



# LEADer

*A publication designed to promote visionary and forward-thinking discussions between and among the leaders of NCGA co-ops*

## A Study Guide for Co-op Leaders Can We Be Agile?



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### Study Guide

#### Measuring Your Co-op's Agility

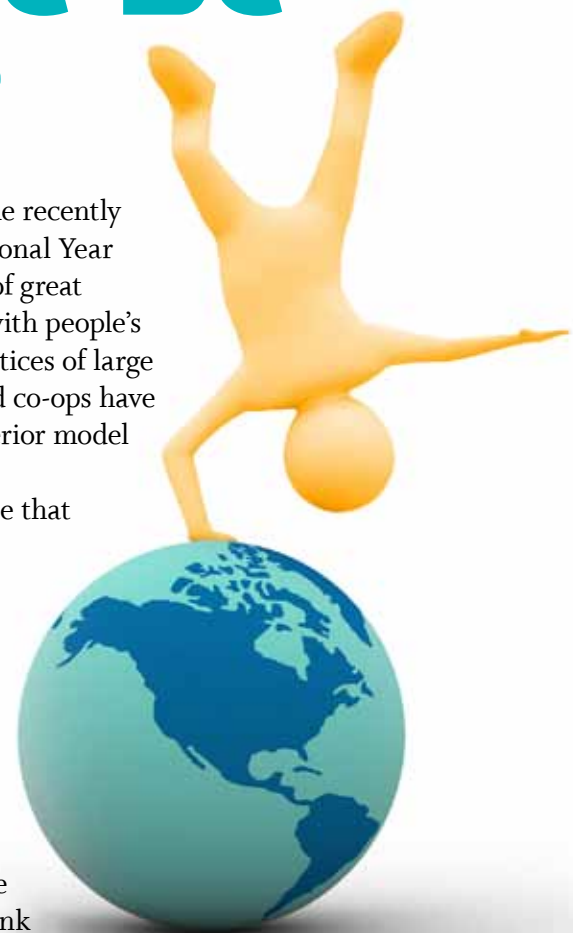
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# Can We Be Agile?

We have a great opportunity. The recently concluded United Nations International Year of Cooperatives (IYC) brought lots of great attention to co-ops. Combine that with people's increasing frustration with the practices of large and multinational corporations, and co-ops have an opportunity to show what a superior model and alternative they offer.

Whose responsibility is it to seize that opportunity? Yours. And ours.

We are the leaders of the food co-op sector. We can't put this job on anyone else. Change will result from the actions of individual co-ops as directed by individual managers and other leaders. Can we think about what a "cooperative future" might actually look like? Can we challenge ourselves to embrace risk and to think outside of our traditional and comfortable patterns of operation so that our co-ops can rise to the challenges of the times?



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Board Effectiveness  
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More about the  
**LEADer**

*A publication designed to promote visionary and forward-thinking discussions between and among NCGA's Western Corridor co-op leadership*

**More about the LEADer**

As of in 2013, the *LEADer* is a national program of the National Cooperative Grocers Association. It strives to bring in experiences and voices from all co-ops affiliated with NCGA as members or as associate co-ops. To this end, we have expanded the BEST, and we welcome others who would like to join us in creating this quarterly study guide to foster visionary and forward-thinking discussions between and among co-op leaders.

The *LEADer* is available to all interested co-op leaders. This issue and all back issues are available online at <http://cgn.coop/library/wikis/lead-program>. To subscribe to the *LEADer* and to have issues sent directly by e-mail as soon as they're available, contact Karen Zimbelman at [kz@ncga.coop](mailto:kz@ncga.coop).

We welcome your reactions, suggestions, and contributions, as well as questions for us to answer in future issues. Send comments or questions to [askthebest@ncga.coop](mailto:askthebest@ncga.coop).

