NOV.–DEC. 2011

Cooperative Grocer

FOR RETAILERS AND COOPERATORS #157

NETWORK NEWS

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Two Co-ops in One Small Town

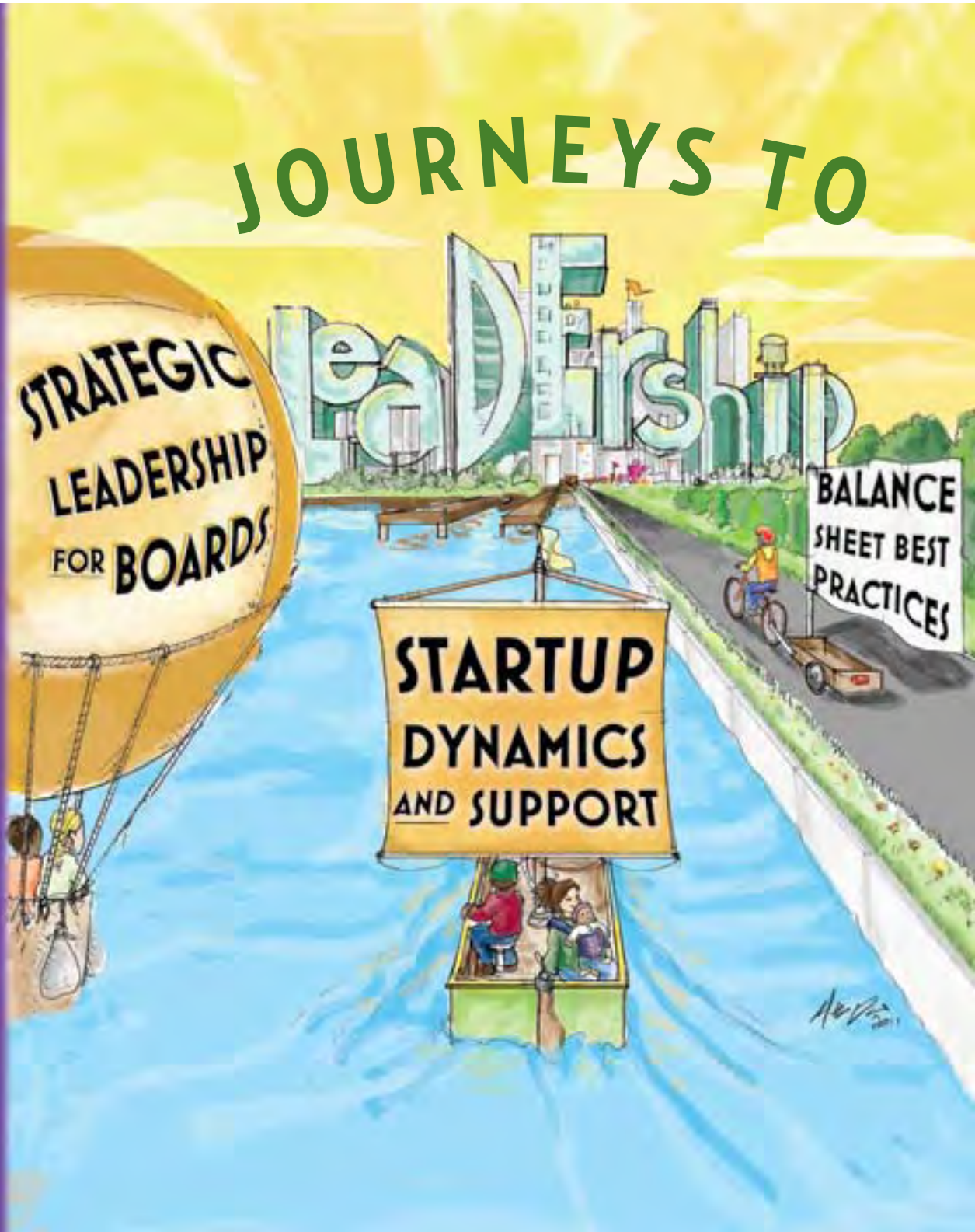
Access to Healthy Food for All

International Year of Cooperatives

OPERATIONS

Restorative Dialogue in Employee Grievances

Signage Basics



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The Cooperative Grocer is a bimonthly trade magazine that is distributed to cooperatively owned food retails and their interested parties throughout the U.S. and Canada.

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Cooperative Values and Principles

The following Statement of Cooperative Identity was adopted by the International Cooperative Alliance in 1995:

Definition: A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Values: Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity.

In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Principles:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Cooperation among cooperatives
7. Concern for community

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PRINTED ON FOREST STEWARDSHIP COUNCIL (FSC) CERTIFIED PAPER

BY PAUL HAZEN

Reaching the Next Generation

[Below: excerpts from a column in Cooperative Business Journal *(Sept./Oct. 2011) by Paul Hazen, who is president and CEO of the National Cooperative Business Association.*

Hazen recently announced he will soon step down from his position after 25 years of leadership and dedicated service to cooperatives. Food co-ops and many others are indebted to Paul Hazen—who believed that there is a cooperative solution to meet every need. –D.G.]

Young people are hungry for co-ops, even if they don't always know it. And with the United Nations' declaration that 2012 is the International Year of Cooperatives (IYC), we have a chance to address that lack of knowledge.

Cooperatives must tap into the growing desire for ethics and sustainability that is now common on campus. When young people finally grasp the reality—and the potential—of co-ops, they often get excited, and sometimes they are hooked for life. Reaching out to young people must happen at every level, from global initiatives down to your own co-op's marketing efforts.

The youth of the world are looking for something like the cooperative movement, and the movement as a whole must let them know that we take them seriously if we want them to take us seriously. Co-ops must articulate how we can transform our communities in whatever way is authentic to those communities. We must go deeper and cultivate the interest of the next generation. Co-ops are a diverse movement, so not everyone will have the same message. But we all need to have a message of some sort.

Here are some key elements for consideration as you plot your co-op's youth outreach and engagement for IYC:

First, you must have something interesting to share. This means both holding events that are likely to attract "a younger crowd" and living your principles in everyday operations.

Secondly, you must share your news. Kids these days communicate intensely through social media, and if our co-ops don't tweet and post to Facebook, we might very well be overlooked. It is essential to do this with focus, as a presence must be built up gradually through persistent two-way communication.

At the same time, we have a great opportunity to complement social media with formal educational channels. We must insert cooperatives into the curriculum at all levels, and address the serious lack of attention paid to the cooperative business model. There should really not be a single high-school graduate—let alone MBA candidate—who is not familiar with co-ops.

There should really not be a single high-school graduate—let alone MBA candidate—who is not familiar with co-ops.

I have built many connections over the course of my career, and they serve me well in a leadership role in which I must bring a large and diverse movement together. At the same time, I realize that my age is a liability. The future of cooperation is not something that I'm likely to discern on my own. That vision is more likely to come out of youthful enthusiasm and cooperative engagement between generations.

As always, our hope is the generation that comes after us. They will have to live with the consequences of our economic situation for longer than we will. They also have had less time to get used to the status quo and are therefore better able to think outside the box. Youthful enthusiasm may need to be occasionally tempered with worldly experience, but neither can really succeed without the other.

If we don't seize this opportunity, not only do we lose our best hope at finding managers, staff and board members to replace the current generation. We also run the risk of allowing another generation to grow up in disillusionment, caught in the belief that there is no economic alternative to a system that is showing its weakness more every year. ■

YOUR COMMENTS AND MORE CONTENT ONLINE

Find enhanced resources at www.cooperativegrocer.coop, where articles from the print magazine are often supplemented with additional material from the authors and comments by readers—along with a stream of Endcap stories and a food co-op directory.

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NCGA Development Cooperative Addresses Growing Demand

BY C.E. PUGH

The National Cooperative Grocers Association (NCGA) created a subsidiary Development Cooperative (DC) in 2008 for the purpose of providing specific, fee-based business development services for retail food co-ops in the areas of business improvement, expansion and new store development. This subsidiary isolates NCGA from the business and legal risk of development, and it also serves as a vehicle to procure development capital from multiple parties. A subsidiary cooperative permits NCGA to consider higher risk opportunities than would likely be feasible without a subsidiary.

NCGA currently has 122 member and associate co-ops operating 158 food stores in 34 states. Whole Foods, Trader Joe's and other national and regional chain operations are able to gather their cumulative experience in business and store development projects over time. Each future project benefits from this growing knowledge base as the organization adds to its collective internal expertise. The DC fulfills this role for NCGA's virtual chain of food cooperatives.

The DC engages directly with co-ops to improve their business performance. Areas of assistance include improving sales; gross margin and productivity; inventory management; marketing; staff development; and new department deployment. The DC also provides comprehensive new store development support. Areas of assistance cover market analysis review; site selection; project scale; finance procurement; lease negotiation; store design; architect and contractor oversight; build-out management; equipment sourcing and installation; staffing and opening; marketing; and post-opening monitoring and measurement.

The DC assists co-ops in improving their existing business and new store development for a fee—utilizing both internal resources and external consultants. The DC's longer-term agreements and fees returned over the life of the agreement create a productive relationship between the DC and client co-ops and a vested interest for the DC in the co-op's success.

The DC is building NCGA's capacity to serve co-ops by consciously extending and deepening the expertise of staff and members and by developing practices that institutionalize such knowledge. Optimizing resources ultimately requires that we are a learning organization, marshalling skilled individuals to teach and train others. This approach continually improves our ability to work with co-ops one-on-one, while also building systemwide tools that help build the entire sector.

The DC fee structure provides for extended payments following the completion of the project. The DC has completed the work of six engagements, and there are currently 17 active engagements—two business-improvement and 15 new-store development or expansion projects. DC staff members have supported nine new store openings over the past two years and are working with seven new-store/expansion projects that are expected to open in 2012. The nine recently opened new stores improved their communities with 220 new jobs, $4.5 million in annual wages, $12 million in local project dollars and over 10,000 new co-op member/owners.

The DC primarily works with NCGA member co-ops, but it has also worked with Food Co-op Initiative (FCI) and CDS Consulting Co-op (CDS CC) to support five startup co-ops, four of which have opened since June of 2010. We have learned a great deal about the extraordinary challenges of new co-op development during the past year, and the DC is working with FCI and CDS CC to develop a more structured development approach and improved systems to support startups. The DC is most suited to supporting startups in the implementation phase, while these other partners are geared toward organizing, feasibility and development. All of these entities are committed to working together to lend support in ways most appropriate to success. (See page 24 for more on the startup process.)

NCGA member feedback has been positive, and demand for the DC's services has recently exceeded the capacity of its limited staff. The DC is now adding staff to support the increased demand and broaden its ability to support food co-op development and business improvement.

Please contact C.E. Pugh (ce.pugh@ncga.coop) for more information about the NCGA Development Co-op. ■

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Rejuvenate

Ladies and Gentlemen, August 2011

In selecting the foods we offer and eat, we do so out of need to nourish and a love of life and everything in this magnificently ordered universe. We make loving decisions in choosing food, how it's acquired, its handling and distribution, by always referring back to the question, "What will best encourage life?" We focus on primary sources of contamination or degradation of food in protecting it. As the oldest natural and organic food company in the United States and Canada we have considerable experience, practice, and knowledge in this. Focused will and firm persistence is demanded. Opposition to pursuit of purity shadows us and creatively works to wear down our resolve. Vigorous faith in the correctness and necessity of this goal keeps us going.

Nature is the great provider. We simply have to keep man's meddling and tampering with it to a minimum. Shortsightedness and laziness are always involved in adulteration and imitation of food, almost as common is greed. Flimsy arguments are used in trying to hide this.

Eden Foods encourages everyone to be knowledgeable, questioning, actively involved food buyers, as we are. There is great need for civil society to become caring about and involved in the kind of food that industry feeds us. The social, political, medical, mental, and spiritual damages of big agribusiness should not be allowed to continue, but they do. The criminal destruction of water, air, and food quality is only possible while society remains apathetic.

