

Mastering Co-op Management, Spreading the Knowledge

BY JANE LIVINGSTON



ILLUSTRATION BY MELECK DAVIS

In late 2012, Dan Arnett left Good Foods Co-op in Lexington, Kentucky, where he had worked for more than 13 years, to become general manager of Central Co-op in Seattle, Wash. Central Co-op had sales topping \$18 million annually, around 12,000 members, and many bright spots. Yet several years of struggle had resulted in an unhealthy balance sheet and extensive cultural challenges.

Arnett was pursuing his master of management, co-operatives and credit unions (MMCCU) degree, paying tuition and expenses himself, and was excited by the challenge to put what he was learning into practice. “I wouldn’t have had the confidence to even apply for the job at Central if I hadn’t enrolled in the MMCCU program,” says Arnett. In the international distance-based program, administered from Saint Mary’s University in Halifax, Nova Scotia, he learned that cooperative management requires more than tacking a few co-op courses onto a conventional MBA.

He appreciates the cooperative teaching and learning style used and taught by the program’s faculty. These teachers are from diverse locations—New Zealand to Nova Scotia, the U.S., and the U.K. “I’m sending more managers through the program,” says Arnett, a member of the 2011 MMCCU cohort. “We want our people to reach their potential as real leaders, not only in the store but in the co-op movement. That’s

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why Central Co-op will sponsor other high-potential leaders as well.”

(Besides the program used by the managers in this report, Saint Mary’s now offers additional cooperative study options, including a graduate diploma and a bilingual certificate; see www.smu.ca/academic/sobey/mm/about.html.)

From knowledge to understanding

Today, with more than 13,000 member-owners and 2014 sales projected at \$24 million, Central Co-op is growing at well over 13 percent annually—without any major remodeling or expansion. Arnett and the management team he leads, working with a reinvigorated board of directors, are credited with the turnaround.

“I had already developed substantial management skill over the years. But now I have context. Before, I had knowledge; now, I have understanding. To study the cooperative

difference, from the ground up, with other skilled, intelligent people is a transformative experience. Without that, I would not have known how to implement the changes I wanted to make effectively,” he states.

“We still have a long way to go but are making great progress. We now invest everything in our identity as a cooperative at Central. We put that first and foremost. If leaders don’t have a clear understanding of the cooperative identity and act on that understanding, the co-op will not reach its potential and won’t make it over the long term.”

Tom Webb, MMCCU’s founding program manager, has made the delivery of this truth to cooperators worldwide his life’s work. He speaks of the many groups he has addressed during his highly regarded career in co-op education and development.

“Again and again I have asked, ‘Can you tell me about one co-op that failed because it followed the co-op principles and values?’ One time—only one—a hand went up and the person named a co-op in the States that had gone under. Immediately, several other people said, ‘No, no, no. That co-op failed because of its rigid policies about the food it would carry. This polarized the board and membership; it had nothing to do with the co-op’s governance.’

“Then I like to ask, ‘Does anyone know of a co-op that collapsed because it lost its co-op’

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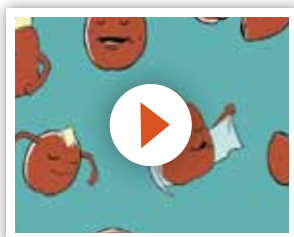
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◀ identity?’ And hands go up all over the room.” Webb continues, “Now, if I had asked these questions differently, if I had said, ‘If we did all that *co-op stuff*, would we sink the business?’, then a lot of hands would have gone up. Because there is still this persistent misunderstanding about what ‘the co-op business’ is.

“The fact is, if it doesn’t fit the co-op values and principles, you better rethink your business, or it will go under. This gets to the heart of why we created the MMCCU program.”

Webb is referring to the 10 values and seven principles articulated in the International Statement of Cooperative Identity, a document most recently revised and ratified by delegates to the International Co-operative Alliance on its 100th Anniversary Congress in Rochdale, England, in 1995 (www.ica.coop).

