

Solutions

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Mind the Gap—CoCoFiSt Improves the Bottom Line

BY PATRICIA CUMBIE

If anything can truly revolutionize the direction of the food co-op movement, it is the process through which constant change is managed. In the last decade, food cooperators have created programs and associations to help them do this. The most exciting result of this work is that these food co-ops, whether urban or rural, singular or clustered together, have created a virtual chain that connects and inspires them to be a stronger force in their own communities.

The Common Cooperative Financial Statements (CoCoFiSt) program was developed to give food co-op operators the same benefits as chain operators, giving them the same tools as their competitors in order to compare performance and improve. It's one of the best industry tools the food co-op sector has to understand what it means to be a good operator. Over the years, a variety of tools have been implemented from CoCoFiSt to create new standards and set benchmarks, as well as give users something to compare themselves to in relationship to co-ops with similar sizes or operational profiles. Thus it has helped many cooperators compete more effectively through reliable financial data, realistically ambitious goals, and sound shared business practices.

People are not only using CoCoFiSt to improve their operations, but how they work together as a team inside their co-ops and with others in their region. Walden Swanson, CoCoFiSt's developer, said he thinks the food co-ops' willingness to share, along with proven networking abilities are the sector's advantage. "We have a strategic opportunity to use this



data to build our cooperative network." He said the key to getting the most from CoCoFiSt is taking what he called the "dry facts" and using the information as leverage to build the food co-op network in conjunction with other people using the program.

CDS consultant Mel Braverman also said those who use CoCoFiSt and CoCoGap to see their potential and achieve excellence, do so by using the information to reach out, looking outside their organization to other successful operations, and institutionalizing best practices throughout their co-op operations. "CoCoFiSt is data-driven, but its most useful feature is when people use what they learn to interact with others and work out solutions," he said. In this way it helps groups see what's possible. "CoCoFiSt is a really great way to help build your team, because unlike a lot of other team-building activities you might do, CoCoFiSt is focused on what you do, which is running a grocery store."

George Huntington, general manager of multi-store- and restaurant co-op Bloomingfoods Market and Deli in Bloomington, Ind.

The Underlying Theme

*At some point in a good story's telling, the reader comes to understand what high school English teachers always referred to as the "underlying theme." What they were asking students to do was look beyond the situation or the plot, to identify what was relevant about a story. If you thought Hemingway's *The Old Man and the Sea* was just about a deep sea fishing trip, you probably missed the point about the fine line separating false pride and real heroism, and got a C on your term paper. You weren't really doing your homework.*

When it comes to numbers and data collection, is there an underlying theme? Or is that an instance when the facts speak for themselves? In discussing the use of the CoCoFiSt program tools and looking at CoCoGap numbers, consultants and food co-op managers alike point out that how people use these tools can make the difference between what they called "getting info" and "having knowledge." Information is what you get when you look at CoCoFiSt data, but using the info it provides to learn something, and build on what you know to make decisions, is much like identifying the underlying theme of a piece of art.

The usefulness of a tool like CoCoFiSt goes beyond mere numbers to help cooperators facilitate department planning, make operational improvements and build effective teams on behalf of cooperation. When you've taken it that far in your organization, it means you've done your homework.

—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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said, “At a recent staff-wide training session we drove it [CoCoFiSt] down even more levels, bringing the information to the clerks and restaurant staff. It was a very positive experience.” He added, “It’s fun to look at the data, but the beauty of the tool is working on the CoCoGap plan, and doing the critical thinking. How can we get better at margin? How can we be more efficient? When it’s a group process, developing plans and creating solutions, the message doesn’t come down on high from management. The staff is very motivated to participate in this way.”

Enhancing the Competitive Edge

It’s also true in the entrepreneurial realm that sometimes the outside “help” we get in seeing potential is the pressure from competitors. Using CoCoFiSt, and training staff to do more with the data, cooperators can more readily identify promising opportunities in need of fine tuning, and stay ahead of the competition while simultaneously strengthening their co-op’s advantage.

For example, the CoCoGap tool helps managers do this by giving a specific dollar amount to improvements, creating a natural focal point on making change for the better. “If you learn a certain improvement will bring in another \$25,000, that makes it real. It has a very stimulating impact on people,” said Braverman.

Looking at these improvements as a national aggregate could have a profound impact on the course of the food co-op movement as a whole too. The Central Corridor co-ops of the National Cooperative Grocers Association (NCGA) see this and are currently setting aggressive goals as a group to collectively close the performance gap in their co-ops. Ben Nauman, NCGA’s central corridor development director, estimates that achieving their long term goals could be worth up to \$6 million dollars. “That level of improvement for the sector would be huge. Even if we close in on 30 percent of that we’re talking several million dollars.”

Knowing the dollar value of improvements and what’s at stake, has led the Central Corridor co-ops to create business plans focused on closing the gap, driving CoCoFiSt deeper into

their respective organizations, as well as piloting the CoCoCube which will allow people to get data as soon as it becomes available, getting more timely info.

