



LEADer

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

A Study Guide for Co-op Leaders Bringing Strategic Thinking to Your Co-op

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Study Guide

Changing Demographics and Their Effect on Your Co-op: Background Materials and Discussion Questions for Planning Discussions on This Topic —*Developed by Phil Buri, Martha Whitman, and Paige Lettington* [SG 1](#)



Contributing to Co-op Success

One of the most important “products” from a co-op board’s work is a clear sense of direction and strategy. Strategic planning, regardless of the specific governance system used, is a core function of the board. Many resources can help you put together a good strategic planning process, but that’s not the focus of this issue.

Instead, we thought it would be more interesting and useful to take a strategic and critical issue applicable to all food co-ops and to use this edition of the *LEADer* to illustrate how to dive into the issue. So rather than a list of steps and general questions to be considered and applied to various topics, we’ve chosen a specific topic: demographic changes in our country and society at large, as well as in your local community.

What specific changes might have the most impact on your co-op’s operations? How will your co-op adapt to these changes, and when will

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More about the LEADer

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

- The *LEADer* is published quarterly and is distributed to directors and leaders of Western Corridor co-ops.
- The *LEADer* is now available to all interested co-op leaders at no charge, thanks to the generosity of NCGA's Western Corridor members. You can find information about the LEAD program and all back issues at <http://www.cgin.coop/leader>.
- We welcome your reactions, suggestions, and contributions, as well as questions for us to answer in future issues. Send comments or questions to askthebest@ncga.coop.
- The next issue will be available in fall 2011. That issue will focus on dealing with a crisis. Whether you have a crisis or not, you'll benefit from being prepared.
- For more information about NCGA, the Western Corridor, upcoming western regional board training events, the *LEADer*, or the BEST, contact:

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The LEADer Is Online and Available to ANYONE!

The *LEADer* is available to all interested co-op leaders. This issue and all back issues are available online at <http://www.cgin.coop/leader>. Western Corridor co-ops can have new issues sent directly by e-mail; contact Karen Zimbelman at kz@ncga.coop.





Thinking Strategically

by Marcia Shaw

Strategic thinking invites us to disturb our comfort zones and to imagine ourselves differently.

Henry Ford reputedly told a reporter, “If I’d asked my customers what they wanted, they’d have said, ‘Faster horses!’” Ford undoubtedly meant that customers aren’t always the best source of information about how to innovate for the future. Although we appreciate customer responses about our present situation, the board is responsible for keeping its focus on the future. In fact, good governance practices suggest that a board should spend approximately 80 percent of its time looking toward the future.

Thinking Broadly from a Systems Perspective

Most boards engage in strategic planning at some point in their annual cycle of meetings. The process usually involves visioning, assessment, direction and goal setting, planning, and

budgeting. However, good strategic planning requires more than just steps and well-organized meetings. It requires strategic *thinking*—which is what prepares you for planning. The highest-functioning boards learn to cultivate strategic thinking as a year-round activity.

Strategic thinking looks at the entire system that surrounds the cooperative and takes into account a wide variety of topics and factors that impact that system. What’s going on in your community that might influence how people shop, eat, or organize their lives? Strategic thinking helps you prepare for the future.

When you make your own important life decisions, you use factual information as well as dreams, imagination, and playful fantasies. You play out various

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Thinking Strategically

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scenarios: how would you feel or react if something unexpected happened? Did you ever resort to flipping a coin for a big decision and then wanting to go for two out of three? That's your intuition speaking, and that's what feeds strategic thinking.

As you create a strategic thinking approach for the board, you need to allow the board to ruminate on the future as a group. Not every discussion will lead to a specific action. Thinking strategically and broadly about the environment in which the co-op functions will help you identify the myriad of factors that might be relevant and help you hone your thinking about the co-op and its long-term direction. Understanding the context in which you operate helps you use *intelligent opportunism*—the ability to create opportunities out of unexpected events or trends.

Thinking Creatively

Strategic planning is focused and outcome-oriented. Strategic thinking is loose and playful and does not assume you will act on all the ideas discussed. There are no right answers. Can you

have a creative and productive conversation that would result in a different direction for your co-op? Can you imagine subtly changing the reason your co-op exists? Can you envision your co-op being mostly a restaurant or a teaching farm with a produce stand? The ability to respond creatively often depends on your ability to imagine a different future than the one you've always assumed.

