

The Coming Wave

We will need to fill more GM positions than ever before

BY CAROLEE COLTER

As we all know, the baby boom generation is hitting retirement age. Roughly a quarter of the U.S. population was born between 1946 and 1964, and every month a quarter million more are turning 65. That age is not a magic number for retirement. With the recent recession, many people put off retiring longer than they otherwise might have. Now, however, the pace of retirement is picking up. According to the Census Bureau, 17 percent of baby boomers report they are now retired.

Food co-ops are not immune to this trend. Although no one is keeping records, it's fair to say many of our general managers are in their 60s. An informal poll of my colleagues in CDS Consulting Co-op indicated that out of 205 retail food co-ops currently in operation, we could identify at least 40 general managers (GMs) who are either known to be planning on retirement or are thought likely to retire in the next five years. That's 20 percent of our GMs. And there could well be more than we know about.

Meanwhile, Stuart Reid of Food Co-op Initiative predicts that of all the startups now in the pipeline, about 60 will open their doors over the course of the next 5 years—thus adding to the need for new co-op general managers.

In addition, while it's impossible to quantify, there may be a growing number of general managers who will be asked to step down due to inadequate performance in an increasingly competitive business environment. As more co-op boards join the Cooperative Board Leadership Development (CBLD) program and National Co+op Grocers builds more bridges to boards, directors are gaining clearer understanding of the high financial stakes and acquiring more tools for holding their managers accountable.

For all these reasons, plus ongoing normal turnover, we can anticipate that more GM positions than ever before will need to be filled in the coming years. Already many co-ops, especially smaller co-ops and start-ups, struggle to find qualified candidates. From my observation, the average time to fill an open general manager position is around six months,

but some co-ops search for up to a year. What will it be like if 10, 12, 15 co-ops are all seeking general managers in the same time frame? How can co-ops face the coming wave of retirements, startups, and turnover?

Growing our own

Strategies for filling the gap with qualified manager candidates can be characterized as the farmer approach and the hunter-gatherer

Directors are gaining clearer understanding of the high financial stakes and acquiring more tools for holding their managers accountable.

approach. "Farming" means growing new managers within existing food co-ops. For co-op boards, it is the preferred approach. Out of 40 co-op general managers hired in the past three years, two-thirds came from within our community—30 percent were internal hires, while 37 percent were hired directly or indirectly from another co-op.

The farming approach has many advantages. Shared values can be assumed; candidates from within food co-ops will have already been exposed to the cooperative principles and the triple bottom line concept. They know what they're getting into. They already understand what it will mean to report to a board of directors and manage a staff of mission-driven employees with high expectations.

The main channel by which lower-level managers become general managers is from within their own co-op. Ideally this takes place through an orderly transition, following years of opportunity to learn and prepare for the role. Sometimes the path is rougher than that, with emergency management successors suddenly thrust into the interim general manager role but eventually gaining the confidence to apply for the job.

Occasionally a manager below the general manager level who wants to spread her/his

wings, yet perceives that the boss isn't going anywhere, will apply for GM openings at other co-ops. This pattern is rarer than boards seem to expect. Many times I've been asked whether I know "a young up-and-comer" who is eager for a crack at a general manager position. Yet it's much more likely that a GM will apply for the job at another co-op than a lower-level manager such as a store manager. Going back to those 40 general managers hired in the past three years, more than twice as many were GMs hired from another co-op as were store managers or other lower-level managers. Perhaps a manager is more willing to uproot and relocate to a new city or state if s/he already has confidence based on the experience of serving as a general manager.

Whether we grow candidates within the same co-op or transplant them to another store, they need water and nutrients. National Co+op Grocers has pursued the farmer approach for years. Since its inception in 2009, the Consumer Cooperative Management Intensive (CCMI) program has instructed 63 new managers in co-op governance, finance, marketing, and leadership. After a re-evaluation, NCG broadened the content to include those in positions just under the general manager who want to become GMs. In addition, new general managers get paired with more experienced managers as mentors within their corridors.

Going out hunting

Still, agriculture is a long-term project. If we can't grow all the future general managers we need, we'll have to go hunting for them outside the world of food co-ops.