“The data is the first step, but where it gains value is when people pick up the phone, talk about what they’re doing, or make store visits. I’ve seen this especially in the Great Lakes region where managers are sharing operational practices...people are setting their sights on integrating CoCoFiSt into their organizational cultures,” Nauman said. Nauman also stressed “there’s nothing mystical about CoCoFiSt” and using it is part of a larger co-op development process at a micro and macro level.

No Margin, No Mission

Carol Collins, general manager of People’s Food Co-op in Ann Arbor, Mich., said that her co-op’s commitment to using CoCoFiSt tools to help make decisions has not only helped her be a better manager, but that

commitment to it is all about being a responsible operator on behalf of the co-op. “Every year we increase efficiency and productivity and that means that we can give more to our members and staff.”

Collins also recognizes its power as a networking tool, requiring her management team

members to contact other people managing high performing departments in other co-ops to learn more about how to be better at what they do. “We can connect with people with common problems and come away with ways to deal with them. The NCGA has helped in our corridor structure, creating ways for department heads to expand their networks beyond the general managers.” She added, “We could all be doing better reinforcing the co-op as a learning institution, providing education and personnel development in the service of our members.”

Huntington from Bloomingfoods said using CoCoFiSt this way for continual improvement is in keeping with cooperation’s founding principles. “These tools help foster and build teamwork outside our co-op so we get better at practicing the sixth principle, cooperation among co-ops.” That’s a cooperative advantage!

“If you learn a certain improvement will bring in another \$25,000, it has a very stimulating impact.”

CASE STUDY

People's Co-op Builds Teamwork through CoCoFiSt

When People's Co-op in LaCrosse, Wisc. expanded two years ago, Michelle Schry, general manager, knew that her operations needed to not only take an enormous leap, but had to function at a high level immediately. The remodel and extensive expansion also included the addition of a new restaurant. A big part of preparing her staff for managing such explosive growth included the development of department plans that brought people together to meet their goals. Schry was concerned that without the expectation of teamwork, departments could become isolated or segmented, undercutting the whole co-op's ability to thrive and meet the needs of its members and consumers.

She turned to CoCoFiSt, and in particular, CoCoGap tools, to help her manifest a paradigm shift in organizational thinking. By using CoCo tools, managers and department heads could see how their performance is interconnected, engendering a feeling of responsibility, not just for their individual departments, but for the whole store.

"Specifically, these tools were useful in planning for our new store. We were able to see the results from stores the size we were going to be. We learned what changes we should make and probably expect, where we needed to get help from other people." She said their first year post-expansion they experienced the explosive growth they predicted, yet nobody felt taken aback. "Sure it was a big shift for the managers, dramatic and quick. It could have been ugly, but because we knew what to expect no one was surprised." Another outcome of this preparation was the mutual support the management team was able to provide each other. "The conscious decision-making process helped keep morale going, that the group's activities could support other departments."

In People's post-expansion world, the CoCo tools have also helped contribute to an atmosphere of continuous improvement



People's Co-op
LaCrosse, Wisc.
Founded: 1973
Members: 3,011
Equity Investment:
\$100 individual, \$125 household
Staff: 114
Retail Square Feet: 16,000
including Hackberry's restaurant

that is filtering down to and engaging front-line managers in the planning process, and building incremental improvement plans through a team approach. "It gets people to make decisions together," Schry said. "You can measure results with CoCoFiSt, but that doesn't really do anything. You have to take that info and translate it into action on the floor. That's a very important step in improvement."

Schry said that the 5+ years she's been using CoCoFiSt for planning has made her much more mindful of the benefits of using the program's tools. "Growth can cover a lot of shortcomings. I've seen it in our own store, how it can pad poor management." She said the CoCo tools have helped her look at what could be different or better so the co-op can achieve its goals.

For Schry, it all of this boils down to using the tools to engage people to work together to achieve excellence. In her observation, the stores with the strongest performance, "use CoCoFiSt to bring out the incredible talents of the people around them."

Strengthening Fresh Produce Departments

Fresh produce is a big marketing draw for many food co-ops, yet there is a dearth of established training programs for improving performance. The Central Corridor recognized the need to better support produce department management and has engaged CDS to work with produce managers to focus on closing the margin gap for these departments. A gap assessment for all departments of Central Corridor co-ops highlighted a few areas with significant performance gaps. They decided that 2006 would include a focus on closing the produce margin gap (approximately \$500,000).

CDS lead consultant Mel Braverman and associate Loretta Wilson (previously the produce manager at Willy Street Co-op for 15 years) will be working with the corridor produce managers. This program will include 3 two-day workshops where produce managers will work together to improve their department's realized margin.

In addition to the workshops there will be bi-weekly reporting and monthly phone calls to support these managers as they initiate their tactics for improvement.

CDS will produce regular reports to the general manager and NCGA's development director as well as using the Gap to track performance improvement. This project is scheduled to go on throughout 2006 with a review in October to assess progress.



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