

# Solutions

Volume 4, No. 1

Winter 2004

## Connecting Leadership Development to Greater Cooperation

BY PATRICIA CUMBIE

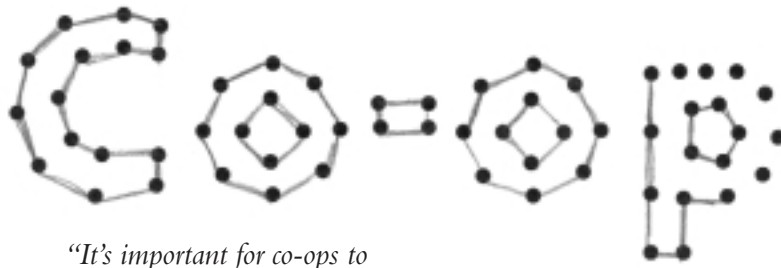
In a study conducted last year by Livable Cities, an organization dedicated to understanding what constitutes livability in communities, they learned that for every \$100 spent at a chain store, \$13 went back into the local economy. For every \$100 spent at an independent business however,

\$45 was retained. If one aspect of “livability” is a sustainable and vibrant local economy, then the cooperative ownership structure appears to have the advantage. Co-ops can contribute generously to urban and rural communities worldwide not only through dollars, but also through an empowering democratic governance system.

“It’s important for co-ops to understand this and the global role that plays,” said Jeannine Kenney, vice president for public affairs and member services at the National Cooperative Business Association (NCBA). Kenney thinks co-ops could better tap into what’s dynamic about cooperative economics by developing cross-sector leadership that addresses how co-ops can have a greater impact.

Success in cooperatives is often defined by the level of industry competence demonstrat-

ed by its leaders, rather than its sector’s contribution to the success of the cooperative movement. Certainly each co-op’s industry acumen also seems to prove the case for cooperative economics—meet operational goals, maximize efficiency, and it is possible to compete as effectively as the competition. But cooperation



*“It’s important for co-ops to understand their local impact and the global role it plays.”*

Jeannine Kenney, NCBA

is a symbiotic business arrangement, and the aspects relating to governance, member relations, and co-op development must be equally balanced with operational support. In order for the whole movement to thrive, each sector’s leaders must also balance their attention to these issues inside and outside their field.

“In many sectors, leadership development focuses on building leaders within a specific industry,” said Kenney. She noted there’s less attention to the democratic nature of cooperation and the fundamentals of governance by even its most exceptional leaders. “For example, too many leaders may view themselves as a company leader and not as a co-op leader.”

## Cooperation Inspires Leaders

*Leadership seems like an ineluctable quality. The ability to motivate others, foster cooperation and team spirit, and make a vision reality, is often assumed to be something only special people can do. People possess leadership qualities or they don’t, and that’s that. And after a certain amount of time in the work world, those with the leadership gene will step forward and carry on.*

*Like its kindred spirit inspiration, leadership does not just happen. It is something that needs resources and education. This issue of Solutions examines food co-ops’ place in the broader cooperative movement and its unique needs for development and leadership. All sources contained in these pages point to the need for beginning cross-sector co-op conversations for extending cooperative economics beyond our individual industry to the world at large.*

Kevin Edberg, CDS executive director, said, “Our co-ops can demonstrate to the world that competition is not the only means to achieving economic ends.” By using the co-op model as a solution to a leadership development dilemma, he believes the place to start is right at the beginning: the Cooperative Principles. Being engaged in the impetus they provide is critical to the generation and regeneration of co-op business in all sectors.

—Patricia Cumbie

continued on page 2

## Our Mission

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

## Our Core Competencies

We specialize in the following areas, offering our experience and tailoring our services to deliver results for your co-op.

### Expansion and Growth of Cooperatives

CDS provides a full range of services to assist your cooperative in growing your business and in the planning and implementation of expansion/relocation projects.

### Leadership Development

CDS works to support and strengthen the leadership team—governance and management. Our work builds organizational alignment and enhances the working relationship between board and management.

### Improving Performance

CDS identifies areas for improvement and develops strategies for results in organizational and business improvements.

### Strengthening the Cooperative Advantage

CDS believes that the cooperative difference is your competitive advantage. We help co-ops build member investment and loyalty. We contribute to co-ops benefiting from collaborative networks while retaining local ownership and control.

## Leadership for Greater Cooperation *continued from page 1*

she said. “I see this across sectors—people don’t see the need to be connected to the larger co-op community.”

Ann Hoyt, of the Urban Cooperative Initiative at the University of Wisconsin, points out that the movement also needs research capacity related to co-ops and not just industry concerns. “We need to study the unique nature of co-op governance, the role of ownership in co-ops, the nature of member capital. We don’t have anyone being supported to answer these questions. This is a broad-based leadership issue,” Hoyt said.