The next issue will be available in summer 2013 and that issue will focus on how boards can pick up the conversations about co-op growth issues coming out of NCGA's spring meeting (April 2013) with co-op top managers and board representatives. For more information about NCGA, the *LEADer*, or the BEST, contact:

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Board Effectiveness Support Team



# We Need Agile Co-ops!

by Gail Graham

Agility is defined as “the ability of a system to rapidly respond to change by adapting its initial stable configuration.” A *person* who is agile can efficiently and effectively change his or her physical position—a skill that requires a combination of balance, speed, strength, and coordination. A *business* that is agile can rapidly and efficiently adapt to changes, and it too needs to combine balance, speed, strength, and coordination.

As part of the 2012 International Year of Cooperatives, the McKinsey consulting group was commissioned to conduct a series of major studies on co-ops. The report was published in the fall of 2012 and is available online (see page 4). One of the articles is titled “Improving Cooperatives’ Agility.” It reports that the cooperative model is particularly effective in creating organizational alignment and in mobilizing and motivating employees but that co-ops are often slow to respond to emerging challenges and opportunities.

We need to take this insight to heart. We live in a rapidly changing retail environment, and we must be agile to keep up with the changes and to remain in a position to deliver value to our member-owners. Just as people can build physical agility with practice and training, we

can build our co-ops’ ability to respond quickly by developing effective managerial and governance practices that allow for agility in decision making and in pursuing opportunities.

By clearly defining roles and responsibilities for a general manager, a co-op can build a foundation of trust and effective decision making. Some co-ops use the Policy Governance model and establish “limitations policies” that clarify the general manager’s scope of work. Others rely on a GM job description, charters for board committees, and descriptions of the roles and authority of the board and board officers. What is important is that you have a shared understanding of roles to help guide the co-op as it navigates through business decisions.



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## We Need Agile Co-ops!

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For example, if your board approves a budget, does that mean that directors implicitly approve of everything in it—or will they separately review and approve other financial pieces, such as a gain-sharing or bonus plan? What if there is a significant change in plans? Can the GM redirect money in the capital budget or does the board want to review changes first? There are no right or wrong answers—just a need for clarity so that you don't get diverted into arguing about who owns the decision.

It is also valuable to have a process in place for addressing issues promptly when the need arises. Does your GM know what information you will require to be comfortable making an informed decision? How much lead time will you want? Is

there a strategic vision—preferably written—that can help board members understand how the proposal they are being asked to evaluate fits in with the co-op's future?

As a GM, I keep my board informed about possibilities well in advance of being faced with a decision. This too helps build agility. For example, nine years ago (three boards ago in terms of board members), we discussed the parking needs of one of our stores and the desire to be ready to act if an adjacent property ever became available. That wish became part of our shared conversation, even as board members changed. In April 2011 we learned that the owner of an adjacent house was interested in selling. We purchased the property, demolished the house, had the land rezoned (taking down a house to put up a parking lot is an unpopular move!), and opened our newly expanded parking lot in time for Thanksgiving—even though none of this had been in our budget or plans.

We could act with agility because of the foundation we had built over many years: clear roles, shared strategic vision, and a process for timely decision making. While agility allows you to act quickly, there is no shortcut for developing it.

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## Can We Be Agile?

Continued from front cover

Based on 2012 IYC activities, the International Co-operative Alliance developed a *Blueprint for a Co-operative Decade*, which challenges co-ops to step up and do what they can to contribute to an increasingly strong and significant cooperative sector—within our own countries and around the world. Martha Whitman's article in this issue provides an overview of key highlights from the Blueprint.

An important issue for all co-ops, as shown by research commissioned by co-ops in 2012, is agility. The research, conducted by McKinsey and Company, revealed that co-ops are well aligned with their members—since the purpose of a co-op is to meet members' needs. This strength gives co-ops a proven advantage over other types of businesses. But in the area of moving quickly to respond to changing business conditions and to seize new and innovative business opportunities, co-ops tend to rate lower.

What can we, as co-op leaders, do to strengthen these weaker areas, to make sure our co-ops survive and thrive well beyond the next decade and into a longer-term future? That fate is in *our* hands. What can we do to help in this area?

For more about the importance of agility within co-ops and how to strengthen your co-op in general, check out McKinsey and Company research produced for co-ops in fall 2012 at <http://s.coop/yr5v>.



