

Building a Cooperative of Independent Natural Food Retailers

AN INTERVIEW WITH INFRA'S CORINNE SHINDELAR

Cooperative Grocer: Congratulations on the Independent Natural Food Retailers Association (INFRA) (www.naturalfoodretailers.net) growing to over 100 member retailers. By way of introduction, please describe the INFRA structure, including its board of directors and the retail membership.

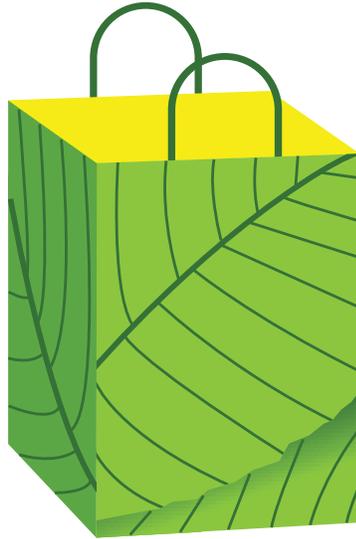
Corinne Shindelar: Thank you for this opportunity.

The Independent Natural Food Retailers Association is a 308(b) Minnesota purchasing cooperative. The bylaws of INFRA allow for three classes of membership. Class A membership is independently owned retailers, and in accordance to our bylaws, they retain 85 percent ownership of the association at all times. Members invest equity based on a percentage of sales, and annual dues are also based on a percentage of sales. Both equity and dues have a minimum of \$800 and a maximum of \$6,000.

Class B membership is allocated to the founding retailers of the association and accounts for 8 percent of ownership. Class C is reserved for investment and has no voting rights in the governance of the cooperative. INFRA has never issued any Class C shares and does not anticipate the need to do so; however, it is prudent to have the option should we ever desire investment in the future.

There are 11 board seats for the cooperative, consisting of three-year staggered terms. While the bylaws allow for one of these seats to be filled by appointment of an outside director and one seat to be elected by the Class B shareholders, our current board is made up of Class A members, plus a Class B representative. The board strives for balance of store size and geographic representation of the current membership.

Membership criteria require a retailer's primary business to be the sale of natural and organic food. We define primary both in percentage of sales and retail square footage designated to food. There are so many different forms of independent ownership that INFRA has chosen to define independent as "cannot be publically traded, a consumer cooperative, or have more than 25 locations." The current membership ranges from S Corps, C Corps, and ESOPS to nonprofit business structures.



Independent Natural Food Retailers Association

CG: Your website lists INFRA services in the areas of peer networking, purchasing programs, and a marketing partnership. Could you provide some key examples of what INFRA offers in these areas?

CS: INFRA currently manages 17 programs for its retail members. The purchasing programs consist of a range of negotiated pricing agreements with third-party service providers from technology tools to operational supplies. We manage a monthly promotional program and have pricing agreements with all three major natural food distributors—UNFI, Tree of Life, and Nature's Best—on a range of products, cobrands and services.

The peer networking opportunities include a listserv, library, and regional in-person meetings that are designed as share groups that focus on best practices. Peer support and networking is facilitated through category management trainings, department manager trainings, natural foods trainings, and financial benchmarking using CoopMetrics.

Marketing is an area where we are still defining how best to align our work. To date, we have focused on locally owned and organics. INFRA has a strong marketing committee that develops toolkits and messaging for all members to access. Another focus is on consumer education and sharing resources to advance consumers' understanding of natural versus organic. INFRA was a primary sponsor of the

Natural Market Institute's in-depth consumer research on how consumers perceived natural and organic. The marketing committee is using this research to inform retail members on how to best refine their messaging.

CG: Prior to INFRA, you had a background in food co-op management and encouraging cooperation and collaboration among retailers. Has the launching and building up of INFRA offered a lot of parallel organizational issues? With what differences?