Many board members love the co-op and the cooperative movement. But don't let that love blind you to changes that

would make your co-op more diverse, more successful, more dynamic, and more vital. Long-term co-op members can get wedded to the "way it is" or even the "way it used to be." We're at our best when we're preserving what works and adding some exciting new ventures. Strategic thinking invites us to disturb our comfort zones and to imagine ourselves differently. Change is rarely comfortable, but when it's anticipated and the context understood, we move into the future more confidently. What will your co-op be next?



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Contributing to Co-op Success

those adaptations be made? How will your increased familiarity with and understanding of this issue impact your co-op's short- and long-term plans?

We recognize that your co-op might face other, more pressing issues at this point. You might be considering expansion or relocation opportunities. You might be faced with GM turnover. Your co-op might be preparing for or dealing with adverse or below-target operational performance due to new competition in your market. Or your board might simply prioritize other issues for your current consideration and discussion.

In those cases, we hope this issue provides you with a useful illustration that you can apply to the specific issues currently facing your co-op. Consider how you could adapt this approach to the issues you prioritize for your co-op's short- and long-term strategic future. We look forward to learning of your use and/or adaptation of this material and to developing a broader conversation about strategic issues common to food co-ops and their long-term survival.

A Strategic Issue

Changing Demographics at Your Co-op

by Martha Whitman



Have you ever heard the statement “Plans are worthless; planning is priceless”? The point is not to knock strategic plans but rather to recognize their limitation in our ever-changing and increasingly fast-paced world. Planning is indeed priceless because it focuses those involved to articulate a strategic direction within the context of current internal and external trends. However, developing the plan is primarily an operational function; the general manager’s plan lays out assumptions and goals that become the foundation for budgets.

Given the board’s responsibility for the long-term direc-

tion of the co-op, the board function lies at a higher level. That strategic direction should be driving the assumptions and goals that serve as the foundation for a plan and budgets. An effective board contributes to the co-op’s long-term success by helping shape and participating in an ongoing process of strategic thinking—discussions that can help the entire board and management build a common conversation about the future.

Strategic thinking invites exploration, seeks understanding of the world around us, and challenges the status quo. It can drive a systematic process to keep the board ensuring the relevance of our stores. A good strategic thinking process focuses the board on the potential issues

of tomorrow while considering the present day. In fact, the process is a success if it results in the board being in a constant state of curiosity.

With this in mind, the scenarios outlined in this issue’s study guide are our attempt to provide co-op boards with resources to help frame a constructive discussion on a strategic issue. Instead of spelling out a general process that you need to apply to an issue, we chose to identify an important issue that is likely to be common to all food co-ops. What follows is one attempt at providing interesting, provocative, and relevant data to fuel dynamic conversations for your strategic planning process on this topic.

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A Strategic Issue

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Shifting Demographics

The strategic issue we've chosen is the shifting demographics occurring in the United States. The focus is on trends in population age and ethnicity, as both bring new and different implications to our society. The items in this issue's study guide will help you frame conversations to discuss these trends and their impact on your co-op.

The conclusions and decisions resulting from your discussions will be based on your thinking, your co-op, and your local and regional community, as well as other environmental factors such as local market conditions and regional economic trends. We've provided enough information for six to eight hours of strategic discussions—whether you do that in a full day or over a series of sessions. We don't guarantee a plan at the end of this exercise. In fact, you'll probably have more questions than answers, but you'll be well on the way to honing your strategic thinking skills and your co-op's strategic direction.

