

# Food Justice As Co-op Differentiator

BY DAVE GUTKNECHT



Food co-ops face strong challenges to their market position and more than ever need to differentiate the co-op in a crowded marketplace. Both conventional and natural foods supermar-

kets are offering more organics and more of what formerly were specialty niche products. For some co-ops, this situation is familiar and has been shaping the business strategy for many years. Others have encountered much more competition only during the past year or two.

For most food co-ops, sales growth has slowed, profitability has tightened, and heightened competition is the “new normal.” A retail co-op wishing to survive must regularly update its marketing plan and align all the organizational elements needed to compete and expand cooperative ownership. The present issue offers sound advice concerning those challenges.

For startup co-ops, market considerations are key to a formidable set of challenges in launching an independent business. Stuart Reid of Food Co-op Initiative summarizes the past decade of new food co-ops and a distinct set of reasons why some startups fail. Influencing all of those factors is the increasingly competitive and price-sensitive market for organic and fresh foods. For both new and established co-ops, what is most likely to attract and keep customers is a full-service store with good fresh sections and overall operations that are tightly run and adequately capitalized. Establishing and improving those elements takes more planning and financing than it used to.

What differentiates your store? Food co-ops at their best embody democratic ownership, shape public demand for clean and trustworthy food, and provide leadership on social justice in food and agriculture. Organic and fresh, local products are featured. But the co-op difference also is manifested in shared ownership and the welcoming vibe offered by the store, staff pride in delivering excellent services and good values, as well as strong and mutually beneficial relations with the surrounding community.

A key way to realize cooperative values and positive social impact is by providing good jobs in fair and empowering organizations throughout the food chain. Food justice and fair trade can be store differentiators. A social justice agenda educates about labor conditions in the dominant systems for producing food, from

local to international. Fair trade struggles, with consumer support, have led to greater transparency and some victories for food system justice. Among food co-ops, a growing campaign is the Principle Six Trade Movement (P6), which supports producers that are small, local, and cooperative—Allison Hermes, national director of P6, provides an update.

For retail co-ops, both their positive values and the negative consequences of any workplace problems underscore the importance of good communication internally. The board of directors must exercise diligence in ensuring that the co-op’s employees are treated well and are given opportunities to advance the co-op’s as well as their own interests. Michael Healy of CDS Consulting Co-op discusses good reporting of workplace conditions.

Exploring a greater organizational role for employees has an uneven history among today’s food co-ops, which have often diverged from the classic consumer-owned and general-manager model that was our legacy from prior generations. Yet such structural legacy has weight. For example today’s food co-ops, after much experimentation co-ops have gradually embraced the practical wisdom of distributing earnings primarily through the traditional cooperative method of annual patronage dividends, rather than through member purchase discounts.

At the same time, we may evolve beyond the conventional consumer-owner structure by including additional stakeholders on cooperative boards and balance sheets. Food co-ops and some co-op developers continue diverse attempts to define a role in governance and capitalization for employees, whereas others are skeptical of such added complexity. An article by Dan Arnett and Jeff Bessmer describes the remarkably rapid Central Co-op merger of two stores in Seattle and Tacoma, a move addressing the market pressures mentioned earlier as well as establishing a new structure with both consumer and worker stakeholders. We’ll be returning to this topic of hybrid or solidarity co-ops.

Above all, no matter what the co-op’s mode of employee involvement—with board seats or not, unionized or not, using Open Book Management or not—delivering excellent service is essential for expanding cooperative services and jobs. Excellent workplace conditions are an obvious foundation for delivering great service throughout the social and business enterprise. □

## CONTRIBUTORS IN THIS ISSUE

**Dan Arnett** is cooperator in chief at Central Co-op in Seattle and Tacoma, Wash., and a graduate of the Saint Mary’s University master’s program in management of cooperatives and credit unions (danarnett@central.coop). **22**

**Jeff Bessmer** is the store manager at Central Co-op 6th Avenue, in Tacoma, Wash., and a graduate of the Saint Mary’s University master’s program in management of cooperatives and credit unions (jeffbessmer@centralcoop.coop). **22**

**Mel Braverman** is a member of CDS Consulting Co-op, specializing in operational and financial improvement (melbraverman@cdsconsulting.coop). **12**

**Faye Conte** is the advocacy and education director at Hunger-Free Vermont and also serves on the board of Neighboring Food Co-op Association (fconte@hungerfreevt.org). **10**

**Erbin Crowell** is executive director of the Neighboring Food Co-op Association (erbin@nfca.coop) and a board member of the National Cooperative Business Association. **11**

**Michael Healy** is a member of CDS Consulting Co-op, specializing in governance, team building, and communication (michaelhealy@cdsconsulting.coop). **25**

**Allison Hermes** is national director for the Principle Six Cooperative Trade Movement (Allison@p6.coop). **20**

**Bonnie Hudspeth** is membership and outreach coordinator for Neighboring Food Co-op Association (bonnie@nfca.coop). **10**

**Micha Josephy** is a project manager with the Cooperative Fund of New England (micha@coopfund.coop). **10**

**Nicole Klimek** is a member of CDS Consulting Co-op, specializing in store planning and design and marketing (nicoleklimek@cdsconsulting.coop). **12, 15**

**Allie Mentzer** is an advocacy specialist at National Co+op Grocers (allie.mentzer@ncg.coop). **9**

**Stuart Reid** is executive director of Food Co-op Initiative, which assists startups across the country (stuart@fci.coop). **17**

**Joy Rust** is a member of CDS Consulting Co-op, specializing in marketing and branding strategy (joyrust@cdsconsulting.coop). **15**

**Jeanie Wells** is a member of CDS Consulting Co-op, specializing in capacity assessment, transitional planning, and coaching (jeaniewells@cdsconsulting.coop). **12**