

The Rewards and Challenges of a Startup General Manager

BY MELANIE REID AND STUART REID

The current wave of co-op openings is likely to bring as many as 60 new co-ops in the next five years. That means many new positions for general manager (GM) will be available. As with our existing co-op storefronts, these startups will come in many shapes and sizes and be located in a variety of communities large and small, urban and rural. Given that diversity, the general managers also likely will come in a variety of shapes and sizes and from a wide range of backgrounds and experience.

Are you one of the many in our co-op community with your sights on a GM position someday? The time has never been better to plan ahead and work on your professional development and readiness for the next step. The future is bright, and these opportunities are right around the corner.

For Melanie, while I was not the GM when Just Food Co-op opened in 2004, I was on the opening management team and can say without hesitation that I have had no greater reward professionally than being part of opening that co-op. The experience was incredible in many ways. If you are considering tossing your hat in the ring at a startup, I would highly recommend it.

What are the skills and qualifications needed to be a successful GM in a startup co-op? In addition to the standard qualifications for which most boards will be looking—including financial knowledge, management experience, desire to work for a board of directors, alignment with cooperative values, and strategic planning experience—there are three qualifications that stand out as really important in a startup environment: capacity for teambuilding, a broad range of skills and experience, and visionary leadership.

Teambuilding skills

From interacting with co-op owners and community members to working with the board of directors, hiring the opening management team, and rallying vendor reps and friendly cooperators to get the store ready for opening—a startup GM must be a team builder extraordinaire from day one. Once the doors are open, the work of building an internal team to carry the

co-op through those often wild-and-crazy first years begins. Rochelle Prunty, GM at River Valley Market in Northampton, Mass., adds, “You need to understand that getting the store itself open is the real beginning of the hardest work of the ‘project’ and that making the store operations succeed financially once you’ve opened is a bigger challenge than all the development stages combined.”

Consider that often department managers in a startup have little or no industry experience and will need a lot of guidance along the way. The role of the GM in gaining alignment and creating a team from a group of diverse individuals is not to be underestimated. Imagine those first management team meetings, when team members may have just met and have no experience working together.

To that, add the staff. Anywhere from 15 to 50 people will be needed to ensure smooth daily operations and great customer service. These are the people who will bring the co-op to life each and every day. The start-up GM will be part of finding, choosing, training, and developing all those folks and bringing them together to form a high-functioning team.

The importance of a strong board-GM relationship should not be overlooked either. As the board transitions from being hands-on during the startup phase to a much more hands-off role within Policy Governance, the relationship must be nurtured and the leadership team built. (See “Building a Strong Leadership Team,” by Michael Healy, in the previous issue of *CG*.)

Multiple skills

Candidates who bring a broad range of operational knowledge and experience will be head and shoulders above less-experienced candidates. Being GM of an established co-op has many challenges, but building something from nothing requires a special set of skills and experience. In those early days, the GM will need to be able to answer many questions. Not only will he or she need to know how to create a financial pro-forma and plan the financial outlook, the GM may also need to build Lozier shelving units and order groceries for the entire center store, while at the same time assembling produce cases, meeting with local growers and various

other suppliers, and setting up the point-of-sale (POS) system.

Prunty notes that cash flow in a startup is going to be an intensely critical issue. You may be stretching out payments more than you would prefer. This requires a communication plan and tight reins on cash and expense management.

Additionally, says Prunty, “There is no established customer base. It is far easier to get people to invest in startup membership than it is to get them to change their shopping habits. One of the challenges is building momentum in sales growth with new and returning customers. This can be addressed effectively once your staff has had some time to get your basic operating and merchandising systems going reasonably well to satisfy customer needs.”

Visionary

That challenge of building the customer base is one of the reasons why a startup general manager needs to be a visionary leader: one with the ability to see the end result when there is nothing at first, to coax a team to greatness and guide the inexperienced along the path to experience; to build systems; celebrate incremental successes along the way, and to align the disparate opinions and dreams of a community and create a place where goodness gathers; to build a community center where good food is shared by all and everyone feels welcome.