Strategic Issue Ingredients

For this topic, and for other strategic issues you might wish to tackle, we suggest you gather and utilize the following elements:

- **A Plan for Planning** Identify who will be invited and when and where you'll meet, arrange for a facilitator and note taker, and prepare and distribute background materials (see *LEADER* 6, winter 2010, on organizing a retreat which you can find at <http://www.cgin.coop/leader/winter2010>). Discussions will be most fruitful if they include at minimum all directors and the general manager. Presenters on specific topics can add a lot of interesting information and perspective to your discussions.
- **A Reading List** Gather materials that provide some background and food for thought on the issue for all planning session participants to read beforehand.
- **An Agenda** Organize the day and the discussions to make the best use of the group's time and to make sure you achieve your desired outcomes.
- **Scenarios** Prepare descriptions of potential scenarios concerning this issue that can help you set the stage and kick off your discussions.
- **Questions** Prepare questions to guide the scenario conversations.
- **Other Group Exercises** Imagine conditions in the future. For instance, prepare a few statements identifying past conditions and consider the question, "If that was then and this is now, what might be next?"
- **Summary Chart** Use notes or recordings to capture the day's highlights, decisions, outcomes, and next steps, as well as materials used at the session.
- **Reporting** Share your findings with members. Be creative with newsletter articles, forums, and annual meetings.

And You're Off!

It's most important that strategic thinking be an ongoing process and that conversations continue. You're bound to identify other relevant and pertinent issues for discussion as you proceed. Use the approach outlined in this issue, including the scenarios, as a template for other issues the board feels it would be important to discuss. You can have these discussions as part of board meetings or at regular board retreats. You might find it interesting to engage in one of these conversations with members. Once you develop your strategic thinking process, the sky's the limit, and you'll find that it really helps the board's work overall.



Keeping the Conversation Going

by Lucinda Berdon

The future is full of predictable and unpredictable events, but it takes the commitment and actions of the board to keep that future exciting and productive.

One of the frustrations with strategic planning is how frequently plans are created only to collect dust on the shelf. But strategic thinking is a living and breathing board process to be built upon year after year. You can undertake this work through regular board study; you certainly don't have to wait for an annual retreat.

Why is this important? Here's a little story. I grew up in Palo Alto, California, with a food co-op just down the street. Started in the 1930s, the Consumers Cooperative Society of Palo Alto grew to be a thriving six-store chain. But by the time California food co-ops started working together and formed the Pacific Cooperative Grocers Association in the late 1990s, the Palo Alto Co-op was down to one store. Within a year, it was out of business. Poof! Sixty-five-plus years of coopera-

tion down the tubes, just like that.

Could strategic planning, informed by a good strategic thinking process, have saved this co-op? It undoubtedly could have made a difference. Think about it: The demographics in Palo Alto and the surrounding area (including Silicon Valley) changed dramatically in the 1980s and 1990s. During the dot-com bubble, people were working lots of hours and earning lots of money, which meant eating out more and shopping at new and exciting markets with fun new foods. The local political climate also changed: people weren't as involved in social or environmental activism. In the face of these changes, the Palo Alto Co-op did little to change its stores or the way it operated. Stores didn't sell what people were buying, and they didn't deliver an updated shopping experience.

In 2001 the last Palo Alto Co-op store closed its doors.

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Meanwhile, other progressive groceries in the area shifted their product lines to more natural, ethnic, and gourmet foods, with prepared foods and fresh-baked items, and experienced great success. Without a doubt, some careful reflection and willingness to consider how these changes were going to impact the co-op would have benefited the Palo Alto Co-op.

Make It a Regular Event

The future is full of predictable and unpredictable events, but it takes the commitment and actions of the board to keep that future exciting and productive. Once your co-op's board has begun the process of strategic thinking, how will that thoughtful, creative conversation be kept alive? How can you possibly continue working on this approach when you have an expansion taking place? What if your co-op is struggling with poor financial performance or facing fierce new competition? What if the GM just resigned and your board is going through the critical task of a GM search?

It's all too easy to be preoccupied with important day-to-day issues facing the co-op, but it's equally important to maintain some focus on the future to position your co-op for long-term success. Just because it's not urgent doesn't mean it's not important.

Incorporating forward, creative, strategic thinking into everyday and year-round activities can be motivating and exciting, but how can that be done with so many pressing issues taking up the board's meeting time? It takes an investment of time and energy. Here are a few suggestions to help make this a regular part of your board's work.

- Consider establishing a committee to be responsible for keeping the process moving. Besides recommending next steps or future topics, the committee can determine how to memorialize the work for the benefit of future board members.
- Keep strategic thinking topics on every board meeting agenda. Allow time for discussion at each meeting.
- Watch videos together or include short articles in board meeting packets.
- Engage staff members to participate in the conversation.
- Commit a big chunk of time at board retreats or special facilitated meetings.
- Invite others in your community to share their

experiences with you or to make short presentations on specific topics at board or co-op meetings.

