

Solutions

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Focus on Vision Expands Small Co-op Possibilities

BY PATRICIA CUMBIE

The value of a co-op is not its size, but how well it serves its community. A small food co-op (under \$2M annual sales), especially one in a smaller town like Neighborhood Co-op Grocery in Carbondale, Ill., can have a wider sphere of influence than its larger, urban counterparts because it can capture a larger portion of its community's interest and patronage. Small food co-ops in urban locales, like People's Food Co-op in Portland, Ore. often fill a niche by being a strong neighborhood enterprise supported by a committed core of members.

Not being limited by size is the impetus behind a recent groundswell of small co-op developments around the country. What small food co-ops might lack in certain resources, whether they are rural or urban, they more than make up for in their potential to transform neighborhoods and communities.

Bill Gessner has made thousands of food co-op visits over the years during his tenure as a co-op development expert. "It doesn't matter if the store is large or small, when you walk in, you can sense the vitality level of a co-op quickly," he said. Tapping into and expanding this X-factor of "influence" is the opportunity and challenge facing today's small co-op operations. More and more small cooperators are seeking smart strategies to take better advantage of their position of influence.

Gessner said a "good small store" is defined by its leadership. "Leadership that's inclusive and team- and community-building." This



Neighborhood Co-op in Carbondale, Illinois

takes some expertise and practice, but Gessner believes a co-op's leadership ability is a critical element of small co-op success.

Sometimes the nature of a small food co-op operation demands its managers do everything: stocking, ordering, and managing staff. Gessner recognizes managers can get mired in day-to-day concerns that may hold back long term operational development. Essential conversations between board and management about the co-op's future never happen when boards don't look beyond operations either. Thus a co-op's leadership could fail to reach out to those in their geographic and co-op communities, losing the support and momentum community involvement imparts.

"Getting clear on your core values enables you to take them with you in a changing world," said Gessner. "If you can't articulate them then you get resistance and entrenchment. Those that practice isolation disappear."

Bigger is not better in itself. Success for any

Small Co-ops

A cooperator once said the difference between a small co-op and a large co-op is "just a bunch of zeros."

The same issues and challenges crop up—no matter whether a co-op has a \$20 million or a \$1 million dollar operation, the co-op still has to recruit a board, manage staff, move the business forward.

The beauty of cooperation is that there's a place for a variety of formats because co-ops are designed to serve the needs of their community. The focus of this issue of Solutions is about how small food co-ops are equally equipped, if not better, to be a very important part of their communities. Effectively channeling resources toward the kind of development that capitalizes on the small co-op's best assets makes good sense from both a business and a cooperative perspective.

The CDS food co-op team is also pleased to announce Mark Goehring is joining the group as a board development consultant. Mark is an inspirational leader—passionate and knowledgeable—who has enthusiastically contributed to both his local and co-op communities. We welcome his energy and expertise.

—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.

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.

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operation, large or small, is its ability to bring people together to shape a vision.

“Small stores have a great opportunity to have a significant impact if they choose to,” said Mel Braverman, co-op operations specialist. “But you have to plan for it.”

How does a small food cooperator get good information and planning assistance, especially if funds are limited? Even with a tiny budget, a co-op can get a scholarship to the Consumer Cooperative Managers Association conference (CCMA), a subscription to *Cooperative Grocer* magazine for every board member and manager, and become a member of the online peer resource Cooperative Grocers Information Network (CGIN) that shares operational and marketing materials.

A co-op can also join other food co-ops

around the country in getting benchmarking information with Common Cooperative Financial Statements (CoCoFiSt) and joining the National Cooperative Grocers Association (NCGA) for purchasing advantages. CoCoFiSt consultant Walden Swanson said, “CoCoFiSt is a good way to network with other co-op managers and compare results.”

According to Tom Guettler, Northcountry Development Fund’s director of resource development, “CoCoFiSt is the best way for a small co-op retailer to get involved. It’s an excellent resource.” CoCoFiSt has helped countless co-ops close the gap on the bottom line to become more efficient and profitable—no matter the co-op’s size. Many co-ops find CoCoFiSt pays for itself and then some.

Growth in sales is always good indicator of co-op vitality, but not the only one that allows

CASE STUDY

How Small Co-ops Define Success

When it comes to food co-ops, you could never say one size fits all. Consider the two small food co-op retailers in this issue’s case study. One co-op is in a rural community of people where some pride themselves as living “off the grid,” and another is rooted in a mainstream “wired” exurb of a major metropolitan area. Both co-ops are a stone’s throw from a Walmart. How these two co-ops survive and thrive in their different areas, and how they define success in a David and Goliath economy, is a study in how food co-ops impact their respective communities.

Viroqua Food Co-op in Viroqua, Wisc. shows all the earmarks of an intense synergy with its community. Viroqua’s a town of 4,300 people. The beauty and fertility of the land, coupled with its decent proximity to the cities of Madison and LaCrosse, has drawn former city dwellers in search of a more tranquil lifestyle. These newcomers are used to shopping at co-ops and “shop

us heavy,” said Jan Rasikas, general manager.

For quite awhile the co-op has been bursting at the seams, and the co-op is currently building a new store located on the main street through town, to open in June this year. Despite spending nine years practically hidden in a back alley behind a hardware store, Viroqua Food Co-op has played an enormous role in bringing the benefits of a natural food co-op to the whole county and beyond.

