



BY DAVE GUTKNECHT

The Company Store and the Co-op Store

Economic news has everyone's attention, and retailers must adapt to recession. Success in this new environment will require nimble management.

"Crisis" is the word at large, and the powers that be are attempting to manage the end of an era. We may not be seeing much more growth through overleveraged speculation and unsustainable consumer debt, and perhaps not even through trade partners that invest ever more deeply in Treasury notes. The feds keep issuing more money (the total supply is no longer reported), inviting more inflation.

Lacking an alternative vision, such as major redirection of spending now going to war and weaponry, the administration's plans require still more debt, and that is more borrowing from the future. Local food allies can push public policy and awareness in better directions—well summarized as "farms not arms."

We're in uncharted waters, exciting times! While retailers will be thinking about liquidity (cash flow), for the U.S. at large, the elephant in the room is the question of solvency. Eventually, the global economy will reduce its dollar imbalance, not by revived U.S. productive activity so much as through bankruptcies, perhaps a massive devaluation, or even through a jubilee that writes off many debts.

Already during the past year we have seen a most massive upward transfer of wealth. Notice that along with the federal government distributing trillions of dollars in public money for corporate bailouts, an investment stake is not being planned—despite many recommendations. The topic of ownership is played down.

Yet when forms of business ownership are examined, cooperatives provide leading examples of sound business foundations. Credit unions and co-op developers that have retained a focus on local lending and owner investment are in less trouble, and cooperative capital and services are much needed.

Nevertheless, the economic climate is inescapable, and it offers rising unemployment and shoppers who are cutting back. People still need to eat, but most food co-ops will see a sales slowdown, after years of growth ahead of the grocery industry and of inflation.

In leveraging that growth, dozens of successful co-ops have completed expansions and opened new stores. Outstanding examples are highlighted here, from western Massachusetts to Minneapolis to Bellingham, and there are

more to come. However, growth projections will need moderating in light of a declining economy with no predictable recovery.

Food co-ops that have adept management and leadership team unity may continue to thrive. A few others may join the one-fourth of all retailers that are projected to close this year. Sound planning at local and national levels will help position co-ops in the most difficult environment they have thus far met. Those lacking the elements just mentioned may see their projections reach the position of Wiley Coyote after excitedly chasing something over a cliff—then realizing there is nothing underneath him but air.

For stores that have flourished in the natural/organic niche, cost cutting and adjusting margins and product mix will surely follow. Elements of communication, both internally with staff and co-op owners and externally with the larger community, will be key to keeping intact the ends and means of business success.

Carolee Colter and Mary Croteau provide an updated review of surveys measuring co-op employee satisfaction, an area that is critical to maintaining a positive organizational culture and excellent customer service. These surveys confirm that most co-op employees give their job high ratings in many, but not all, areas.

Along with smart communications and marketing, the way forward in a challenging environment will require good design—including operating design that addresses energy conservation as well as governance or structural design that effectively focuses cooperative elements. Store operations are discussed in a report on energy-saving measures implemented at Park Slope Food Co-op, a store that received an Energy Star rating from the Environmental Protection Agency, and space-saving measures at Davis Food Co-op, as reported by Sutti Associates.

Structural design is addressed in Joel Dahlgren's article on the business possibilities opened up by new co-op laws that make it easier to obtain investors and outside directors. Sound governance is covered in Mark Goehring's guide to principles of Policy Governance—a system that aims to keep the board of directors focused on articulating and reviewing progress toward fundamental ends.

Speaking of that, are your co-op's stated Ends sufficient to the needs of its environment of today and tomorrow? ■

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