Eleven years ago I wrote an article for this magazine, "Corporate to Co-op," <http://www.cooperativegrocer.coop/articles/2008-12-26/corporate-co-op>, featuring two co-op general managers with conventional grocery backgrounds. Very gradually, this trend has accelerated, though not as fast I had expected. While co-op boards still have a built-in bias for candidates from other food co-ops, candidates of varied backgrounds are getting hired. Anecdotally, some years ago a board rejected a candidate because he had once worked for

Walmart—though he'd quit long before, because he felt the company wasn't aligned with his values. "Our members won't want a GM who's worked for Walmart," the search committee chair told me. Recently another co-op hired a general manager who had spent his entire career at Walmart. The board and staff were able to recognize his leadership skills and sincerely held values, without prejudice.

Headhunting—or looking close to home

Another way to hunt is to retain an executive search firm or "headhunter." These companies can find candidates who may not already know much about co-ops. Realistically, this is only an option for larger co-ops that can pay salaries in the six figures, or close. Typically headhunters charge 30-33 percent of the GM's first year salary, although

some set flat rates and many have minimum fees. The co-op must sign an agreement to pay the fee regardless of where the successful candidate comes from, even if it's an internal candidate or someone responding to an ad on the CGN.coop job board.

A well-run executive search process is labor-intensive. Search consultants spend many hours in site visits interviewing board and staff to gain understanding of the ►

WANTED general manager



If we can't grow all the future general managers we need, we'll have to go hunting for them outside the world of food co-ops.

◀ organizational culture. They create a profile and then seek candidates that match it, using blind ads and the networks they've established over the course of many searches. They carefully vet candidates and provide help with the job offer.

While there are national firms with offices in different cities, these firms tend to serve national or international corporate clients, and their fee structure would be prohibitive for most co-ops. A regional or local firm can still recruit nationally but may only serve clients closer to home. Some search firms specialize in nonprofits and associations, which could potentially extend to co-ops.

Smaller co-ops and startups that can't afford headhunters' fees need not despair. There are abundant possibilities in creative networking. Small co-ops such as Maple City Market in Goshen, Ind., have successfully recruited qualified candidates when all board members took on responsibility for reaching out to their social networks and producing leads for the search committee to follow up on. Social media have made this easier than ever before, but handing out old-fashioned flyers can be effective, too.

As yet, vigorous networking like this is more the exception than the rule in co-op general

manager searches. In my observation, co-ops are more likely to place ads in publications and websites and passively wait for candidates. But under the spur of necessity, we may see a lot more creativity in sourcing local candidates in the future.

How the wave could help us

As a consultant supporting boards searching for general managers, I've interviewed hundreds of candidates with conventional grocery experience. I've noticed a pattern of older, experienced candidates looking for an opportunity to help others and hoping that co-ops could provide it. They say things such as, "That's what motivates me now, developing people so they can be promoted." Or, "This is going to be my last job before I retire, and now I want to give back to the community."

As it turns out, that pattern among older candidates is the echo of an enormous phenomenon—the "encore career." Baby boomers who retired from, walked away from, or were downsized out of business careers now seek opportunities for meaningful work in the last stage of their work lives. Some, having made good money in the past and no longer needing to support children at home, are willing to work for much less than they used to

earn, in exchange for feeling they are making a positive difference.

Perhaps this would be a fruitful direction for co-ops to explore. Imagine the possibilities for developing future managers from within when the general manager is a committed and experienced mentor with a known shelf life. Of course, members of all generations are drawn to careers with the opportunity to do good things for society. But due to their unique situation at the end of long careers, and due to their sheer numbers, baby boomers may be poised to offer the biggest pool of potential co-op GM candidates. Check out <http://www.reserveinc.org/> and <http://www.encore.org/work/joblistings> to learn about organizations that match professionals in this situation with nonprofits.

Coming up

There's much more that remains to be done if we are to both grow more general managers from within and find them from outside. Future articles in this series will explore steps that boards and managers can take and new initiatives under development to find and develop our next wave of general managers. ■

Honor Ann Hoyt as she's inducted into the Cooperative Hall of Fame



When: May 7, 2015

Where: National Press Club, Washington, D.C.

Anyone interested in supporting Ann Hoyt's induction can do so through the sponsorships and tickets page of Heroes.coop or contact Cassandra Durand at CDF, cdurand@cdf.coop, 202-383-5445. Due date for sponsorships is April 1. Following are sponsor and participation options:

- \$10,000 Hall of Fame Sponsor
- \$5,000 Banquet Sponsor
- \$1,500 Congratulatory Listing
- \$100 Friends of Listing (for individuals only)
- \$3,750 Table of Eight
- \$275 Individual Ticket

www.heroes.coop

All funds raised at the event will support the Cooperative Development Foundation.