According to Rasikas, it was when Walmart came to town that Viroqua’s downtown community galvanized and became the type of economy that welcomes and supports all comers—from massage therapists to farmers.

The co-op’s leaders worked with other downtown businesses to develop plans to keep the downtown vital. By using the *Expansions and Relocations Toolbox* written by Bill Gessner “as a Bible” Rasikas said the co-op’s board and management was able to follow its advice to position itself well for an expansion.

Yet Rasikas knows that there are still a lot of people who have not been to the co-op. Current-

Viroqua Food Co-op

Viroqua, Wisconsin

Founded: 1995

Number of members: 1,100

Equity investment: \$75 per adult

Years in current location: 9

Retail square footage: 920

(4,400 June 2005)

Number of staff: 17

(35 June 2005)

cooperators to evaluate their success. Growth in membership and monitoring and reporting the number of events sponsored by the co-op each year is something small co-ops can do to measure their activity in the community.

“Making money is a means to an end,” Braverman said. “You can use the co-op’s assets to make a bigger impact.”

Overall, Braverman suggests looking at training and education as “an investment not an expense. The payback is in the implementation.” By connecting with other cooperators, planning for the future, and gaining the benefits of opera-

During 2004, CDS worked with six small food co-ops in rural Minnesota to obtain funds from the USDA’s Rural Business Enterprise Grant program to use for consulting services. The funds were provided by USDA to strengthen business and jobs in rural Minnesota. **Just Food Co-op** in Northfield, **MOMS** in Cambridge, **Bluff Country Co-op** in Winona, **St. Peter Co-op** in St. Peter, **Cook County Co-op** in Grand Marais and **Wintergreen Co-op** in Albert Lea received a total of \$41,750 in federal funds; each of the co-ops provided matching funds from their own resources. Consulting services provided by CDS have included board training, market assessment and operational improvement planning.

tional efficiencies, the co-op can achieve its mission and expand its sphere of influence by using its resources to give back to its community.

ly 82 percent of sales are with members. “If you’re looking for natural foods, you already know about us.” A recent market study confirmed that they could expand and expect sales to double in the first year. Rasikas is convinced that all the good relationships the co-op’s developed within Viroqua’s community will help make that possible.

MOMS Food Co-op in Cambridge, Minn. is “not bursting at the seams” according to General Manager Gayle Cupit, “but our location has become unsuitable and we need more room.” Cambridge is an hour from the Twin Cities metro area and is rapidly becoming suburbanized. Half of Cambridge’s population of 6,000 commute to jobs and shop in the city. The co-op’s shoppers are discerning and sophisticated and often compare the co-op’s product line to that available at other natural food stores and local big box retailers, like WalMart.

Good management has been key to the co-op’s success in a brutally competitive market. The co-op’s stable management and staff has enabled the co-op to grow sales at 10-19% annually for the last six years.

“Residents have been very glad to have a co-op,” said Cupit, and like Viroqua Food Co-op, customers familiar with co-op shop-

MOMS Food Co-op
Cambridge, Minnesota
Founded: 1979
Number of members: 575
Equity investment: \$80 per household
Years in current location: 9
Retail square footage: 1,165
Number of staff: 9

ping comprise the bulk of regular patrons. “But people are really wowed by low cost convenience formats,” she said. Unlike Viroqua’s Main Street development approach, Cambridge’s current focus on big business has caused small local businesses to suffer. MOMS’

management has been active in working with other local businesses in Cambridge to point out the benefits of independent business among community leaders. Wal-Mart certainly isn’t educating the consumer through hands-on service and cooking classes. Ironically, it is their proximity to these retail behemoths that has been good for the co-op, bringing traffic and visibility. But now that area is experiencing another wave of development, a road expansion will eliminate those benefits. The co-op has a lot to consider in its next phase of development: location and identity being top concerns. They are working with Pete Davis of CDS on a market study, and are considering a name change. (MOMS stands for “Minnesota Organic Merchandise Store” but people often think the co-op is a daycare.) These potential changes will enable them to effectively find their proper niche in a rapidly changing community.

CDS Welcomes Mark Goehring



CDS is happy to announce that Mark Goehring will be joining our Leadership Team, providing boards across the country with consultation, training and facilitation.

Mark has a knack for keeping his eye on the big picture while effectively identifying the necessary steps for getting there. He is committed to excellence in governance and is ready to provide support to co-op boards. This October, he will leave the board of the Brattleboro Food Co-op (BFC) after seven years of service; three as president.

“I’m excited to work with co-op board members and leaders,” Mark said, “the work they do for the betterment of their communities is inspirational, and ultimately the key to a national network of thriving local co-ops. I’ve learned from experience that the effectiveness and satisfaction of board members—and the good that can be done by them—can be greatly enhanced through ongoing training and development. I look forward to helping boards excel in governance.”

“The Hanover Co-op has benefited greatly from the learning that Mark and the BFC have accomplished through their work,” said Michael Yacavone, board president at Hanover. “Mark is adept at translating vision into practical policies and projects to build common understanding, better board effectiveness and greater collaboration. The co-op community is well served by his leadership.”

Mark can provide your board with ongoing training and consultation on governance and board leadership development by participating in your board retreats, regular board meetings and via phone consultations.

He can be reached at MarkGoehring@cdfsfood.coop or 802-380-3824.



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