Indicators of Organizational Sustainability

These days, the word sustainability is thrown around quite liberally. In some cases it has become a catchall phrase for nearly everything having to do with local enterprise, and some organizations seem to toss around the word without much consideration of its meaning. However, in the years before sustainability gained status as a trend, people at PCC Natural Markets were considering how to integrate a greater awareness of sustainability issues into their cooperative organization, as well as measure specific outcomes of their activities.

Back in the year 2000, a committee made up of board and staff went through a process of looking at how the co-op's work toward greater sustainability could be quantified. Their work had resulted in a sustainability matrix that helps them measure the results of their triple bottom line goals:

- Economic growth and sustainable business practices
- Environmental balance and eco-efficiency
- Social progress and corporate social responsibility

As the board gained traction in its work with Policy Governance® and developed their ends policies, measuring the mission became even more critical. Randy Lee, chief financial officer at PCC said, "The ends have such breadth that it's important to break it down into components. It's easier to see how we're doing."

At the time the matrix was created, Lee said it "was a matter of assembling what was, and organizing that info across departments. We used it to aggregate things, to see how we were doing on the triple bottom line."

Although Lee said they don't reinvent the matrix in response to results, it is still very much a work in progress. "Measuring the mission is the most rational thing to do and the hardest thing to do, but it's also the most significant thing to measure...are we getting closer to where we intend to be?" Lee is looking for ways for the organization to stretch itself to manifest the co-op's mission as a truly sustainable organization. "It's nice when you have good



PCC Natural Markets Seattle, Wash.

Founded: 1953
 Number of Members: 37,000
 Equity Investment: \$60 per household
 Number of Staff: 650
 Locations: 8 locations (opening another location in spring 2008)

results, but this also has the potential to help you see other things."

Over the years they've added new metrics to their sustainability matrix, including the marketing department, for example, and its affect on sales of local and organic meats, produce and deli that serve the co-op's mission to sell high quality, sustainably produced products. It will be measured by tracking the percentage of products sold that meet such criteria.

Lee said he has seen his own understanding of the correlation between the governance role and his job's relationship to reaching their expected outcomes through the development of key indicators for organizational sustainability. He started out thinking of it as a useful management tool because it made accountability readily understood. Now he also appreciates the broader function of how doing it has also served the board and membership, "because it keeps reminding us to see if the co-op is going in the direction we intended."

Welcome Holly O'Neil



Holly O'Neil has worked for the last 14 years as a professional facilitator and trainer specializing in the development of boards, cooperatives, and coalitions. Her work is primarily involved with helping strengthen organizational effectiveness by designing processes and systems that support open, participatory, and equitable decision-making. Holly teaches consensus decision-making and designs and facilitates a variety of retreats, forums, and community engagement processes.

Holly's background includes 16 years of serving on the board of the oldest community land trust in the Northwest, including six years as Board President. She has worked as the member involvement coordinator and board facilitator with the Community Food Coop in Bellingham, Washington for the last twelve years, and is excited to be a part of the CDS team, complementing national expertise with local capacity building.

Contact Holly O'Neil:

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"Holly O'Neil is a fabulous facilitator. She has the perfect balance of quiet forcefulness, timing, and humor. As the Board Chair, I rely on Holly to keep the meeting moving, allowing me to participate fully and encourage new Board members to speak their minds."

Philip Buri, Board Chair
 Community Food Coop, Bellingham, Wash.

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