

BY DAVE GUTKNECHT

Pick Two and Call Me Back



Businesses providing goods and services often face competing expectations and must balance them. Customers often want it all.

From years past, I remember a captioned photo hanging in a print shop, showing a person on the telephone, behind a very crowded desk: “You want it good, cheap, and fast? Pick two and call me back!”

I thought of that awkward but pragmatic truth recently after hearing another complaint describing food co-ops as “too expensive.” In a related criticism, co-ops are “not accessible” to low-income shoppers. Those are actually two different points that get run together, and the “too expensive” complaint often is from someone who is not low-income—examples of the complexities around this topic.

An additional but related problem is how to make the cooperative’s member-owner investment easier for moderate-income shoppers.

There is some truth in the point about prices. But the complaint occurs firstly, even before declining household earnings, because most shoppers, even those who eat well and can buy whatever food they want, are captive to a cheap-food market psychology. Production abuses and other externalized costs are ignored in most grocery prices.

For food co-ops, it is a dilemma, because when offering quality food (organic, sustainable, often local) the co-op cannot say: “You want it cheap, with fair prices for farmers and fair wages for workers? Pick two and call me back!”

Food co-ops are driven by their mission to offer good value as well as to pay fair prices. Given the scale of its operations compared to competitors in investment-driven enterprise, the co-op’s food is unlikely to be less expensive compared to conventionally produced items. That distinction is not always made, which reinforces the confusion. It also points to the issue of price image vs. price reality—price image brings additional challenges. But when comparing organic apples to organic apples, or more usefully a basket of items to a like basket, co-ops typically are competitively priced, and that crucial like-to-like assumption makes for a different discussion.

Problems can be solved, while dilemmas are conditions that can only be navigated or

moderated. For retail food cooperatives, pressure around price exists for organic product, and it also arises when retailing local product. Procuring and selling organic and/or local product is an area in which co-ops excel, yet often the source is a small or artisanal producer whose clean methods and small scale result in higher prices.

This price dilemma also is a key challenge identified in a new study about the Minneapolis-St. Paul area’s cooperative local food system. The case study, which I co-authored with Joan Stockinger, is available from Cooperative Development Services, www.cdsus.coop. We found that many thousands of food co-op member-owners and others are willing to pay a premium, yet price is still a key challenge:

There can be tensions between various multiple values in the local food system. The most visible of these is around price, within a context seeking the following:

- Fair return to farmers using sustainable practices and operating at a family scale
- Commitment to paying employees fair wages and benefits/good jobs
- Desire to provide healthy, high-quality food to people of limited means

There is much more to be said about what food co-ops are doing to make their services and member-ownership accessible to moderate-income shoppers. Such efforts are necessary in a society in which half of the population now has zero financial assets or even negative net worth. Co-ops offer such practices as:

- Reduced margins on basic food items
- Classes on how to eat well affordably (shop bulk, less meat, cook at home)
- Purchase discounts for shoppers who also participate in needs-based public programs
- Owner investment methods that allow a low beginning payment and extended terms for becoming a co-op member—even allowing the remainder of the investment to come solely through patronage refunds (there also are examples of programs in which other member-owners make donations supporting memberships to low-income applicants)

These services and related issues are also the subject of a general list discussion thread among co-op subscribers at Cooperative Grocer Network: www.cgn.coop. ■

CONTRIBUTORS IN THIS ISSUE

Carolee Colter is a member of CDS Consulting Co-op, specializing in human resources (carolee.colter@cdsconsulting.coop). **PAGE 16**

Mike D. Hays is a freelance journalist in Brooklyn, N.Y. and attended the fair trade banana conference; he also recently worked as a produce buyer for Kimberthon Whole Foods in Pennsylvania. **PAGE 6**

Ben Kuzma is general manager at Boise Co-op in Idaho (gm@boisecoop.com). Previously, he worked for 10 years at Davis Co-op (Calif.), two years as general manager at Belfast Co-op (Me.) and nine years as general manager at Food Conspiracy Co-op (Tucson, Ariz.). **PAGE 20**



Ellen Michel served for a dozen years as marketing manager of Bloomingfoods Co-op. She has been on the organizing team for the UCUR conference since its inception, and offers support services to new and existing co-ops. **PAGE 10**



Helena O'Connor is a member of CDS Consulting Co-op, specializing in human resources (helenaocorner@cdsconsulting.coop). **PAGE 16**

Eli Penberthy is the editor of *Sound Consumer*, a publication of PCC Natural Markets in Seattle. As a member of PCC’s quality standards team, she also monitors PCC’s seafood sustainability (eli.penberthy@pccsea.com). **PAGE 14**

CE Pugh is the chief operating officer at National Cooperative Grocers Association (www.ncga.coop). **PAGE 8**

Ellen Quinn is grants and funds manager at Cooperative Development Foundation (www.cdf.coop). **PAGE 12**

Art Sherwood is a member of CDS Consulting Co-op, specializing in strategic leadership development; he recently accepted a position as the Cole Professor of Entrepreneurship in the College of Business and Economics at Western Washington University in Bellingham (arthurlsherwood@gmail.com). **PAGE 24**

Thanks to our sponsors

CDS Consulting Co-op
802/387-6013 • www.cdsconsulting.coop

Frontier Natural Products Co-op
319/227-7996 • www.frontier.coop

National Cooperative Bank
800/955-9622 • www.ncb.coop

National Cooperative Business Association
202/638-6222 • www.ncba.coop

National Cooperative Grocers Association
www.ncga.coop

Once Again Nut Butter
888/800-8075 • www.onceagainbutter.com

Additional sponsors needed—contact Dan Nordley, dan@cooperativegrocer.coop, 612/436-9177