Ignorance is bliss. Knowledge is responsibility. Genetically engineered flora designed to encourage or make toxins that kill life and poison the environment is insane. Disinformation, societally pervasive and perpetrated with enormous funding, is only continued because we accept it. Truth in advertising is long gone. Government agencies meant to look after the peoples' well-being are diverted from this with disinformation and very big money to serve the misguided corporate interests of the funders, socially subjugating us in monoculture.

Help us encourage cultural diversity and purity in food, agriculture, air, water, and land use.

Wisdom is love in discerning.

Please become involved with us in discerning and determining what is appropriate food for humanity.

Michael J. Potter, President

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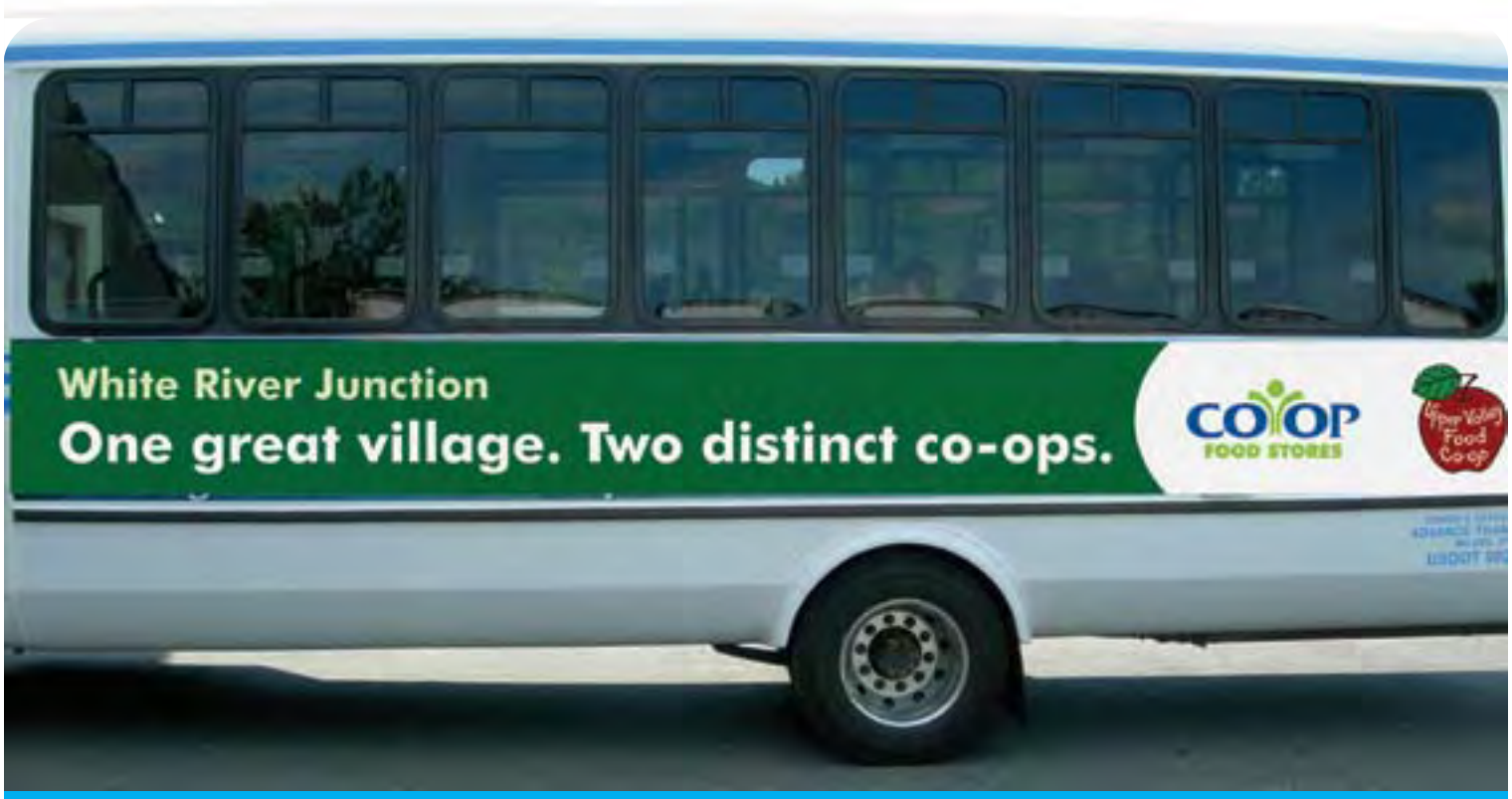
One Town, Two Co-ops

BY TERRY APPLEBY



PHOTOS COURTESY OF HANOVER CONSUMER COOPERATIVE

Above: Joint advertising on the local buses makes it clear the two co-ops are cooperating.

White River Junction is a small town at the confluence of the White and Connecticut Rivers in central Vermont. For the past 35 years, it has been the home of the Upper Valley Food Co-op. The town also had a conventional grocery store that operated under several banners, Grand Union and P&C Supermarkets being the latest.

In late 2009, the parent company of the P&C store declared bankruptcy and announced the sale or closing of all its stores, leaving the town without a conventional grocery. Soon after the announcement of the closing of the White River Junction store, the Hanover Co-op was approached by the building's owner to consider leasing the space and opening a co-op store.

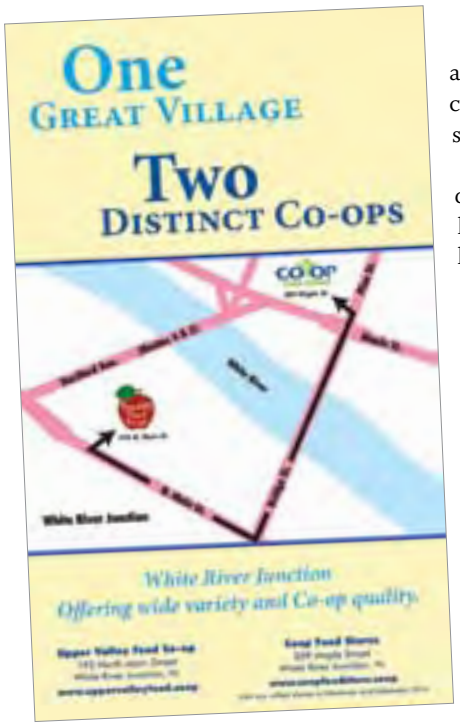
Hanover Co-op, in its 75th year, already was operating two full-size supermarkets in Hanover and Lebanon, N.H. White River Junction is seven miles from Hanover, needed a store that fit the profile of our current stores, and was home to many Hanover Co-op members. While there was good reason to open a store, there was also a concern that it not intrude on the market for Upper Valley Food Co-op.

By the time the opportunity for a White River Junction store surfaced, and key to this story, Hanover and Upper Valley had been working together for several years. The two co-ops collaborated first through involvement in the Cooperative Grocers Association of the Northeast and then through the National Cooperative Grocers Association and the Neighboring Food Co-op Association (NFCA).

By the time the opportunity for a White River Junction store surfaced, the Hanover and Upper Valley co-ops had been working together for several years.

Through the NFCA, Upper Valley General Manager Kye Cochran, board member/staff person Sharon Mueller, and I had collaborated closely on a scenario-development process with Eric DeLuca (then with NFCA). Through that process, we built both a strong working relationship and a respect for each other's contributions in a rewarding project. So, when Hanover got the opportunity to operate in White River Junction, I called Cochran to discuss her feelings about it. While she expressed some concern about Hanover opening a store so close to hers (less than a mile away), she immediately voiced confidence that we could find a way to collaborate to make it work for both co-ops.

A first step in the process was to get together a meeting of management and board representatives of the two organizations. At that meeting, several concerns were raised and fears surfaced. We spoke together not only about our mutual desire to cooperate for the benefit of each, but also about our concerns for the future of the Upper Valley Co-op. Following that meeting, representatives of the Upper Valley board and management attended a Hanover board meeting to assure the full Hanover board of directors of Upper Valley's support for the move and to express



a belief that the two co-ops could collaborate to support the success of each other.

Without knowing the exact details of how we would collaborate, but trusting it could happen, Hanover Co-op went ahead with plans for the new store. While designing the product line, Hanover planners decided not to use limited space for bulk foods and a natural HABA section, reasoning that those products could be better handled by Upper Valley. In addition, it was decided that the organic produce section would carry limited variety in the White River store for the same reason. Signs were designed to indicate to Hanover's White River Junction shoppers that those products were available nearby at the Upper Valley Co-op.

At the time of the opening of Hanover's White River store, we started a "one town, two co-ops" campaign. These advertisements ran in the local paper, and the theme was featured in radio spots and some outdoor advertising. This fall, the ads will appear on buses for the local transit system.

On the governance level, both Hanover and Upper Valley boards saw an opportunity to ensure cooperative collaboration. They wrote drafts of executive limitation and board governance policies and discussed adopting them. They are now in the final phase of adoption of policies calling for joint cooperation.

After more than one year of this experiment, the results have been mixed. Upper Valley Co-op did experience a dip in sales since the opening of the White River Junction store. However, management has done an excellent job in controlling expenses, and the major financial indicators (including net earnings) are strong. Meanwhile, Hanover's new White River Junction store continues to build sales, and the combined co-op stores' share in the local economy continues to grow. ■

The view from the other side of the White River

BY KYE COCHRAN, UPPER VALLEY CO-OP

When the Hanover Co-op approached us with the idea of opening a branch store right across the river from us, we were in the final negotiation process to buy our own building. In fact, we signed the papers the day before they opened their store!

Partly because Hanover moved in (scary!) and was so helpful (comforting), and partly because we now own an 18,600-square-foot building complex, our co-op has been energized to start a nine-month visioning process. We will gather ideas from staff, co-op members, and the community; further define our niche in the community; form a five-year plan; and hold a capital campaign. We will develop our unique building to become the best possible resource for our community, enhancing our reputation as "the organic co-op" and as a burgeoning Community Education Center.

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Planning for the International Year of Cooperatives

Cooperators in the U.S. and around the world continue to prepare broad, multi-faceted campaigns for 2012, declared by the United Nations General Assembly to be the International Year of Cooperatives. The official launch date for the UN is October 23, 2011, with an overarching theme of "Cooperative enterprises build a better world."

In an economic environment that is making increasingly clear the failures of the present system, dominated by privately held corporations, cooperatives offer a proven alternative. The global campaign for the International Year of Cooperatives aims to leverage this recognition through educating government officials and the public about the benefits and potential of cooperatives.

The National Cooperative Business Association (NCBA) is helping lead the effort in the U.S. through a variety of social media, events, and websites, including www.usa2012.coop. Highlights include:

- Raise the profile of cooperatives so that more Americans understand the value of joining cooperatives and doing business with them.
- Improve access to cooperative businesses by making it easier to find co-ops of all types.
- Educate and engage senior government leaders to improve legislative and policy conditions for cooperative businesses; an action template including the text of public proclamations or resolutions is available, and a co-op public policy committee is active and planning an advocacy toolkit.
- Support studies, including those with a local/regional focus, that demonstrate the economic value of cooperative enterprise.
- Reach out to youth with events and social media, cultivating new cooperative leaders.

Traveling co-op tours will carry the message. On the East Coast, Cabot Creamery and others cooperatives are sponsoring a multi-city 2012 Community Tour. From the West, a bicycle tour—Co-Cycle—will ride cross-country to reach the public in many cities and towns.

A video contest, "My Co-op Rocks!," piloted in prior years by the National Cooperative Grocers Association, will be expanded to cover all sectors and types of co-ops.

A new website, www.stories.coop, will be showcasing a different co-op success story during each of 366 days in 2012. These stories will also be accessible from the international go-to site: www.2012.coop, which will also feature a Global News Hub focused on cooperatives.

Social media will also be emphasized. Twitter feeds at #coops2012 will enhance ongoing conversations about cooperatives and their potential for addressing social needs of all types. And an IYC USA Facebook page will help spread the conversations about co-ops.

The program manager at NCBA for plans around the International Year of Cooperatives is Eric Deluca; he can be reached at edeluca@ncba.coop. ■ *— Dave Gutknecht*

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Thousands of programmers all over the world (including us) are working cooperatively on an open source solution for building websites. It's called Drupal. Find out why an increasing number of organizations, businesses and government agencies (whitehouse.gov) are adopting it as their website platform. We've found that its community-building features work especially well for cooperatives.