- Consider taking up one of your strategic issues in a discussion forum with members at an annual meeting or other membership event.
- Rub elbows with other board members and co-ops at regional or national events. You'll benefit a lot by hearing what others are discussing, thinking about, experiencing, and working on.
- Read books for co-op boards, as well as articles from publications such as *Cooperative Grocer* magazine and the *LEADer*.
- Take the results of your discussions and keep following those threads. Keep diving deeper into questions that come up by extending the conversation to include other stakeholders, such as staff, suppliers, local farmers, members, and other co-op leaders.

Inevitably, new questions will arise as you work through this process. Don't hesitate to follow a tangent; such "sidebars" often reveal hidden gems of information. How else are you going to learn what you didn't even know you needed to know? Pursue the unknowns. That way you'll keep your board work dynamic and relevant as well as fun! Investing time and resources in thinking about the future is an important tool for your co-op's survival.

CHANGING DEMOGRAPHICS

A LEADer STUDY GUIDE

CHANGING DEMOGRAPHICS AND THEIR EFFECT ON YOUR CO-OP



We offer the following four scenarios to help spark your discussion about demographic changes in our society and your local community, and how these changes should be considered in regard to the co-op's future. Each scenario looks at the issue from a different angle. Some suggestions for how to use these scenarios:

- Everyone who will be participating in these discussions should read the articles first.
- The discussions should include, at minimum, all directors and the general manager. Many boards find it valuable to include other management staff as well.
- Have someone facilitate your discussions. Depending on the size of the group, some questions could be discussed in small groups, with highlights of discussions shared.
- Have someone take notes to capture highlights from your discussions. You might have the full group identify some key or priority points.
- The forum for discussion of these scenarios could be a board retreat or time dedicated at regular board meetings (one scenario per quarter, for instance).
- Spend time discussing each of these four scenarios, not just one or two.
- You might find it useful to debrief with a closing exercise. One suggestion is listed at the end of the scenarios. Feel free to adapt it for your own situation.

Developed by Phil Buri,
Martha Whitman, and
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CHANGING DEMOGRAPHICS

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Scenario 1. Ethnic Diversity Trends

Background reading: Summary of population projections for 2005 to 2050, plus a link to the complete study:

<http://pewsocialtrends.org/2008/02/11/us-population-projections-2005-2050/>

Framing: The 2010 U.S. Census asked people to identify themselves by race. According to the results, 16.3 percent of Americans identified themselves as Hispanic or Latino (a 43 percent increase from 2000); 4.8 percent identified themselves as Asian (a 43.3 percent increase); 12.6 percent identified themselves as black or African American (a 12.3 percent increase), and 72.4 percent identified themselves as white (a 5.7 percent increase).

Questions:

1. How do these changes compare with what you've seen in your community in the past decade?
2. What barriers might discourage greater ethnic diversity at your co-op?
3. Does the demographic of your co-op mirror what you see in your community? If not, why do you think that is?
4. Are various ethnic groups represented on your board, committees, and staff?
5. Assuming these trends continue, what should the co-op start considering in terms of marketing, potential product mix, store format, or services?

CHANGING DEMOGRAPHICS

A LEADer STUDY GUIDE

Scenario 2. Organic and Natural Foods Trends

Background reading: Challenging our assumptions about demographics:

<http://newhope360.com/organic-consumers-share-values-not-demographics>

Framing: In *Organic Consumers Share Values, Not Demographics*, the author suggests that demand for organic and natural foods crosses all demographic boundaries and is more a question of values than income.

Questions:

1. Do you think this statement is accurate? Does it match your own personal experience?
2. When you look at your store, do you see a mix of customers that matches your community? If not, why not?
3. How could your products and services be adjusted and marketed to address the different values that bring different groups to natural foods (for example, food safety, environmental concerns, health concerns)?
4. How can you address price issues that might be preventing some interested groups from shopping at your store?
5. How does this information fit with the ethnic and racial differences discussed in scenario 1?