Applying co-op values and principles

Central Co-op’s Arnett is not the only U.S. food co-op manager to have been changed, and to change the co-op they manage, by pursuing the MMCCU degree. Another graduate is Sean Doyle, general manager of Seward Co-op in Minneapolis, Minn.

One of the most valued aspects of the degree program is that the concluding, capstone project must relate to and benefit the cooperative employer, and that has never been more dramatic than with Doyle’s contribution.

Seward Co-op was already engaged in a discussion of growth: growth of the business, but also growth of its mission. Doyle’s capstone project took the concept of the social audit he’d learned about as a student and formed a staff team in 2006 to create the Seward Scorecard, a tool for measuring Seward’s “triple bottom line.”

The concept landed like a ripe seed on the fertile soil of a co-op with a long history of expanding its environmental and social responsibilities. Of course the Scorecard, like a growing plant, did not happen overnight; it took a number of twists and turns as it developed. Even so, it has already inspired a number of other co-ops to tackle one of the steepest hurdles in managing a co-op cooperatively: How can the business (based in member-owners) hold itself accountable—literally—for establishing and measuring social and environmental objectives?

While the Scorecard is proving to be very useful, it is only one of the benefits of Doyle’s studies in the MMCCU program. “The program gives you both a deep grounding and a broad perspective of cooperatives,” he says. “Cooperatives sometimes operate in the silos of our specific industries. Food co-ops often focus on how to be a better natural foods store. But, as managers, we don’t just want our employees to be good

“The program helped me develop a deeper understanding of how to think about the economy and about the roles of cooperatives in our economy.”

—SEAN DOYLE

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Extending the co-op’s reach

It doesn’t always turn out that a student in the program can implement his or her new ideas or new ways of working with the staff, directors, and member-owners to the extent Dan Arnett and Sean Doyle have done. Suzette Snow-Cobb has put her skills to use in a different way for her co-op.

Snow-Cobb was one of a three-person management team for Franklin Community Co-op in Massachusetts—owners of Green Fields Market in Greenfield and McCusker’s Market in neighboring Shelburne Falls—when she enrolled in the MMCCU program. Her tuition was paid through a combination of personal finance, a diverted planned pay increase, scholarship funds, and some of her co-op’s educational funds earmarked for management development.

After 14 years of co-management, the team was replaced by a single general manager, and Snow-Cobb became marketing and membership manager. As such, she is constantly seeking opportunities to collaborate with and support other cooperative ventures and to network with groups such as the Valley Alliance of Worker Co-ops (VAWC) and the Neighboring Food Co-op Association (NFCA), whose director, Erbin Crowell, is another MMCCU graduate.

“All of our co-ops benefit when we raise the awareness of our economic impact, our commitment to community, and the quality of our businesses,” Snow-Cobb said. Along with VAWC, UMASS Five College Credit Union, and NFCA representatives, she helped start the Valley Cooperative Business Association.

One example of this collaboration occurred during co-op month last October. “We celebrated the culmination of Co-Cycle’s cross-country bike tour in Greenfield with a ‘Welcome to Co-op Valley’ event, where representatives from our valley’s co-ops, along with the city of Greenfield’s mayor and representatives of the National Cooperative Business Association, welcomed the cyclists and highlighted the local and regional cooperatives and their products and services.”

Snow-Cobb’s role in all this activity is pivotal. In addition to being president of the Valley Co-op Business Association, she has served on the NFCA board for three years. In April 2014 she was elected to the VAWC board, demonstrating a commitment to cross-sector cooperation on the part of her food co-op and local worker owned cooperatives.

Her dedication to the local and regional groups as well as the national co-op association is an indication that Snow-Cobb is still out of the box and looking ahead. “The MMCCU program pulls you outside your own co-op. Once you see the bigger picture, you can’t go back. If we’re going to survive and thrive in these times of globalization, and for our own local economies, we have to shift our thinking. We can’t just operate our own co-op. That’s not going to be enough.” ■

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