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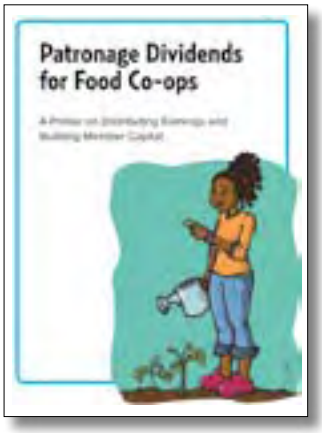

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Co-ops and Public Figures Look to 2012

BY DAVE GUTKNECHT

Spreading inspiring co-op stories. Developing more co-ops to serve more people. Building more collaboration among different co-op sectors: credit unions, food co-ops, worker co-ops, housing co-ops.

These themes are being emphasized in regional and national sessions of cooperative members, organizational leaders, and public officials. They are looking at opportunities presented by cooperative success stories and the 2012 International Year of Cooperatives to demonstrate that "cooperative enterprises build a better world."

Speakers and open sessions at the National Cooperative Business Association meeting in October urged co-ops throughout the country to reach beyond their usual efforts to tell co-op stories to the public and to build stronger cooperation among co-ops. Examples of co-op success and ideas for more collaboration are plentiful. And more and more public figures are supportive of co-ops, including Chakah Fattah (D-Pa.), who is sponsoring legislation for urban cooperative development, and Minnesota Secretary of State Mark Ritchie, who recently joined co-op historian David Thompson in facilitating conversations among 75 cooperators from multiple sectors at the inaugural event of CoMinnesota, an IYC-inspired initiative (www.cominnesota.coop).

At the CoMinnesota event, Thompson spoke, including these remarks from his 2010 induction into the Cooperative Hall of Fame:

"If we want a better America, we must have more cooperatives. If we want a just America, we must have more cooperatives. Everything that the inductees have done here today has been to lay a foundation for the future of cooperatives. We need to bring cooperatives to more Americans. We need more cooperatives to strengthen Main Street, and we need less Wall Street policies of greed that destroy the communities that we build.

"We need to learn from others. We need to learn from the Italian cooperatives how to practice solidarity and reciprocity. When you think of all of the dollars that we control in this room, if we spent more with each other, we would strengthen each part of the cooperative sector. We would be stronger just by changing that kind of practice. All the capital that we need to do what we want to achieve is in the pockets of our members. All we need to do is to get it out of their individual pockets into our commonwealth saving account. We have the capacity to fund the renewal of rural America, the revitalization of our inner cities, and the lives of our people.

"Our nation's economic structure is both financially and morally bankrupt, and it is on a lifeline that is being paid for by us consumers. This is a time to make a case for cooperatives. With different policies, cooperatives can revive the rural economy and the family farm, and reward hard work, not daily traders.

PHOTO DAN NORDLEY

David Thompson and other cooperators discuss co-op messages that he will be taking to the U.N. launching of the International Year of Cooperatives.

"Cooperatives can bring common sense to America's Main Street. Everybody in this room has co-op common sense. It's time to go out and to share it with others, to teach others about what it is that we have. We have America's best secret, and it should be a secret no more. I will be teaching that tomorrow, but I challenge you to also teach that tomorrow." ■

CCMA 2012 in Philadelphia

The 56th annual Consumer Cooperative Management Association (CCMA) conference will be held in Philadelphia on June 14–16, 2012 under the theme, "Declaration of Independence: We Own It!"

The roving conference for food co-op leaders and their allies will be held at the Philadelphia Marriott Downtown.

Past attendees will soon receive an email survey soliciting program ideas. For hotel reservations and conference information, please check the CCMA website: www.ccma.coop.

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Healthy Foods, Cooperative Communities

BY MICHA JOSEPHY

The national conversation around healthy food access has recently gained significant momentum and attention. While co-ops have pioneered many food system innovations, including organic and fair trade retail, engaging economically marginalized communities can still be challenging. This was reemphasized this summer when CCMA conference keynote speaker Mari Gallagher called on food co-ops to expand their healthy food access programs.

The Cooperative Fund of New England (www.coopfund.coop) and the Neighboring Food Co-op Association (NFCA, www.nfca.coop) are partnering to help food co-ops address this challenge. The project, called "Healthy Foods, Cooperative Communities," has three goals:

- increasing access to healthy, regionally sourced food and food co-op member/ownership among New England's economically marginalized individuals;
- supporting information-sharing among food co-ops to this end; and
- raising the profile of food co-ops as vehicles to increase healthy food access.

The project has surveyed 23 NFCA member food co-ops and six others to identify obstacles to food access and co-op membership and to learn about programs that address these barriers. The survey focused on a few areas, including product selection and pricing, consumer education, community collaboration, public subsidies, and membership programs.

The survey illuminated numerous exciting initiatives, including dedicating staff for community outreach, "affordability tours" to educate consumers about shopping on a tight budget, and co-op-sponsored food-subsidy programs. The survey also identified challenges such as the compatibility of government programs with food co-op priorities, the limitations of scale, and the lack of program assessment data.

With support from The Cooperative Foundation, CoopMetrics, and the National Cooperative Grocers Association, this project is now moving into the next phase, which will highlight examples of best practices in healthy food access, produce educational materials, and support program implementation. We will update the *Cooperative Grocer* readership on our progress as we move forward.

If you would like to complete our survey, please contact Micha Josephy (micha@coopfund.coop). ■

Lost customers?

Cooperative Grocer's online directory receives thousands of visits per month. Potential customers may be looking for your store there.

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Send an email to dan@cooperativegrocer.coop if you need your login information again or other assistance.

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Restorative Practices

An alternative model for resolving staff conflict

BY JENNIFER CRAIN

ILLUSTRATION BY TJAŠA ŽURGA

Before the Olympia Food Co-op became a two-store operation with over 80 staff members, resolving internal conflicts was a direct but mostly informal process. If a conflict arose, such as an abrasive interaction, lateness or worker negligence, any staff member of the consensus-run collective could give direct feedback to the offending co-worker, either face-to-face or in an evaluation.

But when staff numbers climbed, they found that the informal process was no longer sufficient, and follow-through on consequences was a problem. Eventually, the co-op decided to revamp its staff accountability policies, including the adoption of restorative practices.

Restorative practices provide a framework for supporting positive staff relationships, including a system for addressing conflicts when they arise. They challenge standard responses to conflict, namely those that are punitive, neglectful, or permissive. Dr. Paul McCold, adjunct professor of restorative justice at Simon Fraser University and St. Martin's University, says a restorative model favors an inclusive approach that "actively encourages the involvement of the relational community."

Conferencing to address conflict

When a conflict arises, it can be addressed during a direct interaction that may be called a restorative dialogue, restorative circle or restorative conference. Though terminology varies, the method is the same: facilitated, face-to-face meetings involving the wrongdoer, the injured party and members of an affected community.

Amos Clifford, executive director of the Center for Restorative Process, a California-based organization that specializes in community building, says a restorative conference is "an intentional conversation that includes those involved in a conflict and a trained facilitator." Anyone affected by a harmful action can be invited to participate.

Prior to a conference, the facilitator meets individually with those involved in the conflict to be sure each person understands the process and is opting in voluntarily. Facilitators "help participants come to a shared understanding of the event and its consequences," says Clifford, "and to agree upon actions toward making things right."

Rather than focusing on punishment, the person who has caused harm is encouraged to take responsibility and given support to decrease the likelihood of repeating harmful actions in the future. The system is flexible, depending on the group and the severity of the offense. All conference participants decide together on a list of "agreements," which can include any action that will help foster accountability—for example, an apology, scheduling changes, a period of probation, or even voluntary termination.

"The facilitator," says Clifford, "will help to clarify what agreements were made and how accountability for their completion will be handled."

Restorative conferencing at work

Restorative justice, the model at the root of restorative practices, has been used most widely to address conflicts in the criminal justice system and in school systems. Research indicates restorative methods of resolving conflict result in high participant satisfaction rates and lowered recidivism rates.

Since restorative practices are organized around the belief that wrongdoing harms an individual or community rather than a state or institution, the model can be applied in almost any social system, including places of business. Maeanna Welti, Olympia Food Co-op's deli manager and collective facilitator, writes, "We want ways of addressing accountability issues that are supportive of everyone involved, including those who need to be accountable."

Clifford recounts an incident between two supervisors that was touched off when one made a disparaging comment about the other in front of a group of employees in the break room. When word reached the other supervisor through a friend who had been present when the remark was made, a "gossip war" escalated to the point of harming workplace morale. The two supervisors and the employee's friend were invited to a restorative conference. "The

incident was discussed, apologies were made, and together the two supervisors acknowledged some of the sources of misunderstanding and conflict that existed between them. They agreed to work together to improve communication," he says. After a few months, the two reported they were continuing to work together respectfully and without further incident.

Dr. McCold and Beth Rodman, both of the Thurston County Restorative Justice Initiative, recall a more serious incident involving an employee who embezzled money from the company where she'd worked for over two decades. Though the employee was terminated, the company still held a restorative conference where the group settled on a repayment schedule so the employee could return what she had stolen. The company did not take further legal action. Most important, say McCold and Rodman, during the conference, fellow co-workers had a chance to openly process and heal. "That's what restorative practices are very interested in. We have to deal with the aftermath," says McCold, "to deal with the disruption in relationships."

Team-building to minimize future conflict

Conference facilitators and participants are guided by a list of principles, says Rodman, who currently works as a restorative consultant. These may include (but are not limited to) respect, inclusiveness, empowerment, care, high expectations, and valuing process over outcomes.

"All of these things that sound so simple and easy," she says, but "they're not easy to do five days a week with a group of human beings. So they've got to be held up and promoted regularly."

Rodman is referring to another aspect of restorative practices: team-building and attention to daily details. An organization embracing restorative practices adopts more than a protocol for addressing conflict. They create a framework for supporting positive staff relationships to minimize the possibility of future conflict.

In one of her former organizations, Rodman says the staff devoted two hours each month to team-building and, as a supervisor, she met at regular intervals with supervisees to talk about what was going well, what could be going better, and to set goals for future meetings. The Olympia Food Co-op does team-building in smaller groups and offers additional trainings on an as-needed basis.

Trainings and regular team-building help facilitate an ongoing attitude of respect, honest feedback and attention to detail that McCold says make up the backbone of restorative practices, "If you deal with the small things, the big ones never happen."

Clifford agrees, "So much about creating community in cultures is about doing it proactively and well," he says. "If we do this, conflicts become much easier to deal with."

Adopting restorative practices

In Olympia, a restructuring committee did the work of a management team, developing a new process for accountability that was later discussed and approved collectively by staff members. Welti says they decided to include restorative practices in their policies because they meet the co-op's criteria of using a compassionate system that includes real consequences.

"For us," says Welti, "it is also the most natural fit for a crucial area that frequently gets overlooked in hierarchical workplaces: the cross-over between interpersonal conflict and work performance."

But top-down work structures can also benefit from the system. Adopting a restorative model creates a structure for dealing with conflicts, as well as for an open and engaged workplace culture.

"You need the system," says Clifford, "and what that system is called is community."

Food co-ops can take steps to adopt restorative practices first by creating or identifying traditions that cement positive relationships. These can range from a large celebration, such as a harvest festival, to a symbolic object that's displayed during staff meetings. Any practice or event that brings staff members together, links the vision of the co-op to the everyday workplace, and fosters curiosity can be viewed as a tool for creating positive staff interactions.

Second, co-ops can seek outside training or consultation to adopt a restorative workplace structure. McCold and Rodman suggest that authority figures in a workplace receive facilitator training and that the staff be engaged in continuing team-building efforts. Co-ops also may consider frequent check-ins, as a staff or in one-on-one meetings, and brush-up training for facilitators.