# A Blueprint for Co-op Growth

by Martha Whitman

The timing of the UN's International Year of Co-operatives couldn't have been better. While not everyone can articulate it, our country is certainly experiencing the shortcomings of capitalism's drive for short-term gain. But having one year highlighted won't and didn't do the job for cooperative awareness. We know the co-op model provides answers to problems, but the vast majority of Americans haven't a clue what a co-op is or, worse, are grossly misinformed.

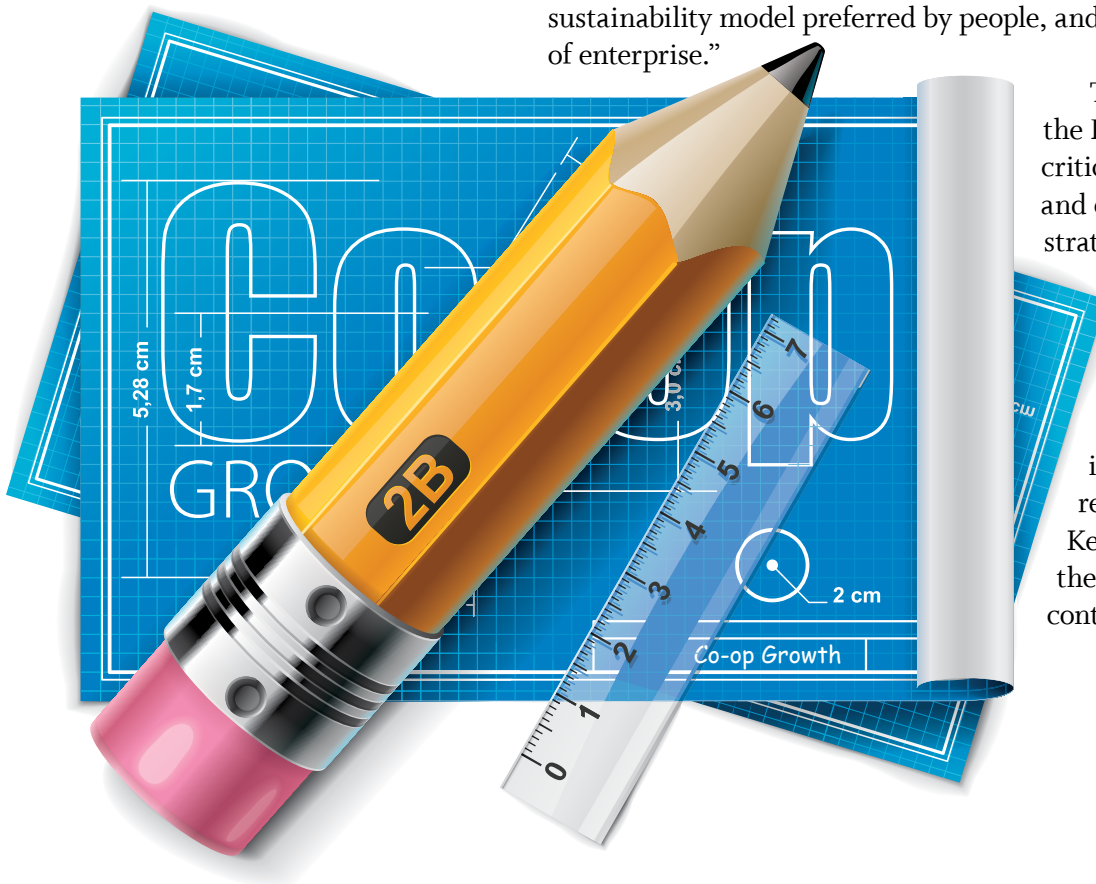
Enter the International Co-operative Alliance's (ICA) *Blueprint for a Co-operative Decade* (find it at <http://ica.coop/en/blueprint>), a strategy for the group's 2020 vision. The ICA has taken up where the United Nations and IYC left off. It's an ambitious plan: "This Blueprint . . . is for the co-operative form of business by 2020 to become the acknowledged leader in the economic, social, environmental sustainability model preferred by people, and the fastest growing form of enterprise."