CS: Launching and building INFRA has been a personally amazing and rewarding experience. I am amazed at the similarities between this work and that of organizing other cooperative associations. It is so exciting to have the opportunity to experience and understand how the missions, visions, and passion for organic, sustainable food systems is not defined by the business ownership structure. There are so many parallels between INFRA and the cooperative grocers that I could fill this whole interview with them. The personal relationships and hardworking, dedicated individuals who work for rightful living exist in all models.

It's funny you should ask about differences, I get that question all the time from people in the industry that I have worked with for years. The biggest difference was that we had to build the community of INFRA alongside of building the programs and the cooperative. There was more isolation for the independents, as they ▶

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Kristen Christian, advocate and founder of Bank Transfer Day, speaking on “Cooperatives: A Growing Revolution”

—and—

Mark Winne, community food activist, writer and trainer, speaking on “Cooperating Our Way to a Just Food System.”

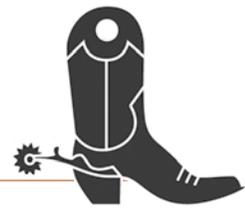
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Registration link and more information at: www.ccma.coop



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didn't have a platform like CCMA to know their peers prior to working together.

The retailers who are INFRA members are stewards of their communities. They contribute significantly to sustainability and local NGOs, as well as national advocacy, including leading the way in launching the Non-GMO Project. I see independent retailers having a bit more space to dedicate to the natural and organic food issues and concerns. This makes sense since cooperatively owned retailers need to have energy and focus to educate their consumers on cooperative ownership and principles.

At the end of the day, there are very few difference between cooperatively owned and independently owned natural food retailers when it comes to the mission of organic and sustainable food systems, and rightful living for their employees and care of their communities.

CG: About INFRA membership: where is the growth coming from? Have cooperatively owned retailers expressed interest in joining INFRA?

CS: INFRA's growth is primarily coming from being a solid and established purchasing cooperative. There are a number of qualifying retailers who are not part of INFRA. The growth was significant in 2012 when we added 37 members. Initially, when INFRA was started, the industry didn't think it could happen. There had been many attempts in the past to aggregate independents to leverage purchasing. I believe the difference and why INFRA has been successful is because the founders agreed to launch the association as a cooperative that required ownership, and thus owning the success.

It has taken some time for the concept to take hold, as we had to build community and commitment so that retailers understood the reason for the cost of participation. There is still a lot of growth potential for INFRA, yet our membership understands that it needs to be the right growth and that INFRA is not for every independent natural food retailer. A retailer must engage in the mission and want to participate in the success of the whole that INFRA represents.

Yes, cooperatively owned retailers have applied for membership in INFRA. We point them to NCGA if they are a consumer cooperative. We do have a current member who is a nonprofit that has plans to reincorporate as a worker cooperative. They will remain an INFRA member.

CG: For INFRA's annual meeting—what highlights and directions would you point to?

CS: INFRA has changed its annual meeting date to June. We will be holding it this year as part of our annual conference in Minneapolis. This conference is one of our highlights right now; it will provide independents with that community at the next higher level. INFRA and its members will note leadership on the GMO issue, the growth of our programs, and the general overall excitement and respect that both the industry and the members have for each other. The board of INFRA has worked hard and continues to stay focused on the core values, mission, and desires that founded INFRA in the first place. I have been fortunate to see cooperation in so many forms. ■

Cooperative Grocer

FOR RETAILERS AND COOPERATORS

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- CCMA awards and milestones
- Reaching low-income customers
- Universities and co-op research
- Open book management
- Stronger local food economies

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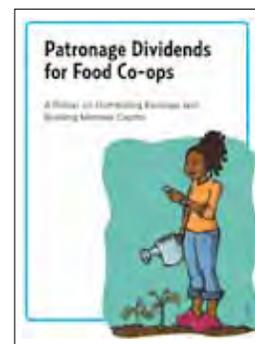
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