Embracing a restorative model provides an infrastructure that encourages positive, transparent communication, open interactions among staff, and a tangible, flexible system for resolving conflict in a way that promotes healing and appropriate consequences for everyone involved. ■

Links

Restorative Justice Online: www.restorativejustice.org

International Institute for Restorative Practices: www.iirp.edu

Center for Restorative Process: www.centerforrestorativeprocess.com

The Centre for Restorative Justice: www.sfu.ca/cfrj/about.html

Restorative Resources: restorativeresources.org/Training.html

Further reading

"Retributive Justice, Restorative Justice." New Perspectives on Crime and Justice (Issue #4). Akron, Pa.: Mennonite Central Committee Office of Criminal Justice, September, 16 pages, 1985.

Sign-Making Solutions: A Review

BY LISA SMITH

Have you ever tried to sell a product without a sign? If you have, you know how important signage is to grocery sales. With upwards of 70 percent of all purchases being unplanned, good signage on a well-merchandised display can make all difference in turning product. However, making those signs can be a real pain for staff if it is not easy to do.

There are several options when it comes to making templates that the rest of the store can use to make signage. There also are templates that can do a data merge to make large batches of signs quickly using data in a spreadsheet. It can be a challenge to understand what solution will work best for your store, and the learning process can be costly both in labor and software. So, here is a review and comparison of the most common software solutions.

Microsoft Word—Word is one of the more limited programs of those reviewed, but its strength is that it is readily available in most every store—making it an affordable option. As a sign program, it is a bit clunky, and the ability to lock the look of the design and the text in a sign is very limited. Though simple designs can be accomplished easily enough, its capabilities are too limited to do more original work, and therefore the result can look amateurish if care is not taken. The way text boxes are placed on the page in Word is not as versatile as in the other programs reviewed.

Microsoft Publisher—Publisher is a favorite with a lot of staff who make signs. The learning curve is not too steep since it is designed for users who have a pretty basic understanding of graphic design. It is far more flexible when placing text and graphics than Word and does pretty well with merging data to make batches of signs. There are a wide number of tools available in Publisher that make sign creation easy, but without the use of outside clip art or other images, the end result can look like a beginner created it. The ability of this program to prevent changes to the look of the sign or the text is limited when compared to some of the Adobe products. This program, however, does well in adjusting kerning (the space between characters in a word) and line spacing in form fields, making for good space utilization on the sign.

Adobe Acrobat X Pro—The main strength of Acrobat X Pro in template creation is that its locking functions are very advanced, offering the option to lock the design, the text and other functions individually. Acrobat does not do data merges, but it does very well at creating templates that the store's departments can use to create signs in using Adobe Reader, which is a freeware program. Acrobat X Pro will also make calculations and do other simple tasks such as extracting information from a form and exporting it into a spreadsheet, which affords the user lots of options of how to use the program in the store (special orders, creating automated fillable forms, etc.). The user can also embed Java code to perform more advanced functions. The drawback is that it doesn't do illustrations or have many effects, so the design of the sign must be done in another program, such as Publisher or Illustrator, saved as a pdf, and then the content of the sign has to be built over top of the design. Though not as steep in costs as Illustrator or InDesign, there is some time investment required to use this program and all its functions well. Acrobat X Pro is a good choice for stores of any size.

Adobe Illustrator CS5—A mainstay for graphic designers, this program was designed to create vector graphics, which is to say it will create graphics that can be scaled to any size without degrading. The program's ability to work with photographs, create vector art, place and work with text, and apply effects to artwork and text to create designs is extensive. This program has the ability to make single signs with a wide range of options that yield a very professional result. Newer versions of Illustrator allow the designer to work with several pages in a document side by side on the same artboard

Signage Things to Know

- Highlight no more than three things, making the item most consumers want to know (usually price) the largest piece of information.
- Use as few words as possible. The average person only looks at a sign for about two seconds to decide if the information is relevant to them.
- Red and yellow are the first colors your eyes see, which is why they're used the world over to indicate a SALE.
- The word "sale" is recognized in almost any type face.
- The average person is more inclined to read something that is written by hand than something in type. However, handwriting can sometimes be hard to read. If you use hand-written signs in your store, choose your scribe carefully. Another option is to look for an easy-to-read handwriting font with an expanded glyph palette. For instance, in addition to the regular "y," it also provides one with a blunt end and another with a swash on the tail. This will give you more options for your signage and make it appear more handmade, while also making the signs more visually interesting and thus more noticeable.
- It's tempting to make signs for every occasion, but consider limiting your types of sales to only one or two: general sales and sales for owner/members. More messages than that can confuse your consumers.
- While attractive, well-signed displays sell product, you can have too much signage. Ensure, by checking the aisles, that you aren't bombarding your customers with information.
- Hang examples of all your signs above your desk and conduct annual sign audits to safeguard your brand. It's easy to make gradual changes over time that dilute your brand in signage.

SIGN TEMPLATE AND DATA MERGE PROGRAM OPTIONS

Yes · Yes, but clunky · Yes, but limited · No

	Word	Publisher	Acrobat X Pro	InDesign
Cost	$139.99	$139.99	Full $449 Upgrade $199	Full $699 Upgrade $119
Skill level needed to learn to make sign templates	Intermediate	Intermediate	Intermediate	Advanced
Can create moderately to intricately designed sign backgrounds for use in templates	Yes, but limited	Yes, but clunky	No	Yes, but clunky
Can create sign templates easily	Yes, but clunky	Yes, but clunky	Yes	Yes
Allows you to lock text functions such as typeface and point size	Yes, but limited	Yes, but limited	Yes	Yes
Allows you to lock the design of a sign, excluding text	Yes, but limited	Yes, but limited	Yes	Yes
Allows you to overset text fields to maximize space	Yes, but limited	Yes, but limited	Yes, but clunky	Yes
Offers effects and manipulation options	Yes, but limited	Yes, but limited	Yes, but limited	Yes
Easily places images and clip art	Yes, but limited	Yes	Yes	Yes, but clunky
Will do a data merge to make large batches of signs from a data spread sheet	Yes	Yes	No	Yes
Skill level needed to create data merge sign templates	Intermediate to Advanced	Intermediate to Advanced	NA	Advanced
Allows you to preset tracking (distance between letters) to make the text fit the given area	Yes, but limited	Yes, but clunky	No	Yes
Allows you to set line-spacing for all merged signs so you can maximize space	Yes, but limited	Yes, but clunky	No	Yes
Possible to make corrections after signs and data are merged	Yes	Yes	No	Yes
Possible to print certain signs from the larger batch (i.e. replacement signs for those that jam in printing)	Yes	Yes	No	Yes
	Good for Small to Medium Size Stores		Good for Small, Medium and Large Stores	Good for Medium and Large Stores

or screen. This program can be used to make backgrounds for templates that will be made in Acrobat Pro or InDesign. It also can be used by the primary sign maker to create specialty signage such as banners, large-format signs and the like. Learning Illustrator takes commitment and time. It should be noted that Illustrator will not correct photographs or create clipping paths around artwork (for instance, cutting the exact shape of an apple away from the background in a photo). For this, you will need a program like Photoshop.

Adobe InDesign CS5—Though some of its functions are similar to Illustrator, InDesign is most commonly used to lay out text-heavy products such as catalogs, magazines, and newsletters. It also has the ability to do data merges and more advanced functions, including calculations and substitutions, based on criteria the user sets. Its ability to lock designs and text styles in sign templates is quite advanced. Like Illustrator, InDesign allows the user to adjust and lock the kerning and line spacing in a template. Though single signs can be created in InDesign, this is not its strong suit, being more designed to flood text on a page. Illustrator, InDesign and Acrobat Pro each is a powerhouse for more advanced users. Familiarity with Illustrator and Photoshop help in learning InDesign, but the learning curve is still present.

When a store gets to the level where it is looking at Adobe products as a solution, staff often find that they need a host of products to satisfy all of their needs: typically, Photoshop, Illustrator, InDesign and Acrobat Pro. Fortunately, these can be bought in a bundle called Adobe Creative Suite: Design Standard (full version $1,299 and upgrades $299).

A word about sign systems: In addition to the software options discussed here, there are sign systems offered through companies such Insignia Systems, Inc. Although systems like this—offering software, hardware and paper forms that can be used to make signs—would be a good solution to consider for some stores, it is not available in all areas of the country. This type of system, however, should be considered at the point a store begins or considers making all of its signs in-house (Co-op Deals, sale, etc.). ■

Additional Resources

Why We Buy: Updated and Revised for the Internet, the Global Consumer and Beyond, by Paco Underhill (available in paper and e-reader)

Adobe Illustrator CS5 Classroom in a Book,* by Adobe Creative Team; *Adobe InDesign CS5 Classroom in a Book*,* by John Cruise

Illustrator CS5 Bible,* by Ted Alspach
Adobe Acrobat X PDF Bible,* by Ted Padova
PDF Forms: Using Acrobat and LiveCycle Designer Bible,* by Ted Padova and Angie Okamoto

YouTube.com is invaluable in learning to use tools or how to do something specific in Adobe Acrobat X Pro, Adobe Illustrator and Adobe InDesign.

MarketingProfs.com has very interesting forum discussions on related issues. They also offer a number of resources to marketing professionals.

*If you are purchasing any of these books to troubleshoot sign development issues, the e-reader version may be difficult to use. Therefore this format is not recommended.

COVER SECTION

Cooperative Strategic Leadership

BY ART SHERWOOD

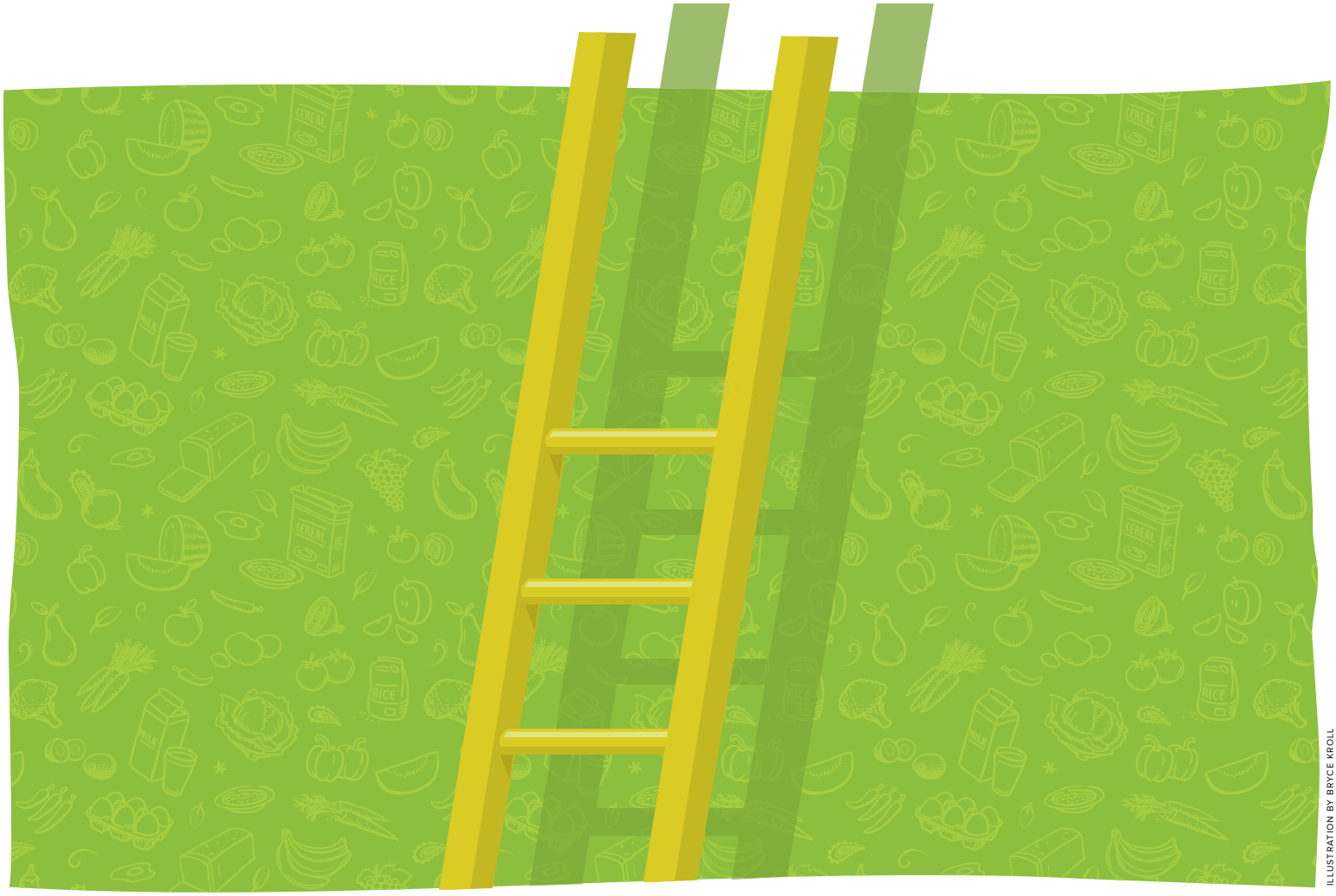

ILLUSTRATION BY BRYCE KROLL

There has been much discussion, debate and downright argument about the role of the board in the strategic process of our co-ops. "Isn't that getting into operations? Aren't our hands tied by our governance system? Isn't "strategy" a taboo word to raise in the board room since that is supposed to be the general manager's job? But, how can a board lead if it is not involved in the strategy? Shouldn't we have a say in strategic planning?"

