

Solutions

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General Managers Speak: Means for Effective Management

BY PATRICIA CUMBIE

We asked food co-op general managers from coast-to-coast to tell us what they believe helps them be effective in the challenging and complex role as head of operations within the cooperative structure. Similar themes emerged as the path to problem solving and a prototype for success.

Many of the managers we spoke to noted that the job is not about specific “tasks” but about adopting a role in the organization. “A good manager is strong in human resources,” said Art Ames of Berkshire Co-op Market in Great Barrington, Mass., and this includes being an active listener, fostering the ability to build teams of people working together. Alex Gyori of Brattleboro

Co-op in Brattleboro, Vermont said, “It was a big lesson for me not to go out and factionalize to rally for my ideas...I needed to listen to what people were saying, not how they said it...I needed to figure out where people were coming from, not get emotionally involved. It is a core component of being able to lead.”

All of the managers we spoke to had learned more than a few leadership lessons, some were hard-won, others came in a flash of insight. They discovered the role of general manager in the co-op also comes with the satisfaction of knowing that their efforts have a legacy attached. It is that consciousness that is the weight and the glory of being a general manager.

Nobody likes to talk about it, but nearly everyone admits to having it. Fear. At least at

the beginning. Some are personal fears and others are externally driven. General managers said that to get to the next level of effectiveness they had to confront certain challenges, for instance: admitting you don’t know everything or have all the answers, understanding that no matter what you do, you’ll have critics and supporters, and realizing that organizational progress is usually going to be complicated. Compound this with an organizational culture that is resistant of change, and it’s certain to cause doubts in virtually anyone, no

matter how gung-ho. “I’d say we’re super risk averse in the co-op food industry,” said Len Mayer of North Coast Co-op in Arcata, Calif., “I’d say we are very careful to try not to offend our core customers in any way, and that stifles innovation and change and improvement.”

According to general managers experienced with these issues, there are things that help mitigate that trend: building the management skill base to proactively solve problems, create positive change, and build organizational confidence in the role of general manager.

Find a Mentor

Sarah Lebherz of Common Market in Frederick, Md. has been the general manager of her co-op for about a year and a half, although she worked in every single department in the store over the years prior to becoming the store manager. She believes she has very good understanding of the co-op’s

Getting Connected

The role of the general manager in a co-op is one of the most critical due to its interface with operations and the need for strong overall leadership skills. It is a job where putting the advice you get into practice is often easier said than done because you are dealing with the most unpredictable characteristic of the work: people. Having the ability to reposition groups of people for common achievement is challenging and rewarding.

In this issue of Solutions, we talked with a number of general managers about what they’ve done to effectively meet the challenges of food co-op management. Overall, their advice: get connected. Get connected to a mentor, peers and the staff. Like any kind of work that requires a level of apprenticeship to achieve mastery, general managers can benefit from learning from others. In this process of discovery, managers found, your own distinct style will emerge.

As Len Mayer of North Coast Co-op said about the mentors who inspire him in his work, “They’re really successful in ways I think it’s most helpful to measure success, they are doing what they love to do while reducing the negative impacts they have on people and the environment around them.”

—Patricia Cumbie

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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.

Means for Effective Management *continued from page 1*

operations, yet she said she had doubts about being the general manager. “My biggest challenge was knowing whether or not I was ready. I was concerned about what kind of experience it would entail,” she said. Lebherz said she “got over it” after she contacted others outside her co-op for mentorship, specifically Dave Blackburn of Co-op Grocers Association Northeast (CGANE) and Bill Gessner of CDS. She said about the experience, “I think it’s important. It’s a combination of many things helping you find your own style.”

Twenty-two years ago Alex Gyori of Brattleboro did likewise his first year on the job as general manager. “When I became GM, I realized I didn’t have the tools to manage, I felt out of my league.” He contacted Fred Stapenhorst, who was at the time consulting with the Northeast Cooperative Warehouse in Brattleboro, to mentor him. “He helped me do things that really made a difference. I was very thankful. When other managers contact me I’m always happy to share because it made such a difference for me. Mentors are important,” Gyori said.

New general managers often choose Bill Gessner of CDS as mentor; as a mentor he finds that what many managers need to hear is encouragement as well as get needed advice. He noted that boards need to be aware of this, that a manager needs to seek outside support. “A board may not be able to give all the support a general manager needs, but it does need to be aware of the importance of the general manager to seek support outside the organization.” He also sees the role of peer support as an important aspect of the mentorship function. “Part of the path for improvement and strengthening is through peer support,” he added.

Allow Teams Capacity to Lead

Art Ames sees his role at the co-op to build consensus and help teams with problem solving. Ames says this approach takes planning, and involves empowering the co-op staff to plan anything, from long-range plans to what’s going to be on sale any given week.

“My job is to help problem solve, not micromanage,” said Sarah Lebherz. Her co-op Common Market is currently going through an expansion, which is now taking up the majority of Lebherz’ time. “I have to trust the

store to operate without me and know it has the capacity to do this. It makes me confident we can make it a larger store. When you step away you know whether your team has the capacity to lead.” She defines the work she’s doing with the staff and the store as a “building phase, inside and out.”