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Scenario 3. Population Trends

Background reading: Two selections on demographic groups within our society:

- Millennials <http://pewresearch.org/pubs/1437/millennials-profile>
- Seniors <http://www.disabled-world.com/disability/statistics/senior-population.php#ixzz1LFQBipZW>

Framing: Baby boomers are aging. Most U.S. food co-ops were formed in the 1970s by baby boomers and continue with boomers as a major part of their shopper base. Subsequent generations bring different experiences and perspectives. The following chart shows some generational differences:

BABY BOOMERS	GENERATION X	MILLENNIALS
Born 1946–1964	Born 1965–1976	Born 1977–1998
2011 population ~78 million	2011 population ~51 million	2011 population ~75 million
Born during the era of segregation	Accept diversity	Celebrate diversity
Formulaic and practical	Pragmatic and practical	Optimistic and realistic
Conformist	Self-reliant and individualistic	Self-inventive and individualistic
Rule following	Rejecting of rules	Rewriting the rules
Trusting of institutions	Mistrusting of institutions	See institutions as irrelevant
Grew up with television	Grew up with PCs	Grew up with the Internet
Recognize and use technology	Embrace technology; multitask	Multitask fast
Many had stay-at-home moms	Many latchkey kids	Nurtured
Nuclear families	Friends are separate from families	Friends equal family
Jolly Green Giant	Ronald McDonald	Artisan chef/entrepreneur
Vietnam War	Berlin Wall	September 11
Letter writing	E-mail	Instant messaging and texting

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Questions:

1. Has the median age of your member-owners increased, decreased, or stayed the same in the last ten years? What do you think it will do in the next ten years? What would you like to see?
2. If your membership has aged, do you see any problems with this trend? Will your co-op continue to be successful if the trend continues?
3. What about shopper trends? Are your shoppers younger overall than your members? What does this mean for your co-op going forward?
4. How could you attract younger shoppers or convert younger shoppers to members?
5. How will you change your business to support your aging customers?
6. Does the composition of your board reflect the age range of your members and shoppers?

CHANGING DEMOGRAPHICS

A LEADer STUDY GUIDE

Scenario 4. Looking Ahead

Background reading: Trends of our industry:

<http://www.goodfoodworld.com/2010/12/top-organic-food-and-farming-trends-in-2011/>

Framing: Our co-ops are affected by large market, economic, and societal trends. The future environment co-ops will be operating in is likely to be very different from the present one.

Questions:

1. Consider the chart on the following page. Discuss and list what 2021 might look like at your co-op.
2. Think back to the year 2000. What could your co-op's board of directors have done ten years ago to empower your work today? What trends did your board predict correctly or plan for? What trends did it miss?
3. Ask yourself the same question for the future. What can your board do today to empower your board in 2021? What trends will define this decade?

CHANGING DEMOGRAPHICS

A LEADER STUDY GUIDE

Use this chart to answer the questions associated with Scenario 4 to discuss what the year 2021 might look like at your co-op.

IF THAT WAS THEN	AND THIS IS NOW	WHAT MIGHT 2021 LOOK LIKE?
<ul style="list-style-type: none"> ● Booming economy ● Cheap gas ● Cheap food ● Organic ● Little competition; co-ops as pioneers in the natural foods/organic industry ● White majority ● Bricks and mortar ● Supermarket format ● Individual co-op operations 	<ul style="list-style-type: none"> ● Recession/slow recovery ● Gas prices rising ● Expectation of cheap food ● Increasing food safety and security issues ● Growing interest and value in local food and CSAs ● More and aggressive competition ● Latino/Asian growth ● Aging boomers ● Cell phones/apps/social media ● Increasing online purchases, even in groceries ● Population increasingly obese; more diabetes, health issues ● Co-ops as part of NCGA, national support system and supply contracts 	

Suggested Closing Exercise

Consider doing a “summarize and highlight” exercise after each scenario.

Have everyone pair up and take five minutes to discuss the following questions. Then bring the group back together to share thoughts, highlights, and wrap-up.

- What new information changed your perspective?
- What question or questions do you believe the board should pursue?
- What study resources (readings, videos, speakers) would you suggest?
- What were two or more highlights of the day?

Or ask everyone to jot down answers to the four questions above and then do a quick go-round asking for everyone’s thoughts on each question.