To pursue the vision, the Blueprint identifies five critical interlinked themes and offers implementation strategies for each of them.

Within the document, these five themes are detailed in five chapters, each offering directions and specific ideas for achieving goals related to that theme.

Keep in mind that these themes were identified in the context of the international

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# A Blueprint for Co-op Growth

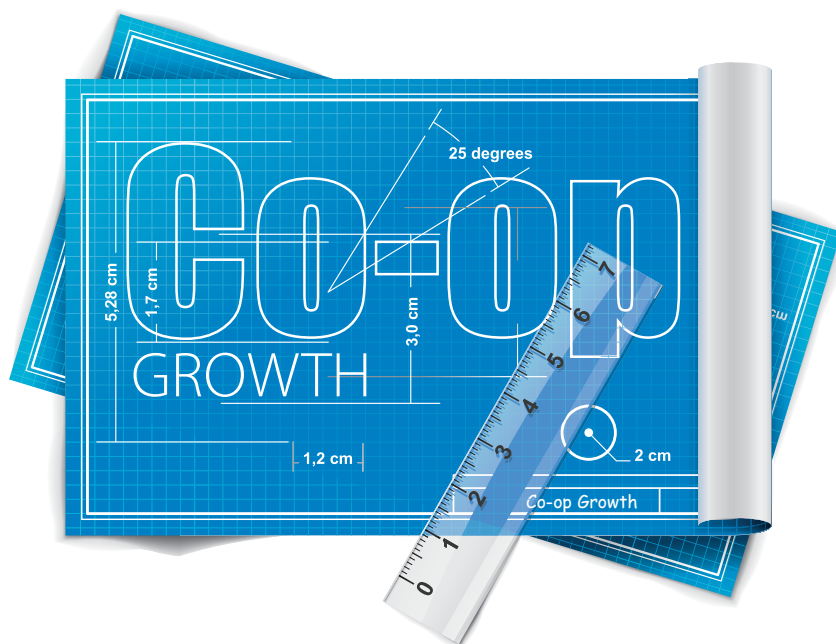
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cooperative community. Consequently, cooperatives around the world will identify different priorities and create different strategies based on their particular needs and cultures. The five areas are:

1. Elevating participation within membership and governance to a new level
2. Positioning cooperatives as builders of sustainability
3. Building the cooperative message and securing the cooperative identity
4. Ensuring supportive legal frameworks for cooperative growth
5. Securing reliable cooperative capital while guaranteeing member control

What does the ICA Blueprint mean for leaders of U.S. natural food cooperatives? The growing consensus is that change is coming and coming quickly. Today's world simply moves faster than it did 10 years ago, not to mention than when most of us opened our stores in the '70s. Our businesses won't continue as usual, making it imperative to raise our heads now and to explore a broader position for our co-ops. The Blueprint offers us a path with which to explore considerations we might not yet have contemplated. For instance, let's just take a quick look at the third theme: cooperative identity.

According to the Blueprint, to secure cooperative identity, we "need a more sharply articulated message so that people are more aware of what they are choosing when faced with the option between a co-operative or an investor- or privately-owned business." The Blueprint's first suggestion to that end is for us "to think how we are



perceived by, project ourselves to, and communicate with young people. Securing their interest and positive engagement can only be achieved through an understanding of the changing ways in which they communicate and form relationships with each other using technology and social media. Human relationships are at the heart of a co-operative. Young people need to help shape the identity and the messages.”

With this in mind, how might you shape your strategic study? How could you learn about young people? What needs to happen with co-op education? How might technology change how we operate our businesses and communicate? What are the blind spots of the older generation in co-op leadership positions? These are just a few questions we can explore to shape the cooperative identity; this is how we might use the Blueprint.

What's particularly exciting about the International Year of Cooperatives and now the ICA Blueprint is the momentum being captured and channeled. The Blueprint states, "Co-operative ideas work, but most people do not know that today. That is why this Blueprint is an ambitious plan to clarify the co-operative message and broadcast it to the world community which currently cannot imagine what it can achieve.”

