

BY DAVE GUTKNECHT

Growing Our Future



Cooperatives have a great thing going—let's share and grow it! But it's never that simple.

Food co-ops and allies have been paying increasing attention

to the future: why does growth matter; how can we get stakeholders aligned and engaged in support of growth; what does our organization need to be prepared for opportunity; what might our future success look like?

Recently, along with participants from a dozen co-ops, I took part in a stimulating day of discussions on growth. CDS Consulting Co-op, with support from the National Cooperative Grocers Association (NCGA), is hosting this strategic seminar series, which will make it easier to share such discussions throughout the country. Additionally, growth demands and opportunities have been a recent focus in the *LEADer*, an NCGA publication from the Western Corridor that is shifting to a national co-op audience.

(Issues of the *LEADer* are available at: www.cgin.coop/leader. Strategic seminar details can be found at the CDS Consulting Co-op website: www.cdsconsulting.coop/services/in-person.)

Food co-ops have clear threats and opportunities, suggesting a deeper look at growth issues. Co-ops, after being key to the rapid growth of the natural/organic sector in previous decades, have matured in the face of more market competition. Although growth has remained strong for veteran co-ops as well as younger ones, they are experiencing or are threatened with loss of overall market share as better-capitalized grocery businesses capture more of the growth in demand. If such a trend became well established, food co-ops' overall position would decline. Even small-market dominance is hardly grounds for complacency.

The enduring economic recession has cut into many stores' growth rates as well. Customers, whose wage buying power has been declining for over 40 years, are increasingly cutting spending—sometimes on food. Price remains a critical factor in food sales, and economies of scale—larger stores, more stores, and more collaboration among stores—are key to achieving better price points. The grocery trade, as a counter to its much larger privately owned chains, has long supported both consumer cooperatives and retailer cooperatives.

Food inflation also has an ongoing impact

on stores, though largely hidden and of uncertain measure. For nearly as long as the erosion of effective wages, inflation figures have been distorted by changing federal definitions (see, among other sources, www.shadowstats.com), and these numbers have wide effects. Whatever the official price inflation for food (or natural/organic food) consumed at home, there is little reason to believe that it is less than 2 percent annually—and that much should be deducted from reported sales growth for a more accurate look at store sales performance.

In response to stressful circumstances, more people are seeking the characteristics that often make food co-ops outstanding businesses: trustworthy and quality products and services, businesses rooted in their communities, organizations inviting participation and shared ownership, and operations that are accountable to fair and democratic principles and practices. The food industry, dominated by a shrinking handful of corporate giants and big-box stores, is well positioned in the grocery aisles and in the backrooms of government. But growing numbers of people want better food from sources that mitigate the ongoing depletion of resources and that encourage citizen education and action. Food co-ops are an essential part of the revolt against a culture and a food supply that make the U.S. the least healthy of any developed nation.

In sum, opportunities abound, and co-ops are growing strongly in many areas. But threats also are increasing, and our success in building co-op ownership and sales may be slowing. Greater internal alignment among board, management, staff, and owners is clearly needed in many co-ops. Such alignment actually reduces other risks of expansion. Our effectiveness at delivering more cooperative services depends on appropriate education of all the stakeholders about their part in growing success.

Greater sector alignment, through the kind of resources and joint activities highlighted here, continues to be needed as well. All the relationships and means of working together—publications and websites, national organizations and their many services, joint training and key conferences—are actually in closer alignment than they have been in the history of today's food cooperatives. That perspective should help as we work, collaboratively, to reach the next stage of food cooperative development and impacts. ■

CONTRIBUTORS IN THIS ISSUE



Dan Gilotte is general manager at Wheatsville Co-op in Austin, Texas (gm@wheatsville.coop). **PAGE 18**



Thane Joyal is a member of CDS Consulting Co-op, specializing in board development (thanejoyal@cdsconsulting.coop). **PAGE 28**



Rose Marie Klee is board president at Wheatsville Co-op in Austin, Texas (rmk@alumni.utexas.net). **PAGE 18**



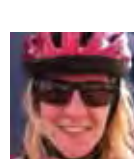
Ellen Michel is marketing and outreach manager at Bloomingfoods Co-op in Bloomington, Ind. (ellen@blomingfoods.coop). **PAGE 8**



Corinne Shindelar is CEO of Independent Natural Foods Retailers Association (cshindelar@infretailers.com). **PAGE 12**



Adam Schwartz is a member of CDS Consulting Co-op and founder of The Cooperative Way (aschwartz@thecooperativeway.coop) or 703/608-0534. **PAGE 24**



Sage Turner is finance and project manager at French Broad Food Co-op (accounting@frenchbroadfood.coop). **PAGE 20**

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