These are relevant and necessary questions and clearly point to the need for a shared understanding of the strategic process and a practical model for having the right leaders involved in making wise strategic decisions for the co-op. So, imagine if…

- The board and general management knew how to have a safe and productive conversation about the future of the co-op…and even the current co-op!
- We understood our external world and what it means to our co-op…
- We engaged in collaborative strategizing and communication…
- We understood our unique roles and had the power to do great things…
- We made wise rather than foolish decisions…
- We didn't spend all our time tied up in knots over our governance system and fearing we crossed the line…
- We could use the work we are already doing and focus it for effective leadership…
- We knew our work made a difference and we had fun while we changed the world…

"The rungs on the ladder of understanding for how to be cooperative strategic leaders still need some work."

Wouldn't that be amazing! Enter "Cooperative Strategic Leadership."

Cooperative Strategic Leadership (CSL) is defined as the ability to think strategically and thus anticipate, envision, maintain flexibility and work with others to provide direction and facilitate changes that will create a viable future for the organization consistent with cooperative principles[1]. It helps us accomplish two essentials of leadership: facilitating direction-setting and moving toward that direction. To successfully act as Cooperative Strategic Leaders, we need a practical and robust approach. It needs to be grounded in strategic process best

practice and adapted to fit the unique context of cooperatives.

I will first discuss the Top Leadership Team (TLT) and then explain a six-component CSL approach in the remainder of this article (see Figure 1). The aim is to provide an introduction, since there is more underneath this first layer.

My CDS Consulting Co-op team has seen many interesting examples across the country illustrating CSL components at work. Here I will share the Bloomingfoods Cooperative's story since, as a second-term director, I know this one best.

EmPOWERment—the Top Leadership Team

As discussed in my article, "Power Triggers, Seesaw Battles and Handcar Cooperation," in the May–June 2011 *Cooperative Grocer*, power can be usefully defined as the ability to get things done. Thus, in order to empower both the board of directors and general manager to lead strategically, they need a mechanism for working together while being able to effectively distinguish their roles and make their unique decisions. The mechanism is the TLT.

The TLT is comprised of the board and general manager (GM) and perhaps other top managers. The primary purpose is to create alignment in the organization through strategic conversations to grow the organizational knowledge pool. Working together as a team allows these key leaders to provide strategic leadership while maintaining accountability so important in an effective governance system. At Bloomingfoods, our TLT includes our board and our general manager, George Huntington.

The knowledge pool and strategic conversations

The knowledge pool and the strategic conversation are fundamental tools for informing wise decision-making. The knowledge pool is a repository of information gained through TLT learning, acting as a "library" for current and future decision-makers. The knowledge pool can hold much collective wisdom: insights gained and implications identified. It is fed from inside and outside the organization via strategic conversations.

Strategic conversations are interactions between groups with the purpose of learning or sharing what has been learned. Foundational to this and a sometimes missing link between board and general management team is the concept of a safe conversation. Safe? Safe from what? Safe from the fear of stepping over the governance line. Safe from the unspoken implication that this conversation needs to lead to some specific action. It directly confronts the issue of, "We can't talk about that…it's operations."

What makes it safe is the absence of decision-making. No monitoring. No authority given to ideas, possibilities and visions of the future. The TLT can talk operations. It can talk about what the Ends could be. It can have a safe strategic conversation about multiple interesting issues of strategic importance.

Caution…this is not an invitation to backslide into micromanagement! Safe conversations are designed for specific times when the TLT is engaged in strategic conversations to inform and build wisdom. The discussion can't be interpreted as an actual or implied decision (even if all the people are nodding their heads). Violate this and the system will break down.

At Bloomingfoods, we dedicate the first hour of every board meeting to strategic thinking/education for the TLT, and these are all safe conversations. We capture the results in a knowledge pool made up of our monthly newsletter article and minutes (and are working on an online archive). We started this investment of time three years ago and have covered local economics, local food economics, and finally the potential role of cooperatives in various local business sectors. Doing this has expanded our focus into the future, built amazing insights, prepared us to make important decisions, and has been a lot of fun!

The strategic conversation has a different purpose, which is to engage and feed the knowledge pools of others, structured with an integrated communications plan. At Bloomingfoods this year, our board president, our general manager, and I will team up for our annual owners meeting and speak about cooperatives worldwide and in Southern Indiana, linking it all to the International Year of Cooperatives. Soon we also will have a strategic conversation with the great folks down the road in Columbus, Ind., who are working to start a co-op of their own.

The strategic conversation and knowledge pool help facilitate the success of establishing strategic direction, planning, acting on plans, and performance monitoring, which make up components 1–4.

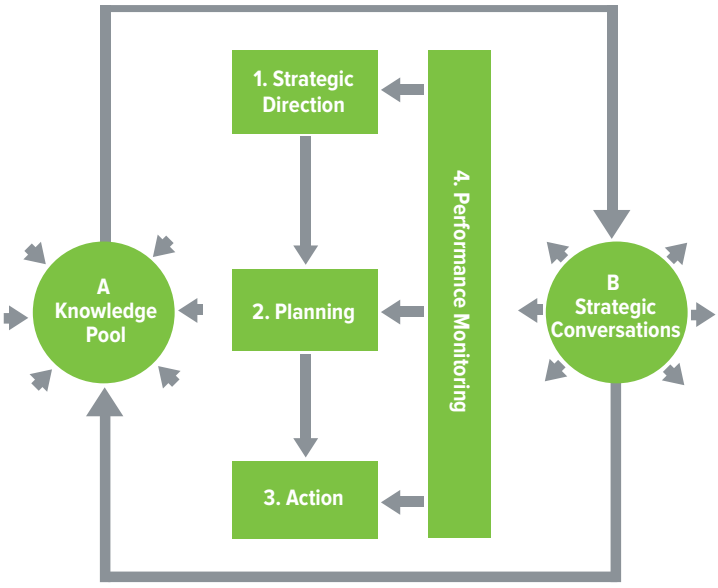

Figure 1: Cooperative Strategic Leadership

Component 1: strategic direction

Strategic direction is where the board and TLT can really shine. Cooperative Strategic Leadership includes strategic thinking, envisioning, maintaining flexibility…looking to the future to lead the co-op forward, maintaining what should be maintained, and facilitating the change that needs to happen to evolve a viable organization for our owners. This is important work. This is meaningful work. This is the work of strategic leaders.

In this component, the board makes strategic decisions about outcomes and stakeholders to benefit (e.g. Ends in Policy Governance) and the general management team makes strategic decisions regarding the organizational objectives in line with the decisions of the board. The results of our knowledge-building efforts at Bloomingfoods resulted in a revision of our Ends Statement (January 2011) to include an outcome related to a stronger cooperative economy for our region leading to additional focused TLT learning and an upcoming multi-year strategic plan from the GM. Together, these decisions set the strategic direction for the co-op.

Here are a few strategic conversation questions your TLT could have to inform the unique decisions made by your board and GM:

- Who does our co-op exist to serve now? In the future?
- What value/benefits does our co-op create and deliver now? In the future?
- What about our current business now creates and delivers this value? Does it capture enough back to remain viable? (e.g. money/loyalty in return for providing a grocery or gas station). ▶

- What should this look like in the future?
- What situations and trends in our external environment (outside the co-op; e.g. competition) impact the answers to the above? What situations and trends in our internal environment (inside the co-op; e.g. operational capabilities) impact the answers to the above? What opportunities arise? What risks or threats exist?

Boards having their foundations in order can invest a considerable percentage of time thinking strategically around the direction of the co-op. And they will enjoy their work.[2]

Component 2: planning

The planning component identifies subgoals and steps needed to accomplish the strategic direction. The plans and the planning process act to facilitate the change needed in the co-op and are important tools for leaders. The board makes decisions about the board plan, including monitoring schedule, perpetuating itself, board development and preparing to make knowable upcoming decisions (for example, patronage dividends). The GM and staff make decisions regarding the multiyear strategic plans, the annual operations plan and the shorter-term plans all the way down to what is being done on the floor each day. The TLT intentionally plans strategic conversations.

Coordination of efforts has been important for us at Bloomingfoods. For example, we planned strategic conversations around the work our GM was doing regarding a forthcoming multiyear expansion plan. Engaging in a series of educational hours specific to cooperative opportunities being considered, we built shared understanding in a safe space, better prepared the board to make its ultimate monitoring decisions, expanded the GM's understanding of cooperative opportunities, and built alignment among all of us.

> Boards want to be strategic leaders in whatever ways make sense for their co-op and often feel as if the governance systems are telling them "No."

What strategic conversations might your TLT have about planning that will facilitate the success of all involved? These could include:

- How can our planning processes be clearly linked to the movement toward the strategic direction of our co-op?
- Are there components of board and GM plans that would be enhanced if coordinated? If so, how do we coordinate the board and GM plans for the year? (for example, a coordinated communication each month in the co-op newsletter where the board and GM share their unique, but aligned, perspectives.)
- On what areas would we like to coordinate learning and sharing strategic conversations? What topics are useful to the entire TLT?
- How can we all be informed enough about the plans created in order to communicate with others intelligently from our unique leadership roles?

Component 3: action

Strategic leaders work to facilitate action. The words they use, articulated in policy, can help do this if they are well crafted. But these words do not work alone—they are partnered with culture. Having a positive performance culture is vital to forward movement, and creating one in the board room and within the organization is critical to successful action.[3]

The purpose of the action component is to facilitate movement forward through effective systems/processes and culture. At Bloomingfoods, we've invested educational time to safely discuss and improve our processes (e.g. recognizing the need to invest in education for the first hour of the meeting). We've also worked to build relationships of the TLT members, resulting in a greater respect and understanding of one another (for example, dinners before meetings and social time at a 1.5 day annual retreat).

Strategic conversations might include:

- What aspects of our systems/policies and culture facilitate the successful movement toward the strategic direction of our co-op?
- What needs to go into a policy that would effectively draw the line between acceptable and unacceptable conduct? How do we know when a policy is "good enough" to do the job?
- What does a positive performance culture mean for us? What are the things leading to this? What are the things detracting from it? Where are we now?