It's up to us. Let's see what we can do!



# Member Engagement Increases Agility

## Case Study of Mississippi Market

by Paige Lettington

To be agile, you need to be ready to move when opportunities arise, such as when a perfect second store or expansion location becomes available. If you are out of touch with your member-owners, these opportunities can pass you by; by the time members get on board, the opportunity might be lost. Conversely, you might move forward believing that a certain action is in the best interest of the co-op and end up with a big controversy on your hands, which at minimum takes energy away from the job at hand and at most can derail the project completely.

### A Growth Opportunity Comes to Light

In 2012 Mississippi Market's leadership utilized a proven strategy—member forums, used successfully in 2004 and 2007—for getting valuable member input and buy-in. In May the board had “robust discussions about how to use resources and agreed that investing in growth through opening new locations would be a good use of resources,” according to General Manager Gail Graham. Directors were concerned, however, that an April 2012 member-owner survey had noted that members ranked “adding store locations” fourth in their priorities for future development.

A potential opportunity was available for expansion, and the directors and management hoped to get staff and members on board. The board realized that even if this specific opportunity did

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## Member Engagement Increases Agility

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not materialize, it would be wise to prepare the organization for future growth and to educate members on how it might serve the co-op's ends.

### How Input Was Gathered

The board held eight focus groups—five with members (approximately 80 members participated) and three with staff (about 50). The purpose of the sessions was to identify major issues or concerns about expansion and to generate ideas about what would make expansion successful.

To identify concerns and obstacles, participants were asked to list (anonymously) one concern that would point to growth and expansion being a bad idea for the co-op. To identify potential benefits, each participant was asked to select, in order of importance, three categories in the co-op's Ends policies that would benefit the most if the co-op expanded.

To identify ideas about how to grow or expand successfully, participants responded in writing to four questions and then discussed those questions as a group. The questions were:

1. What important things about the co-op should not be lost in efforts to grow?
2. What advantages would there be in adding a third location?
3. What positive role could an expanded co-op play in the community?
4. What are your other thoughts about growth?

Finally, participants completed a brief three-question survey regarding their perceptions and feelings about the specific opportunity Mississippi Market was considering. The options were:

1. I like this plan. It has the potential to help us fulfill our Ends and is consistent with our values and strategic priorities.
2. I think there may be better options for expansion, but I believe that at this time this may be a plan worth pursuing.
3. I do not believe this plan should be pursued because it is not consistent enough with our Ends, values, and/or strategic priorities.

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*Mississippi Market encourages member-owners to be engaged and participate in the future of the co-op.*







## Member Engagement Increases Agility

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### Results of the Focus Groups

Members had far fewer concerns about expansion than staff did. That said, members still worried about the potential impact of growth. Their top concerns were:

- Strain on current resources
- Pace of growth
- Demographic fit of the proposed new location
- Balancing consistency across stores with the autonomy of each store, as well as not becoming too “corporate”

The potential benefits most often mentioned were:

- More opportunity to educate the community about healthy sustainable food options
- More access to healthy foods in underserved areas
- More positive economic and social influence in the community, including new good jobs
- More support for local farmers and vendors
- Spreading the influence of the co-op’s values and the co-op model
- Growth in membership in the city
- Greater financial strength through diversity
- More and better product choices and options for member and shoppers

### And Then?

Mississippi Market continues to explore the third store opportunity but has not moved forward on any expansion plans yet. Management and the board have assured members that they want to position the store for the future while ensuring that it continues to meet the needs of current member-owners at current locations. As it becomes available, information about possible expansion plans will be posted on the co-op’s website: <http://msmarket.coop/news>.

**Member Forums:** Well-run member forums are a proven strategy for getting good-quality input from member-owners and for building trust. Mississippi Market conducted successful forums in 2004, 2007, and 2012. In 1998 Sacramento Natural Foods Co-op attempted a second store expansion, which failed primarily due to member-owner opposition stemming from a perception that members had not been consulted. Subsequently, to determine a way forward, SNFC hired a consultant and went through an extensive process to gather member-owner input via surveys, focus groups, and other means. Since then, SNFC has successfully used member forums to gain input on a variety of big decisions: adding red meat to the product line, opening a second store (successfully), and planning for a larger primary location—all with very good results.

