

Solutions

Volume 4, No. 4

Fall 2004

Envisioning a New Heyday for New Food Co-op Development

BY PATRICIA CUMBIE

When many of the new-wave food cooperatives were founded in the '60s and '70s, the times could easily be described as the heyday of new food co-op development. Got an unused storefront somewhere and a couple of spare coolers? Throw in a legion of willing volunteers ready to schlep and stock and do whatever. Back then, those were the necessary ingredients for a food co-op.

Fast forward to the present. The heyday ended; a lot of those co-ops didn't make it. New food co-op development seemed to come to a grinding halt.

Many established and operationally successful food co-ops were able to expand or grow locations in the face of increasing competition and consumer demand for sophisticated shopping experiences. But brand new food co-op developments have been few and far between. In recent years there's been a renaissance of startup projects like Harvest Market in Barneveld, Wis., Eastside Food Co-op in Minneapolis, and Just Food in Northfield, Minn.

"Successful development costs money," said CDS consultant Marilyn Scholl. "Being able to roll up your sleeves is no longer enough to have a co-op. If a community wants a store, they have to invest in it themselves and raise outside capital. Other co-ops, development agencies and banks can help to leverage the costs." As these startups work to meet the challenges of bringing cooperation to their communities, CDS has been expanding its vision of how new food co-op development can occur more quickly and easily for com-



munities around the country.

CDS has begun a process of investigating the issues of new food co-op development and plans to work collaboratively within the sector to put forward solutions for how to address them. So far, the first phase of research for this project has been funded through grants from Mutual Service Insurance (MSI) and Cooperative Development Foundation (CDF) as well as through CDS operating funds.

CDS development specialist Denise Chevalier has been spearheading the research project. She explained the impetus for the project and CDS' desire to be a resource to the process. "We want to help initiate a broader vision for food co-op development, to build upon collaborative partnerships, and increase the infrastructure of support for new food co-op development." There are many aspects to that support: linking groups to resources like finance and systems development, as well as

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Co-op Resurgence

It takes vision, hard work, and equity to create a community owned store. Many food co-ops were formed in the 1930s and the 1970s. Recently we have seen another upsurge in communities all around the country that want to have more control over their food choices and are willing to work together to meet their common needs.

More food cooperatives will mean stronger communities, more sustainable local agriculture and a renewed spirit of people working together for their mutual benefit.

Ownership does matter. Co-ops recycle a high percentage of their income in the local community. Local farmers and food producers will benefit from the fair trade practices of co-ops. With democratic, cooperative ownership, we enrich our communities rather than lining the pockets of out of state investors. Cooperatives are based in values including self-help, self-responsibility, honesty and democracy. We can always use more of that in the world!

Food co-ops and their leaders have a choice. We can whine about corporate takeover of our food system or we can get busy and help new co-ops form! We can expand our vision of what the world could be like if more businesses were run as if people mattered as much as money, as if the planet mattered as much as efficiency, as if quality mattered as much as price. Leaders need to help their members and other stakeholders know why it is important for more co-ops to get started. Do food co-ops just want to sell more food (just like everybody else) or do we want to create a cooperative economy where commerce, justice, environmental rejuvenation and community are all synonymous?

—Marilyn Scholl

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.

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.

New Heyday *continued from page 1*

providing organizational support in management and board development.

CDS was invited to participate in National Cooperative Bank (NCB) forum this September, and CDS presented its perspective on how to move forward on new food co-op development. “We’re very supportive of their efforts...and quite excited about it,” said Chuck Snyder, president and CEO of NCB. He sees the merging of vision and infrastructure as the key to successful new food co-op development. “NCB is looking to lend more to the food sector if we can tap into a common vision and infrastructure. We’ll be in a better position to increase support and lending to the food co-op sector.”

Scholl noted many food co-op leaders have also expressed the desire to expand food co-op market share through visionary collaboration with a variety of stakeholders—the recent reorganization of the National Cooperative Grocers Association being one big step toward that goal. “We’re responding to a need for new food

co-op development and taking a broad view of things,” said Scholl. This view includes not only new natural food co-op development, but conventional and blended formats in both urban and rural locations.

“Co-ops are driven by consumer needs and demands, and CDS wants to build an infrastructure for co-ops to be viable throughout the food sector,” said Chevalier. To do this requires a mobilization of vision, systems, capital and talent—and CDS is prepared to take a role in bringing groups and resources together to realize these objectives. “Ultimately this is a vision to strengthen local communities. Co-ops raise awareness that self-determination is an option,” Scholl added.

Looking back to the “heyday” to see what worked—the power of a community coming

together—is the ineffable quality of cooperation. The idea that development opportunities are in “unused storefronts somewhere” is still very viable in some communities—it just needs to happen more efficiently and effectively. Rural communities are losing grocery stores to a lack of succession for the “ma and pa” grocery stores. Many inner city neighborhoods have lost food stores during the migration of businesses to suburban and strip mall settings. The loss of full-line grocery stores presents a challenge for a growing number of people in a variety of communities to access fresh and healthful food.