Michael Faber, GM at Monadnock Food Co-op in Keene, N.H. (opened April 2013) shared that he was lucky to have held the position of GM at an existing co-op prior to Monadnock. This was immensely helpful once the store opened, as he had a clear picture in his head of what a well-functioning store looked like and could immediately work towards moving the new co-op in that direction. He says, “It’s hard for me to imagine what it would be like going through that experience without that visual map.”

How can one best prepare?

Getting as much experience in retail food co-op management as possible is a good start. Prunty thinks that one can best prepare by having “... experience in the role of a food co-op GM, ▶



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especially with planning and opening a new store or a major expansion project. And any experience with working through really hard cash flow management and turnarounds in adverse conditions will help prepare you for the challenges of a startup.”

If possible, prepare by running a store or overseeing a major project. However, if that is not practical or feasible, Stuart Reid of Food Co-op Initiative strongly recommends working with a mentor. Perhaps your current general manager or the GM at a co-op that opened within the last five years would be willing to work with you and help you prepare. One-on-one learning can be more valuable than classroom-style opportunities. Learning through real-life situations will prepare you for the many challenges that you will undoubtedly face as a GM when that time comes.

The value of shared experiences has no price tag. Taking time to learn from the experience of others will help you be ready for some challenges that you’ve not even imagined facing. It will help you begin to build a support network of colleagues on whom you can and will rely.

How is managing a startup different?

“A start-up is, surprisingly, much different than an established co-op,” says Faber. “In an existing store, many projects and experiences are repeated annually through the business cycle. With a startup, you don’t get the benefit of repetition. You need to learn and adapt quickly to projects and tasks that you will likely only do once. The 60 days prior to opening, when we hired 98 percent of our staff, was the most scary and difficult piece. You inevitably make mistakes and then have to decide the best way to handle them among many other competing issues and deadlines.”

For Melanie, perhaps the reality I was least prepared for when I made the leap from an established co-op to a startup was the absolute absence of systems and of accompanying documentation, forms, information, and training that I had grown accustomed to having readily available. Somehow it didn’t occur to me when I signed on to manage the store’s front end that there wouldn’t be a training program in place for our (new) cashiers. Or, that if I needed a form for anything, it wasn’t going to be at my fingertips. Anything and everything had to be created or borrowed (gratefully) from another co-op. Let me tell you, that’s a lot of work.

Prunty agrees. “In a startup, everything needs to be established, and everything is new: building, equipment, staff, customers, vendors. The number of details in every retail system is huge, and they will all need attention as each task is done for the first time and you have zero or minimal operating history at every level.” She adds that working with CDS Consulting Co-op and NCG’s Development Co-op are good ways to increase your preparedness for the job. Co-op startups now have more available support and services to help them avoid some of the problems that earlier startups faced, and they would be remiss to not engage that support as part of their startup plan.

Faber adds, “Pick another startup that has come before you and use them as a model and resource—for Monadnock, that was River Valley Market.”

Where will boards find the right people?

Finding great candidates will require casting a wide net and being open to stepping outside the box during the search process. In addition to homegrown candidates who are sprouting at co-ops across the country, search committees will be wise to conduct nationwide search processes. By reaching out through advertising and social networks, boards can help ensure they attract a broad candidate pool.

Boards should also take a proactive approach and brainstorm a list of people they would like to have as GM of the new co-op. By contacting

10 people, the board opens the door to many possibilities. While those 10 contacts may not be interested themselves, they may offer suggestions for others who might be. Additionally, they can help spread the word about the position. Boards should not be shy about reaching out to existing co-ops. Take a respectful approach. For example, if you are interested in talking with a store manager, contact the GM first and ask for his or her blessing.

Motivator, teacher, counselor, community builder, voice of reason, grocery stocker, maintenance person, public speaker, accountant, responder to all questions, tireless advocate of the co-op—are you ready, willing and able to wear all those hats and bravely face the many challenges of a startup? Prunty says, “To successfully undertake a startup food co-op is the most rewarding work experience I can imagine.” ■

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