## MEASURING YOUR CO-OP'S AGILITY

by Cindy Owings and  
Martha Whitman

*A proverb warns us:  
A wise person  
does not  
leapfrog with  
a unicorn!*

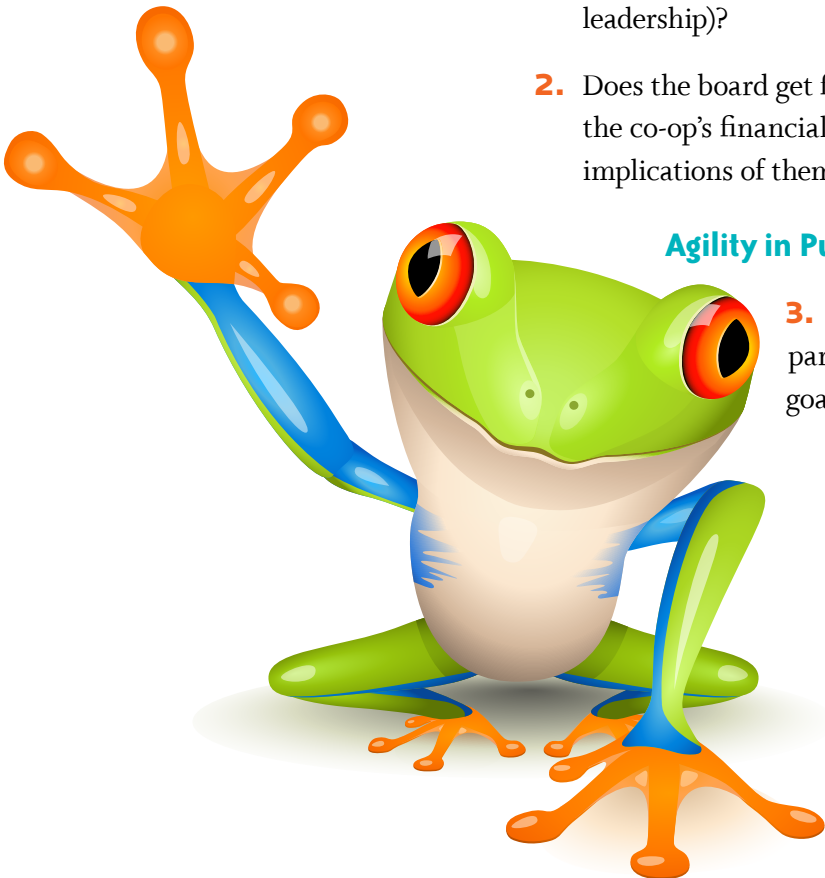
Maybe the message here is obvious, but ask yourself, as a board member: How agile is your organization in meeting the challenges of changing conditions? In general, how can co-ops strike a balance between their democratic nature and managerial agility? Here we offer some thoughtful ways of examining your co-op's agility. Use these questions to identify priorities for improving your co-op's agility, especially in areas of board responsibility.

### Agility in Decision Making

1. Do your board and management teams seek out opinions of others before making important decisions (consultative leadership)?
2. Does the board get financial reports that accurately portray the co-op's financial situation and does it understand the implications of them (financial management)?

### Agility in Pursuing New Opportunities

3. Has your board ever considered potential partnerships that might help the co-op meet its goals (collaborative partnerships)?



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# CO-OP AGILITY

## A LEADer STUDY GUIDE

*Continued from Page SG 1*

4. How effectively do your co-op systems and processes facilitate cross-functional initiatives and relationships (knowledge sharing)?
5. Do you use external contacts to invite and maximize the flow of ideas into your co-op (capturing external ideas)?

### Agility in Sourcing and Developing Talent

6. How does your co-op encourage board members to broaden their experience and talent (sourcing and developing talent)?
7. Does your board have an effective recruitment process to attract qualified candidates (outsource expertise)?