Two recent conventional grocery co-op developments, Root River Market in Houston, Minn. and Harvest Market in Barneveld, Wisc., are textbook cases of what could happen when a community loses its local grocery. Both towns lost their local grocery store, and residents were forced to make 16 mile or more commutes to the nearest grocery store. Private individuals and chain operations are reluctant to be in those markets. Community ownership appears to be a solution to keeping communities vital. Kevin Edberg, executive director of CDS, said, “We

developed a hypothesis that communities losing grocery stores is not an isolated phenomenon and believe the co-op model might be a solution for those communities.”

Existing co-ops also play an important role in providing the proof that a community is stronger by having a co-op in it. Scholl said, “Current food co-op leaders provide tangible evidence that the dream is possible.” She noted that besides being able to offer valuable technical insights, on-the-ground retail cooperators are able to “share the vision and their success in an inspirational way” with others. Scholl said, “We want to develop our capacity to hook people up with the right resources at the right time.”

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CASE STUDY

Startup Co-ops in Urban, Rural Areas Advance the Co-op Sector

Two new food co-op startups that have emerged in two radically different markets illustrate how the development process could be refined and advanced in the food co-op sector. Eastside Food Co-op in Minneapolis, Minn. is a natural food co-op in the city's urban core, founded by a group of neighbors who had envisioned a store back in the late 1990s. Harvest Market, a conventional grocery in Barneveld, Wisc., formed after CDS approached the community in 2002 about pursuing a cooperatively owned grocery store for their town.

Eastside Food Co-op

There was once a food co-op in Minneapolis' Northeast neighborhood, and the cooperative idea lingered long after it closed. In 1996, a group of neighborhood people got together to create a new one. That group signed up 135 members, but eventually burned out when they couldn't find a workable location. Three years later, another group took up where they left off.

Eastside Food Co-op
Minneapolis, Minnesota
Opened December 2003
5,500 square feet retail
\$100 membership
investment
1,200 members

After receiving a grant from the neighborhood, the group hired a project manager to help find financing and a location. The Eastside Food Co-

op building was purchased in March 2003. The co-op was able to entice an experienced general manager to lead the final push to opening (Amy Fields relocated from Kansas and is a former general manager of Community Mercantile in Lawrence, Kan.).

Eastside Co-op had benefit from professional support from consultants, local organizations and food co-op peers. However, the co-op experienced many critical delays as it found funding and a location.

Fields said she hopes "we're the last food co-op that should have to do this. You can't expect volunteers to spend eight years throwing spaghetti dinners" in order to get a co-op going.

Harvest Market

Barneveld is small community in an agricultural area in Wisconsin, and its development represents tremendous opportunity for food co-ops. In May 2002 CDS Executive Director Kevin Edberg submitted a funding request for federal funds of \$54,000 (and an equal amount of local cash and in-kind

Harvest Market
Barneveld, Wisconsin
Opened July 2004
4,500 square feet retail
\$100 membership
investment
300 members

matches) to the USDA Community Food Security Grant program for the venture. The USDA approved the grant in September that year.

While there was excitement at the prospect of having a grocery store in Barneveld, there was also concern about how the co-op would be successful when the privately owned store had closed (more than once). A survey revealed what the community wanted in a grocery store and what they didn't like about the previous store that probably contributed to its lack of success.

The community used CDS for technical assistance along the way: market feasibility study, pro forma, survey, business plan, etc. The total store project cost \$300,000 and came in under budget. There were a number of areas where members pitched in and saved the co-op money. It was truly a community effort.

In March this year, the co-op was also able to hire an experienced general manager. Terry Putnam brought with him many years of experience in the grocery industry, including in rural areas.

Harvest Market represents a new approach to food co-op development by following an organized, systemic way of doing things that values and respects what local people bring to the table.

News and Notes

CDS is pleased to announce that **Mark Goehring**, current board president of **Brattleboro Food Co-op**, will be joining our consulting group providing board development services. Mark is a visionary leader with a strong grasp of tools for board effectiveness. We look forward to helping Mark extend his contributions to food co-ops.

River Valley Market in Northampton, Mass. announces that they have secured a lease on property to build a new co-op food store! **Pete Davis** says the site has very good potential. CDS has provided board development, location analysis, financial pro forma, and planning support to RVM and their manager Rochelle Prunty.

Grocery managers of 15 food co-ops in the **NCGA northeast chapter** participated in a two-day workshop with **Mel Braverman** and **Janda Grove**. Several "best practices" were identified in the follow-up on CoCoGAP goals set in May for sales growth, labor, margin and inventory turns. On day the group learned specific merchandising techniques applied their learning at the Brattleboro Co-op by critiquing promotional displays and discussing their visual impact.

Hanover Co-op hosted the first ever **CoCoCookEase workshop** for co-ops that provide prepared foods in more than one location. **Weaver Street Market**, one of the eight co-ops participating has already made some significant changes based on what they got from the meeting.

Lexington Food Co-op in Buffalo, N.Y. has announced that it has secured the necessary funding to proceed with its new building. With support from CDS's **Bill Gessner**, the co-op raised over \$560,000 in loans from its members for the project.

Harvest Co-op Supermarkets in Boston has contracted with CDS and **Rob Martin** to provide interim general management services. Both stores have been reset and plans are underway to improve the façade in Cambridge and redo the POS/pricing structures.



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