Perhaps the most important “capital”

co-ops have to invest in is being overlooked. Current co-op leaders perennially ask themselves where the emerging leaders will come from, especially now that member participation has declined from a generation ago. “Money

moves quickly in a capitalist economy, but human capital—our vision and values—is hard to create and easy to kill,” said Kevin Edberg, executive director of CDS.

The founders of the New Wave natural food co-ops are aging, and there is a critical need to engage and develop younger leaders. “It’s important to build a professional class of managers, encourage growth and succession planning, and recruit the next generation of leadership,” Edberg said.

### Food Cooperatives’ Role in Cooperation

As the food co-op movement continues to expand its regional and national collaborative resources, Edberg believes there is a very compelling reason to expand its leadership capacity beyond the sector—to help each other. “There’s a huge opportunity for mentoring the ‘cooperation among co-ops’ principle,” he said. As an example, Edberg cited the tremendous public policy impact that could be made by food co-ops and credit unions working together. “Each of them have strategic interests that overlap,” he said.

NCBA’s Kenney agrees that cooperators learning about each other’s areas of mutual

concern would be a very powerful alliance that can benefit co-ops and consumers. “By setting industry or political differences aside, co-ops can look at what unites them. Most co-ops share problems with capital, engaging members, and appropriate governance. Many creative things are going on to meet those challenges. Cooperators need to connect to find out about them,” said Kenney.

Dave Gutknecht, editor of the *Cooperative Grocer*, thinks that communication among sectors could be stronger, not only among cooperators but among the broad constituencies co-ops are trying to reach with

*“Money moves quickly in a capitalist economy, but human capital—our vision and values—is hard to create and easy to kill.”*

Kevin Edberg, CDS

the co-op message. “We need to develop channels of communication to get more participation,”

he said. Gutknecht said this includes seeking out allies inside and outside of the co-op movement. “We could

develop programs that interface with consumers and tap into thousands of people in terms of supporting our alliances or cooperative development.”

Gutknecht cited the 10 food cooperatives throughout the country that presently operate Cooperative Community Funds as an example of manifesting leadership in and by cooperatives. At the close of 2003, the combined endowment of the ten funds has grown to \$330,000. Donations by Cooperative Community Funds generally fall into four categories: sustainable and organic agriculture, food and hunger issues, environmental action and betterment, social need and services and support for local cooperatives.

Food co-ops like Weaver Street Market in Carrboro, North Carolina, have also extended their vision to include thinking about the needs of their whole community, not just groceries, as they investigate housing and bookstore opportunities. “They are looking at what their community needs and using the co-op model as a solution. Those are the dynamic opportunities for all co-ops,” Edberg said.

## CASE STUDY

# Linden Hills Co-op Leadership Capacity Development

**L**inden Hills Co-op was formed over 20 years ago by a group of Quaker families who, even from the beginning, wanted their co-op to take an active and committed role in the growth of the independent businesses now thriving in the Linden Hills business district in Minneapolis.

Over the years, said General Manager Paula Gilbertson, the co-op's board and management have continually asked a simple but all-important question—what do people want from us as an organization? In order to answer the question, they understood they needed to continually assess their leadership capacity. The co-op has invested in the training and opportunities that have allowed the co-op to continue to meet the needs of their neighborhood and beyond.

Gilbertson said the board adopted policy governance eight years ago and she believes that change has greatly enhanced the leadership of the co-op as a whole. "Knowing they don't have to struggle with every decision from the bottom up has made things much easier. The board is really focused on improving themselves and the store," she said. The co-op has also benefited from the strength of a succession of excellent board presidents, and the board consistently invests in grooming people for the role.

The Linden Hills board is also very interested in expanding their leadership to the wider food co-op community. Gilbertson said, "They take the time to get connected, are energized by going to CCMA and Twin Cities Natural Food Co-ops (TCNFC) board meetings." The board also sees the expansion of their role in cooperatives as "a natural part



*Linden Hills General Manager Paula Gilbertson*



## Linden Hills Co-op

Minneapolis, MN  
Founded: 1976  
Number of members: 4,100  
Equity investment:  
\$60 individual, \$80 household  
one-time stock purchase  
Years in current location: Eight  
Retail square footage: 5,500  
Total square footage: 6,500  
Number of staff: 65  
Annual sales: \$6.2 million

ership Development Training—a year long management preparation program designed to enhance professionalism and retention of excellent employees in search of a career path. The co-op has sent at least two staff members

of our evolution," she said.