Component 4: performance monitoring

Performance monitoring happens along each of the first three components. Boards make compliance decisions, and GMs track operational performance. This year at Bloomingfoods, we built in time for our Ends monitoring to reflect on and learn from the progress made over the year. We considered how it might impact our strategic conversations and work in the future[4]

You likely know a great deal about the mechanics of monitoring. Thinking strategically about the process can support the success of your co-op. Your TLT might discuss answers to the following:

- How can we use the performance monitoring system to simultaneously hold people accountable and empower them to successfully pursue the strategic direction of the co-op?
- How can the results of performance monitoring be used to drive continuous improvement/forward movement and build stronger owner relations?
- What information do we need to know in

10 keys to bringing cooperative strategic leadership alive and making it happen

- Clarify and build shared agreement about your unique roles and expectations as strategic leaders.
- Clarify and build shared agreement about your tools and processes to be used for effective strategic leadership.
- Use and adapt existing tools/processes before making new ones.
- Use tools and process to get in front of knowable decisions.
- Use a planned calendar that includes CSL deadlines/actions (along with other important deadlines/actions).
- Continually differentiate between strategic conversations and decision making.
- Intentionally build insight and foresight together so you can make your unique leadership decisions wisely.
- Remember you are working with diverse people, which can be both exciting/performance enhancing and annoying. Leverage the diversity when it its needed and respect (and even enjoy) the rest.
- Choose to invest your scarce resources to make it work.
- Enjoy and celebrate your work and remind yourselves that it matters.

order to make successful policy decisions? What knowledge base do we need to build?

Enhancement of governance, not replacement

I would like to close on this final note. CSL is meant to be an enhancement of our governance work to date, not to replace it. Our co-op community has been engaged in dialogue with mixed opinions regarding satisfaction with governance systems, with a particular focus on Policy Governance. What I've heard in many conversations with our community (thanks to all of you!) is that boards want to be strategic leaders in whatever ways make sense for their co-op and often feel as if the governance systems are telling them "No." This has never been the real answer. Many boards have used "no" as shorthand for "we have decided that we want to focus our time on governance and empower the GM to focus on operations" and/or "we don't want to interfere with or confuse our clear delegation to the GM." Let's work together to get clear on the time for safe, strategic conversations, and hold each other accountable for discipline on the difference between those and undermining the authority that has been delegated to the GM.

The rungs on the ladder of understanding for how to be cooperative strategic leaders still need some work. We have diligently been working on this ladder, with much more yet to come. My hopes are that this article provides a solid footing on which we can all begin to climb. ■

Notes

1 Adapted from Ireland and Hitt in their widely acclaimed article, "Achieving and Maintaining Strategic Competitiveness in the 21st century: The role of strategic leadership," in the *Academy of Management Executive*, 1999

2 See Marshall Kovitz's article in the Sept.–Oct. 2009 *Cooperative Grocer* and the related online recorded workshop using this article, by Todd Wallace and Mark Goehring, at www.cdsconsulting.coop. Click on the Cooperative Board Leadership (CBLD) library and scroll down to "Strategic Thinking."

3 See two articles on Positive Board Performance Culture in the online CBLD library—scroll down to Field Guides where you will see the two titles by Joel Kopischke and Art Sherwood.

4 CBLD library Field Guide, "Boards Acting on Ends Reports," by Michael Healy.

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The Blooming Prairie Foundation makes grants to nonprofit, charitable organizations that conduct any of the following activities:

- Developmental, research and educational efforts in the organic industry and the cooperative community
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- Cooperative development in the natural products industry.

Grants are not made to individuals. To be considered for a grant, your organization can follow the guidelines on the "Grants" page of the Blooming Prairie website at: www.bloomingprairie.org. Deadline for proposals is 5:00 p.m., Feb. 1, 2012.

For more information:

Please call Lynn Olson, Grant Administrator at (609) 556-3055 or e-mail at bpfinfo@yahoo.com

COVER SECTION

Learning from Co-op Startups

Study and engagement project solicits views and lessons

BY PATRICIA CUMBIE

In the years since 2005, when the Food Co-op 500 pilot project began to challenge the sector to have 500 food co-ops by 2015, a lot has been accomplished in an attempt to achieve this goal. As a result of these efforts, along with a resurgent interest in business fairness and transparency and other social trends, hundreds of communities across the United States are in various stages of organizing food co-ops. The Food Co-op Initiative (FCI, formerly Food Co-op 500) reports that 50 new retail food co-ops have opened in the last five years, and 250 more are in some stage of organizing.

Within the field of food co-op development, infrastructure to address the needs of startup groups continues to grow and be strengthened. Three organizations currently specialize in serving food co-op startups during three critical phases of their maturity: FCI (organizing phase), CDS Consulting Co-op (CDS CC, feasibility and planning), and the National Cooperative Grocers Association's Development Cooperative (DC, implementation). (See page 6 of this issue for a report from the DC.) For background, see "500 Co-ops in 10 Years," at www.cooperativegrocer.coop/articles/2009-01-21/500-co-ops-10-years.

As these three organizations continue to meet with each other and work together, they have recognized that it is important to hear directly from startup groups and the people working to assist them about what the issues are and how cooperators could capitalize on the strong nationwide interest in food co-op development. CDS CC's board of directors initiated a study and engagement project to better understand the challenges. "We recognized that many people were working hard to support startup efforts, that many people had their own anecdotal stories about startups, but that it was hard to see the big picture or the key trends. We thought a better understanding might lead to an improved support structure," said CDS CC board president Mark Goehring.

The research

The first part of the study, conducted in conjunction with FCI in February 2011, was a formal survey of individuals involved in startup groups.

Harvest Moon Co-op in Long Lake, Minn., which began planning in 2006 and opened its doors in 2009.

It's in the best interest of established food co-ops to support this new wave of development, the likes of which has not been seen in a generation.

The second part of the research was to conduct four roundtable conversations based on the survey data. Participants at these sessions during March and April 2011 included startup co-op organizers, leaders of newly opened startups, managers of existing food co-ops, and professionals who serve new and existing food co-ops. The function of these roundtables was to learn what the participants extrapolated from the survey data, how they connected the data to their own experience with startups, and to find out their ideas about what the sector can do with this information and insights.

After the four roundtable discussions, it was clear participants believed there is a critical need for more education for startup groups about cooperative structure and finance, marketplace realities, and organizing their communities. Most participants were concerned that startup groups, especially those in the early stages of organizing, appear to lack significant knowledge about the basics of cooperative business and economics and that startup groups' vision for success was being limited by lack of education and access to resources.

For existing co-ops and co-op development organizations, the paramount question was how to best support startup groups and develop systems and infrastructure. Participants tended to believe that this new wave of startups has not yet reached its peak and to share concern that existing systems for assisting startups will be inadequate. The general consensus of the roundtable discussions was:

- The food co-op infrastructure needs to be more proactive to address the needs of this new wave of startups, and
- It is also in the best interest of established food co-ops to support this new wave of development, the likes of which has not been seen in a generation.

Summary points

- The wave of startup groups continues to grow and has not yet peaked.
- Startup groups are challenged by raising capital and require more understanding of cooperative financing. Additionally, startup groups appear to be pursuing a small-store vision, especially in their

beginning stages. It is not clear if this is a sign of under-reaching or recognition of capital and marketplace realities.

- Existing food co-op leaders and food co-op development organizations see a need for a strategic process to address new food co-op growth and development.

Despite all that groups and individuals have done to address the needs of food co-op startups in recent years, the approaches to starting a food co-op are still scattershot. Co-op development systems are currently unprepared to assist hundreds of startup groups, and some fear a worst-case scenario of under-planned storefronts opening that will burden other food co-ops with underperforming stores in years to come.

From the roundtable participants' perspective, the good news is that interest in starting food co-ops is at an all-time high. The challenge is two fold: How to best assist these startup groups in their organizing stages, and how to aid their education to ensure they become successful grocery stores.

Marilyn Scholl, CDS CC consultant and manager said, "After gathering this feedback, we are ready to begin another exchange with food co-op organizations and individuals who can help leverage, sustain, and build support for this burgeoning wave of food co-op startups."

Question 4: Please indicate how important each of the following cooperative characteristics is to your group.

Characteristic	Very Important	Important	Somewhat Important	Not Important
Co-ops have a duty to promote the sustainable development of their communities	69%	22%	8%	1%
The co-op will be owned by the members	66%	24%	8%	2%
The co-op is our community's response to a common need	61%	36%	3%	0%
Membership in the co-op is open to anyone and is voluntary	60%	31%	6%	3%
Each member has an equal voice (i.e., one member, one vote)	59%	26%	12%	4%
The membership have a say, through the board, on how the co-op is run	50%	36%	10%	4%
The co-op has a duty to educate members and the public about co-ops	49%	35%	12%	4%
The co-op will be an autonomous and independent business	46%	42%	9%	3%
The money needed to start the co-op is coming from our members	24%	40%	26%	11%

Raising capital and providing education

Raising capital and the challenges inherent in that activity are universal for startup groups. The current economic conditions may be one of the most difficult financing environments for new co-ops. There is limited investment capital for everyone, even those with a good business plan. This challenge becomes doubly difficult for startup groups that may have a limited understanding of cooperative finance.

For example, a significant number of respondents from the survey (37 percent) do not think it is important whether the money needed to start the co-op comes from members. (See chart above.) Additionally, 56 percent of startup groups represented in the survey have 100 or fewer members. Half of respondents believe they will need $1 million or less to capitalize their co-op, and 24 percent don't know how much they'll need to capitalize. This data points to the profound need for education and support on this issue. It takes much effort to start a co-op, and by not understanding co-op economics up front, startups may take longer and make mistakes that limit their opportunities.

Most respondents feel all the items in question 4 are important or very important. The one item that a considerable percentage of respondents seem to feel is somewhat important or not important is that startup funds come from their members.

According to Marilyn Scholl, the comments in the survey about financing were quite pointed. People are afraid to ask others for money; they are frustrated by the economic problems that make it hard to get financing. They have to deal with selling an intangible idea (about which they may or may not be well-educated) as they seek to raise money for the assistance they need.

Getting assistance to become more educated about cooperative financing and marketplace realities is a challenge as well. The survey reported that only 51 percent of groups are using professional co-op consultants. For those who are not using them, 46 percent believed they could not afford one. For those doing market studies, 30 percent were using a member of their organizing committee to do it rather than someone with relevant experience and expertise.

This data points to a number of issues. Cooperation is a unique business model that presents its own set of challenges and benefits. Using expertise from within the organizing groups themselves or from people outside the sector raises red flags. For example, financing a food co-op is different from many conventional businesses. Startup groups working without professional assistance from co-op experts may not be getting accurate information based on best-practices, nor be grounded in an understanding of cooperative food business.

Finding needed resources

Getting that education, leading the community, and coordinating events all require resources. Startup groups are clear they need more up-front money to hire people who can help them be educated about the issues as well as reach the next stages in their development more efficiently. Feasibility and market studies top the list of needs for startups.

Ben Sandel, board president at Friendly City Co-op, a startup that opened in 2011 in Harrisonburg, Va., said, "Getting financing and generating community support are two different pursuits. On the one hand, you are engaging the community, and on the other, you are starting a grocery store, both of which come with their own learning curves."

Sam Olmstead, steering committee chairperson of the startup San Clemente Community Market, in San Clemente, Calif., expressed appreciation for the support that is available but said that it could be more accessible—financially and logistically. They have recently approved bylaws and incorporated the co-op. "We were still learning by putting our feet to the fire," he said. "We needed something that would help us be more efficient as we got organized." ▶

Left: Chatham Marketplace in Pittsboro, N.C, in operation since 2006. Right: Burlington, N.C.'s Company Shops, which opened in May 2011.

Terry Appleby, general manager of the Hanover Co-op with stores in New Hampshire and Vermont, noted that the startup groups his co-op has worked with in their area—including River Valley Market in Northampton, Mass.; Littleton Food Co-op in Littleton, N.H.; and the Monadnock Community Market in Monadnock, N.H.—benefit tremendously from professional expertise in their early stages. "It helped them avoid unrealistic expectations and projections by speaking to experienced people right away." Appleby believes local communities need to demonstrate their financial support, but if people can find ways to help vital startup groups "quickly transition to expertise," the food co-op movement will benefit from their sustained efforts.

Of all the resources currently available to startup groups, existing co-ops were cited as number one (73 percent), with FCI coming in at 66 percent and handbooks at 62 percent. Since existing co-ops are so highly utilized by startups, it raises the question as to what extent development organizations could also give support and resources to help existing co-ops with mentoring startups.

Nearly three-fourths of respondents said they have received assistance from other co-ops.