Along with allowing teams the capacity to lead, this includes hiring the right people. Bill Gessner said, “The ability to make good hires and to develop a management team is important. Look at what a good hire is worth in dollars and cents compared to a bad hire.”

“It’s easy to maintain a positive culture than change a negative one. Culture starts with management,” said Art Ames, and that’s why he sees those first few days of a new hire as golden opportunities to influence the culture. Bill Gessner concurs. “There’s a special bonding experience that happens through hiring.” Alex Gyori, manager of a large store, still makes the new hire experience a management priority as well. “I do a 15 minute interview with all new hires. I keep the door open to talk.”

Be Inspired

Everyone admits it’s an ongoing challenge to be inspired, but it is a necessary component to effective management. Some find it within themselves, and others from outside, but it’s important from their perspective to find what keeps the ideas flowing, or feeling “juiced” as Art Ames put it. Some managers, like Alex Gyori, find that the ability to resolve co-op issues is a source of inspiration. “I always like challenges. They inspire me.” He also noted that collegiality and peer support help keep him going, “Those people are important to me.”

Others are inspired by their staff. “The staff attitude helps my own morale,” said Sarah Lebherz. “To see the sales growth and see the staff get thrilled about us and where we need to go is great,” she added. Art Ames also enjoys overseeing the development of the staff and witnessing them using the skills they’ve learned at the co-op in many different applications. “It inspires me to see people with lots of potential and watch them grow. I see that as spreading the wealth.” Being inspired by and investing in people is perhaps the best legacy a manager could leave a co-op.

CASE STUDY

Operational Rehab Allows Co-op to Thrive Again

Ozark Natural Foods general manager Alysen Land spent one of her first days on the job sitting in a lawyer's office fighting for her co-op. After just going through a major expansion, the store was *this close* to bankruptcy. It wasn't the cost of the expansion that did it, but the lack of parameters for spending afterward. "So much money was going out," she said. Her job was clear. Stop the hemorrhaging of what was left of the store's reserves. She had six weeks to do it. Measures for change were drastic: cutting member discounts and laying off a third of the staff, as well as requiring remaining staff to pay for health insurance. All of those changes were difficult and unpopular.

Although she took on the challenge of general manager during this crisis, she had been with the store as its merchandiser for 11 years, and served as interim general manager. Once she was hired as permanent general manager, she immediately sought help. "I looked for people who have been through this and studied it. I realized anything you pay them, you get back. It's a lot more expensive to lose your store," Land said.

With the help of CDS consultants Bill Gessner and Mel Braverman, she started looking at systems they didn't have— notably organization and operations. The results of their detailed report on "what's missing" and subsequent plan enabled her and the Ozark staff to take it one step at a time. "We were not overwhelmed by the total job." A Cooperative Grocers Association Midwest (CGAMW) store audit also



propelled them to make more changes. "Our flow is not good and we brought in PJ Hoffman to do a reset." This included moving their cash office, moving cash registers, the customer service desk and tightening up their cash lanes, and moving deli seating to the front to ensure customers are paying for their food.

In a dramatic break from the past, the store is now looking at 20 percent sales growth this year and they are doing all of the current improvements with in-house funds. Some of the staff benefits are being restored, like health insurance, but the co-op is "taking it slow" according to Land. "I couldn't have done it without the crew I've got. Last Halloween we did a bonus for the whole staff. It was a way of saying 'thanks for staying.'"

Land believes that finding good consultants and taking advantage of the peer support of the CGAMW is what helped Ozark through its financial crisis to being a store with a bright future. "We're the only co-op in Arkansas and have been doing things by the seat of our pants, creating our own world. Now I don't have to suffer through finding answers on my own. The peer support has been magnificent. I can't say enough about those good people."



Ozark Natural Foods

Fayetteville, AR
Founded: 1971
Number of members: 3,200
Equity investment: \$140 household one-time stock purchase
Years in current location: Three
Retail square footage: 9,500
Total square footage: 11,000
Number of staff: 78
Annual sales: \$5.2 million

Financial Pro Forma is Early Step in Expansion Planning

It is very helpful to create a full financial pro forma early on in the expansion planning process, even if you haven't had a market analysis done, selected a site, or obtained cost estimates for construction. The initial drafts of the financial pro forma will be an effective management tool, allowing you to develop a financial plan and roadmap for your project. Your financial pro forma will go through several revisions as you more fully develop your plans.

The pro forma of an expansion/relocation is a necessary process for analyzing the financial feasibility of the expansion/relocation project. The pro forma covers 5 years of financial projections of the co-op. The components of the pro forma are:

- Sources and Uses
- Balance Sheet
- Income Statement
- Cash flow
- Ratios
- Common Size Income Statement
- Debt schedule
- Historical Financial Statements

The pro forma will give the relocation/expansion team the necessary tools to evaluate the project and also enable the co-op to provide a lender with the financial information they will need to evaluate a loan request.

For more information about developing a financial pro forma for your co-op, contact Bill Gessner at 612-823-4509 or Stephen Wolfe at 608-258-4392.

The CDS team looks forward to seeing you at CCMA June 10–12 in Minneapolis.

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