Operationally, the store benefits from this cultural emphasis on leadership. "Our staff are encouraged to become leaders, to step forward and take a role in the leadership of the whole store," Gilbertson said. This is also enhanced by the co-op's participation in the Midwest Purchasing Co-op's Lead-

ership Development Training—a year long management preparation program designed to enhance professionalism and retention of excellent employees in search of a career path. The co-op has sent at least two staff members every year for three years. Everyone who went is still employed at Linden Hills, and one person moved on to a position at the start-up Eastside Food Co-op in Minneapolis. She sees this as a very good sign for Linden Hills, and an important step for cooperative development in the Twin Cities community.

Gilbertson said the board and staff view the work they are doing at Linden Hills as something they are "creating,"

not things that are "happening" to them. She attributes this to a paradigm shift brought on by consistent leadership. "We know what we can afford or risk. It adds to our ability to realize our dreams."

## Impressive Financial Improvement Using CoCoGap

The Co-op Grocers Association Midwest (CGAMW) has been involved in CoCoGap projects for three years. It began with general managers choosing one department to focus on and using CoCoGap to create goals they wanted that department to obtain. The general managers would report progress back to the group at their quarterly meetings.

After their initial success, many managers rolled the project out to all the departments in their stores. To enhance the department managers' ability to meet their goals in year two, the CGAMW initiated quarterly department manager trainings (a different department is focused on each quarter). The next step was to set operational performance standards for each department, and tracking performance quarterly (called a success report).

In May 2003 the combined gains were reports of over \$700,000 out of a possible \$1.3 million. The report for the newest projects show a captured Gap of almost \$200,000 of a potential \$1.1 million (some stores are only on their first or first two quarters of this newest project).

In January 2003 the Co-op Grocers Association Northeast (CGANE) and Southeast (SECGA) met in North Carolina and were given a presentation by CDS on the power of the Gap project in the CGAMW. CGANE chose to move forward and model a similar approach, focusing on one department in each store for operational improvement. While it takes time for the initial projects to get off the ground (and to build up peer accountability) CGANE met in November and reported over \$50,000 captured out of a potential \$417,000—even though only 7 of the 17 participating stores reported.

—Mel Braverman

The logo for CDS (Cooperative Development Services) features the letters 'CDS' in a bold, white, sans-serif font, centered within a dark red square.

**Cooperative  
Development  
Services**

US Postage  
**PAID**  
Madison, WI  
Permit #2783

Consulting Services for Food Cooperatives  
*www.cdsus.coop*

131 West Wilson, Suite 400  
Madison, Wisconsin 53703



## SOLUTIONS

*for Strengthening Your Cooperative Business*

### CDS Administrative Office

131 West Wilson #400  
Madison, WI 53703  
651-265-3678

You may contact individual consultants  
at their home office address and phone  
numbers.

**email:**

[cds@co-opdevelopmentservices.com](mailto:cds@co-opdevelopmentservices.com)

**website:**

[www.cdsfood.coop](http://www.cdsfood.coop)

### CDS Consultants

**Marilyn Scholl**

Trainer & Consultant  
(802) 387-6013  
[mscholl@sover.net](mailto:mscholl@sover.net)

**Bill Gessner**

Business Development &  
Project Management  
(612) 823-4509  
[BillGessner@msn.com](mailto:BillGessner@msn.com)

**Walden Swanson**

Consultant  
(919) 968-8799  
[Walden2@MSN.com](mailto:Walden2@MSN.com)

---

**Mel Braverman**

Business Consultant  
(608) 243-3255  
[MELBRAVE@msn.com](mailto:MELBRAVE@msn.com)

**Peter C. Davis**

Location Research Consultant  
(360) 344-4104  
Cell Phone: (360) 531-1995  
[PeteDavisConsult@aol.com](mailto:PeteDavisConsult@aol.com)

**Peg Nolan**

Consultant  
(919) 960-5342  
[peg@nc.rr.com](mailto:peg@nc.rr.com)

---

**Ann Waterhouse**

Consultant  
(608) 839-3229  
[Eagleforth@aol.com](mailto:Eagleforth@aol.com)

**Denise Chevalier**

Consultant  
(319) 337-3452  
[denchev@zeus.ia.net](mailto:denchev@zeus.ia.net)

**Linda Stier**

Trainer & Consultant  
(919) 387-9325  
[lstier@mindspring.com](mailto:lstier@mindspring.com)

---

**Mary Myers**

Consultant  
(608) 258-4396

**Stephen Wolfe**

Financial Consultant  
(608) 258-4392  
[sgwolfe@inxpress.net](mailto:sgwolfe@inxpress.net)

**Michael Healy**

Board Trainer  
(802) 864-9724  
[mehealy@together.net](mailto:mehealy@together.net)

---