Which of the following resources has your group used? (Select any that apply)

Assistance from other co-ops	73%
The Food Co-op Initiative (FCI)	66%
Food Co-op Toolbox Manuals (created by FCI, NCGA, and CGIN)	62%
Cooperative Grocers Information Network (CGIN)	51%
CDS Consulting Co-op online workshops	44%
Cooperative Grocer magazine (including archived editions)	42%
CDS Consulting Co-op consultants	34%
The National Cooperative Grocers Association (NCGA) Development Cooperative	27%
Other	24%
We've not used any of these external resources	9%

FCI, the Food Co-op Toolbox Manuals, and the Cooperative Grocers Information Network were used by more than 50 percent of the groups.

Local communities need to demonstrate financial support, but if people can find ways to help startup groups "quickly transition to expertise," the food co-op movement will benefit from their sustained efforts.

Strategies to address startup challenges

Existing food co-op leaders and food co-op development organizations see a need for a tactical process to address new food co-op growth and development. There has been a lot of grassroots organizing but not enough strategic advancement. For example, FCI has only two employees, and if the sector is looking at potentially hundreds of startups coming into the system, it is clear that FCI, and perhaps other organizations, will soon be overwhelmed. "The FCI wants to provide a high level of service at the early stages that will allow more groups to have a viable future," said FCI Executive Director Stuart Reid. "We are at the wide end of the funnel working with a lot of groups. Therefore, the best scenario is that we have

Food co-op development infrastructure

The **Food Co-op Initiative (FCI)** was created in 2006 as the Food Co-op 500 program to provide resources and support for communities that want to start new food co-ops. It offers advice, coaching, and access to training materials and other resources, so that groups interested in starting new food co-ops have the tools to get started using best practices based upon experience and models for success. In addition to being the first organization most startup groups will interface with, FCI also plays another unique role: it is completely open to anyone seeking information about organizing a food co-op effort—all the way through opening. FCI doesn't charge for the information and services, working to encourage development by being accessible to anyone. FCI activities are funded largely by grants from the Blooming Prairie Foundation and the United States Department of Agriculture.

Since 1992, **CDS Consulting Co-op (CDS CC)** members have been working to support the creation and development of food co-ops. In 2008, the food co-op consultants reorganized to respond to exponential growth and increase their capacity for meeting the needs of food co-ops. Services are offered on a fee-for-service basis to all food co-op groups along the continuums of co-op size and organizational development.

As part of its food co-op development work, CDS CC, with its former parent Cooperative Development Services, codified the stages of expansion and growth for startups through the Four Cornerstones in Three Stages model. The four cornerstones of vision, talent, capital, and systems operate within three stages of food co-op development: organizing; feasibility and planning; and implementation. The model is also applicable to existing food co-op expansions.

The National Cooperative Grocers Association (NCGA) formed as a secondary cooperative in 1999 to provide support to its member retail food co-ops as a virtual chain. The **NCGA Development Cooperative (DC)** was incorporated in 2008 after members asked the NCGA to find ways to assist them with expansion and new store development. Members can engage the NCGA DC fee-based services through a contract that returns a percentage of their sales to DC over the term of the agreement.

The DC assists expanding co-ops with financing, real estate negotiations, opening the new store, and monitoring operating profitability for up to two years after opening. According to C.E. Pugh, its national development director, the DC usually works with stores after they have done some financial projections, a market study, and site selection activities with CDS CC.

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◀ multiple funding streams."

Sector stakeholders must have a conversation to address the apparent underinvestment in critical systems. It's time to push the vision outward. Therefore, it's important that cooperators as a whole identify the opportunities inherent in this new wave, assess startup needs, and create systems that are most likely to support successful outcomes.

"The information in the study is a reflection of what I've been experiencing in my own work," said C.E. Pugh of the DC. He believes there are many changes that have taken place in the marketplace in recent years that force cooperators to take a more strategic approach to organizing, planning and implementing successful new food co-ops. The organic, slow growth of food co-ops begun in the 1970s may no longer be possible.

Currently, the FCI, CDS CC and the NCGA DC are meeting regularly to address how to better leverage each organization's strengths in order to create a quicker and easier development path for startups. The following are issues they want to address:

Identify opportunity—Interest in starting new food co-ops is at an all-time high; now is the time to look at this massive group strategically.

> "The co-op community has already given a lot of support, encouragement and advice. It's been tremendous but has not been enough to provide the support that's really needed... If we had more resources, more groups would open successful co-ops."
>
> — MARILYN SCHOLL

Assessment—Identify what startup groups need to thrive in these areas: systems, financing, organizing and education.

Systems—Continue to build the infrastructure that supports better understanding at the grassroots level about cooperation, finance, community organizing, and marketplace realities.

"The co-op community has already given a lot of support, encouragement and advice," said Marilyn Scholl. "It's been tremendous but has not been enough to provide the support that's really needed. It's a big dilemma. If we had more resources, more groups would open successful co-ops."

Pugh pointed out that there are limited resources for everyone, not just startups. In the grand scheme of things, the development groups discussed here are also small organizations without deep pockets. "We have to work smarter to make our limited resources go further," he said. "I'm confident that between the three groups, we know how to do this." Discovering ways to finance startup development from within and outside of food co-ops is part of the task at hand. "We're learning how to work together and pilot things, but we're also working on a vision for what startup development could look like with additional resources."

CDS CC's Goehring commented, "Clearly, many local communities want the benefits a food co-op provides. Can we rethink how to frame the necessary questions, to build the relationships, and to marshal and organize the resources necessary to take full advantage of the opportunity? It's certainly worth investigating."

The enthusiasm and passion startup groups have demonstrated is truly impressive. Their momentum could provide powerful impetus for all food co-ops into the next generation. ■

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Accounting Best Practices: The Balance Sheet

BY BRUCE MAYER, PEG NOLAN AND STEVE WOLFE

"Can you tell me in 10 minutes what the best practices for finance are that I can use at my co-op?" This question has been repeatedly asked of us in our respective work with co-op finance managers and general managers. We have heard it often enough that we decided to put our heads together and work to capture best practices, starting with the balance sheet. Future installments will cover the income statement, internal controls and cash management. Upon completion of the series, we hope to have generated what is needed for a basic review of financial best practices for co-ops.

These best practices are derived from GAAP (Generally Accepted Accounting Principles), and many involve tax laws and requirements. A qualified accountant is an important resource in ensuring that the numbers you have on your balance sheet are accurate and follow tax and legal requirements. Important note: If you are not certain about a balance sheet number or how to calculate it, please don't guess.

Balance sheet review

This article covers items to include in your balance sheet, along with their definitions. Our review here is primarily concerned with presenting consistent, accurate information for interpretation and not with the actual interpretation of those balances.

Many of you likely have heard this: The balance sheet is a "snapshot" of your business at a moment in time. This means that the balance sheet represents the worth of your co-op expressed in dollars on the date listed. Assets are a compilation of all of the items of value. The dollar amount of liabilities and equity equals the assets amount and tells you which entities own what portion of the assets as of that date.

The order of items included on the balance sheet is standardized. Within each section, line items are generally listed in the order of liquidation: that is, the higher a line is in the assets, liabilities, or equity sections, the sooner it is expected to be turned into cash or, in the case of liabilities, the sooner it requires cash to settle the obligation. What follows here are the items and their definitions listed in the order in which they are usually presented.

One additional note: balance sheet items are generally presented at their fair value, with a few noted exceptions.

Assets

Assets, the first section on the balance sheet, is a list of items of value that are owned or controlled by the cooperative and that are expected to generate future benefit for the cooperative.

CURRENT ASSETS are those items that could be converted to cash within a year. In general, current assets include cash, accounts receivable, inventory, and prepaid expenses.

Cash is the keystone of the balance sheet. It includes all bank or credit union accounts and all cash on hand at your business. It must be reconciled regularly and controlled closely. (The areas associated with controlling cash will be covered in a future article on internal controls.)

Accounts receivable (A/R) are normally small in a grocery store. It is a best practice to regularly reconcile the balances to underlying documentation, and to review each item for collectability. If collection is no longer probable, you should consider a write-off or an allowance for bad debt. This does not mean that collection efforts should stop.

Inventory is valued at cost. There are some nuances in general inventory accounting, but in a grocery store, cost is all that matters. This is an exception to the fair value rule, mostly for the sake of practicality and consistency. The initial recording of purchased inventory items is to the cost of goods or purchases accounts. It is important to adopt consistent practices and standard procedures for department managers in how vendor invoices are allocated to departments, as well as how shipping surcharges, discounts, and other price adjustments are allocated. Cost valuations of inventory must be consistent with how departments evaluate their margins. The only reliable way to know what actual margins are being achieved is to count the inventory. It is a best practice to count perishable departments' inventory every month and quarterly for all other departments. For departments that are not counted every month, an approximation of inventory should be made by using sales and realized margins of those departments.

Prepaid assets are expenses that have been paid prior to the period to which they apply.

The most common is health insurance that is normally paid the month prior to the actual coverage. Examples of prepaid items are insurance, income taxes, rent, and memberships. Lease deposits and down payments on contracts may also be prepaid assets. It is a best practice to set up recurring journal entries to spread the expenses to the correct periods if the asset will be used up over time, as contrasted with being realized due to a specific event such as moving out of a space.

FIXED ASSETS are also valued at cost. Accounting rules may eventually be changed to revalue these to fair value, but the expense and the uncertainty of doing this has delayed any change. Recording fixed assets is highly involved with a new or remodeled store, when costs must be allocated to the project and to the individual items. In a construction project, the costs of financing and carrying the project, including interest, insurance, and utilities, must be allocated to the project and capitalized. The costs to design the project and to construct or install the assets also must be capitalized. These fees include the architect, the attorney for negotiating with the construction contractor or others, and the labor to install the assets. Once the cost of fixed assets to be capitalized has been determined, their economic life, which is the amount of time over which they will be depreciated, must be assigned to them. It is expected that at the end of its economic life the asset must be replaced or that repairs will become a significant cost. It is a best practice to annually review with your accountant the fixed assets depreciation schedule to cull any assets disposed of or sold.

Intangible assets may also be recorded in certain circumstances. Financing costs, including attorney and commitment fees, should be capitalized and amortized over the life of the loan. Costs of a new store or expansion—such as training costs, advertising, and other pre-opening costs—may not be capitalized, since they are one-time costs that do not have a significant value for future years.

Investments and deposits in other cooperatives are generally recorded at cost since that is the amount at which they may be redeemed. These amounts will include initial ownership investments, retained patronage, and deposits. If the amount is unclear from the records, the co-op you are an owner of should give you a summary of what they have recorded as your investment.

It is important to analyze any **patronage dividends** received since they may represent several different things. The patronage dividend for a qualified dividend normally has cash and noncash components. The noncash component is what will be recorded as an asset. ▶

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◀ The patronage dividend for a nonqualified dividend will not have a cash component but should be recorded as an asset.

Another important point here is that the nonqualified patronage dividend will be income for book purposes but not for tax purposes. When a payment is on a prior year qualified patronage dividend, the payment will not be current income but will instead reduce the retained patronage asset. For a payment on a prior year nonqualified patronage dividend, the book treatment is to reduce the asset and not show income. But for tax purposes, the amount is income in the year received.

One last important point on patronage dividends is that they are recorded on the day you receive them, unrelated to the year the paying cooperative earned the profit or when they declared the dividend.

Liabilities and Owners' Equity

In general, liabilities tell you what is owed to outside parties. Owners' equity is the portion of liabilities that has been paid and is therefore owned and controlled by the co-op's membership. Expressed differently: Assets are a probable claim on something of value, liabilities are a probable obligation remaining on those assets, and equity is the difference between the two.

Liabilities that should be recorded are more likely to be missing from your accounting system than unrecorded assets. Lost vendor invoices or unrecorded accruals are common examples of what should be captured in what is owed but often is missed. Whenever you close a period, you should ask yourself if there are any additional liabilities that have been incurred that have not yet been recorded. You should always investigate to make sure that you have recorded *all* payables through the date listed on your balance sheet.

Assets are a probable claim on something of value, liabilities are a probable obligation remaining on those assets, and equity is the difference between the two.

CURRENT LIABILITIES are those items that are due to be paid within a year of the balance sheet date. In general, current assets include accounts payable, accrued liabilities and the current portion of debt.

Accounts payable include day-to-day expenses, where an invoice is received for goods or services. Delays in approving, processing, or pricing invoices may cause some late recording or payment issues. It is a best practice to pay only approved invoices and hold store departments to time schedules for processing.

Accrued liabilities are generally amounts that are determined by the cooperative based on applicable laws or timing of transactions. It is a best practice to record these accruals, which include paid time off (PTO), payroll, payroll taxes, sales taxes, real estate taxes, and gift certificates.

Accrued PTO should be recorded for the amount of the obligation to pay staff when they separate from service. It is a best practice that carryover be limited to a set number of hours, both to encourage people to take time off and to limit the liability.

Accrued payroll should be recorded for the portion of a payroll that falls in the period prior to when it is paid. This is generally done by taking the number of days in the prior period divided by all days in the payroll times the gross pay. Further refinement can be made but this is the most common method. Accrued payroll taxes are amounts owed from past pay periods that have not been paid. Additional liabilities arising from payroll include withholdings such as employee share of health insurance and pension plan contributions, as well as any employer pension plan matching. These accruals can

My Food Cooperative Balance Sheet

June 30, 2012

ASSETS

CURRENT ASSETS	
Cash	$500,000
Accounts receivable	20,000
Inventory	300,000
Prepaid expenses	40,000
Total current assets	860,000
FIXED ASSETS	
Land	200,00
Building	2,300,000
Equipment	3,000,000
Total fixed assets	5,500,000
Less accumulated depreciation	1,500,000
Net fixed assets	4,000,000
OTHER ASSETS	
Intangible assets—net	10,000
Investments and deposits in other cooperatives	130,000
Total assets	$5,000,000

LIABILITIES AND OWNERS' EQUITY

CURRENT LIABILITIES	
Accounts payable	$500,000
Accrued liabilities	300,000
Current portion of long-term debt	200,000
Total current liabilities	1,000,000
LONG-TERM LIABILITIES	
Long-term debt less current portion	2,100,000
Total liabilities	3,100,000
OWNERS' EQUITY	
Owner shares	700,000
Preferred shares	200,000
Retained patronage	400,000
Retained earnings	600,000
Total owners' equity	1,900,000
Total liabilities and owners' equity	$5,000,000

generally be calculated in a preset fashion and should make generating them almost automatic.

Sales tax collected from shoppers should be recorded as a liability and not recorded on the income statement as part of sales. The complexity and illogic of sales tax systems is well recognized. It is a best practice to periodically review sales-taxable items since this can reduce the taxes and penalties owed when the inevitable state sales tax audit occurs. And don't forget use tax. If the cooperative uses products off the shelf or orders supplies shipped from other states, it may owe use tax. A system should be developed to capture those amounts.

Real estate and personal property taxes differ by state and sometimes by county in the timing of the tax in relation to the period covered. Sometimes payments are considered to be for the prior year and sometimes for the current year. The tax bill should outline the period covered by the tax paid. It is a best practice to accrue an estimate for taxes due at the balance sheet date.

Gift certificates are a liability until used. Abandoned property laws may apply to unused gift certificates, but most states require that they be honored indefinitely. Eventually, it may be clear that some certificates will not be used. If they are no longer a probable claim, you will need to review state law for any guidance.

LONG-TERM LIABILITIES include lines of credit, notes, and mortgages, which are initially recorded at the amount of cash received. Accrued interest must be recorded as of the balance sheet date for the interest owed since the last time it was paid. This is easy for lines of credits and mortgages with an amortization schedule and monthly payments. Often interest for a few weeks will not be recorded since it is small and recurring. But with owner loans where interest is paid annually or less frequently, this interest accrual is critical to presenting an accurate balance sheet. When presenting formal financial statements, it is a best practice to segregate the current portion of debt. This is the amount of principal that will be paid in the next year after the balance sheet date.

The **OWNER'S EQUITY** section is generally the most static, with less to regularly adjust than the rest of the balance sheet. **Owner shares** are typically presented first. This is the amount paid in by owners to purchase their ownership rights. The amount is normally recorded as only what has been paid and not the full owner share amount. If the full owner share amount is recorded, it should be offset by a subscription receivable amount within the equity section giving the same end result. It is a best practice to have a database of owner shares with names and investment amounts and reconcile it against the books. It is also a best practice to have a consistent policy for how withdrawing owners are treated. In order to be considered equity and not a liability, the board does, in fact, need to reserve the right not to refund owner investments. While this is true, declining to refund owner shares is uncommon and only done if the refund is a financial burden for the cooperative.

It is a best practice to read your **preferred share** agreement to determine how to record the dividends. Normally, dividends on preferred shares should only be recorded as a liability when the board has declared them as payable. Dividends on equity are not considered to be expenses for the income statement; they are recorded as a reduction of retained earnings.

Retained patronage dividends are the noncash portion of patronage dividends the cooperative has paid to owners. As with owner shares, a database of names and amounts should match the books. Refunds of retained patronage dividends are normally only done by declaration of the board that the retained amounts from a certain year are payable. At that time, the amount should be reclassified from equity to a liability account. Retained patronage dividends of withdrawing owners are generally not paid out. By not regularly paying this out, the co-op may avoid any questions about abandoned property until the board declares the amount payable.

Retained earnings are the place where the income statement interacts directly with the balance sheet. Income and losses increase and decrease retained earnings. Retained earnings should not have any other activity except dividends and prior-period entries. It is a best practice to avoid prior period entries, corrections of past-year errors. When prior period entries are recorded, they need to be highlighted since they do need to be separately stated for tax purposes and in formal financial statements.

This quick review of definitions and best practices for the balance sheet is the first of a series, in which we'll review the income statement, cash management, and internal controls for best practices. ■

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Cooperative Grocer
FOR RETAILERS AND COOPERATORS

POSITION OPENINGS

Honest Weight Food Co-op, Albany, N.Y.
Organizational Leader

Growing natural foods cooperative grocery achieving over $13M in annual sales seeks a highly organized individual to oversee and coordinate the organizational development, administrative, and operational aspects of the business. The OL will work with staff to optimize workflow and systems and continuously improve customer service throughout the store. This person will function as one member of a three-person Leadership Team that is jointly accountable for general management of the co-op.

Qualified candidates will demonstrate the following: competence in multitasking; significant experience in customer service and fostering a positive, creative and team-oriented work environment; a strong background in retail management; and the capability to read and interpret financial statements. Demonstrated ability to communicate well with the public is a must. Dedication to the cooperative business model and a willingness to engage in consensus decision-making are also required, and prior experience in these areas is highly desirable.

See below for compensation and how to apply.

Honest Weight Food Co-op, Albany, N.Y.
Marketing and Merchandising Leader

Growing natural foods cooperative grocery achieving over $13M in annual sales seeks a dynamic individual to take primary responsibility for overseeing the sales, product management, marketing and merchandising aspects of the organization. The MML will orchestrate marketing, public-relations, and advertising activities to advance the co-op as a unique and attractive community resource. The person in this position will work with departments to develop sales and merchandising strategies and will oversee all aspects of product management from product selection to shelf placement.

This person will function as one member of a three-person Leadership Team that is jointly accountable for general management of the co-op. Qualified candidates will be detail-oriented and well organized, with significant experience in retail marketing and merchandising in the natural foods industry, as well as possess excellent sales, communications, and public-relations skills. Proven success in market research, merchandising, advertising campaigns and cultivating a storewide team sales approach is essential. This position requires advanced computer skills, including experience with databases and spreadsheets, and the ability to read and interpret financial statements. Dedication to the cooperative business model and a willingness to engage in consensus decision-making are also required, and prior experience in these areas is highly desirable.

BOTH POSITIONS AT HONEST WEIGHT FOOD CO-OP: Compensation will be commensurate with experience and includes a generous benefits package. Additional information about this position is available online at http://s.coop/hwfc3.

People's Food Co-op, Ann Arbor, Mich.
General Manager

We are seeking a general manager! Having just celebrated our 40th anniversary, we are a co-op of over 7,000 member-owners, about $6 million in sales and 4,500 square feet of retail. The People's Food Co-op offers grocery, bulk, deli, a full production kitchen and a café. We are seeking someone who, along with our talented management team, can lead us into continued growth and service to our community. The general manager will oversee all aspects of the business, from store operations and systems to finances and business planning. In addition, the general manager develops relations with our stakeholders and promotes the cooperative movement and its ideals.

Ann Arbor is one of the jewels of the Midwest. A vibrant community of about 114,000 people, Ann Arbor is diverse and comfortable and home to the University of Michigan. We are 45 minutes from Detroit and Windsor, Canada, and close to dining, films, and music in town as well as a range of outdoor activities both in the city and the nearby countryside. The People's Food Co-op is located in the heart of the Historic Kerrytown District, two blocks from the world renowned Zingerman's Deli and right across the street from the Ann Arbor Farmers Market, one of the nation's oldest.

The People's Food Co-op's board operates under Policy Governance. We offer a competitive wage and benefit package and a dynamic work environment. For more information, download a job summary or contact Maureen Shannon at hr@peoplesfood.coop.

Allegany Harvest Co-op Market, Houghton, N.Y.
General Manager

Allegany Harvest Co-op Market seeks a general manager to oversee all aspects of day-to-day co-op operations and to meet organizational ends established by the Board of Directors.

Allegany Harvest is a startup local and natural foods co-op based in the rural hamlet of Houghton, nestled in the foothills of western New York. Houghton is home to Houghton College, a largely undergraduate liberal arts college. The cities of Buffalo and Rochester are both within an hour and a half drive and offer many attractions.

Allegany Harvest anticipates opening in the early spring of 2012 to serve 300 member-owners and additional customers within 610–950 retail square feet.

Responsibilities of the GM will include financial accountability, operations, customer service, human resources, safety, board relations, and store promotion. Salary and benefits commensurate upon experience.

This is a wonderful opportunity to promote your career and gain valuable experience as a GM. Apply today by sending a cover letter and resume to PO Box 83, Houghton, NY 14744 or email to board@alleganyharvest.coop.

Wild Oats Market, Williamstown, Mass.
General Manager

Wild Oats Market seeks a general manager to manage operations and carry out policies set by its elected board.

Wild Oats is a cooperatively owned grocery store that has provided quality natural foods and other products to northern Berkshire County and southern Vermont since 1982. The store has sales of $3.6 million, over 40 employees, 1,200 members, and 4,100 square feet of retail space.

The general manager is responsible for the management of all operations and reports to the board under Policy Governance. The ideal candidate will have proven leadership skills, extensive supervisory and financial management experience, knowledge of the natural foods industry, excellent communication and team-building skills, an understanding and commitment to cooperative principles, and experience working with a board. We offer competitive pay and benefits.

The home of both Williams College and the Clark Art Institute, Williamstown is culturally rich and physically beautiful.

To learn more about Wild Oats, for a complete job summary and to apply, please visit our website www.wildoats.coop/employment.html. Position open until filled.

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Organic Madhava Coconut Sugar has a caramelized maple flavor and can replace brown sugar in recipes. It is a delicious addition to sauces, hot cereals, baked goods, or sprinkled over fruit and toast.

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notes from the field

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Central Highlands of Sri Lanka

Product Sourced: Organic Lemongrass

The Story: Our organic lemongrass is grown by a co-op of small farmers who are working together to establish a prosperous and sustainable farming community that will enhance the socioeconomic standards of its members. Our recent shipment of organic lemongrass was truly stunning. From the the vibrant deep, blue-green color of the stalks, to the bright, lemony flavor and aroma to the nice, consistent square cut. All top-notch.

FRONTIER HERB SPOTLIGHT

Frontier Bulk Lemongrass, Cut & Sifted, Certified Organic, 1 lb. package ITEM #596

Lemongrass has a fresh, light, lemony flavor and scent that is a staple in many ethnic cuisines, including Thai, Vietnamese, and Indonesian. It's also used in hair and skin care products and for scenting perfumes and room sprays.

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