

Making It Real

Using strategic concepts to improve owner services

BY [WILLIAM E. BEAVER](#)

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In our busy cooperator lives, does taking the time to read the articles in Cooperative Grocer really have practical applications on the floor or in our services to owners and customers?

When glancing through the September/October 2004 issue, I took the time to read Peg Nolan's article, "The Real Business of the Co-op," and found some thought-provoking theory based on Brett Fairbairn's *Three Strategic Concepts for the Guidance of Co-operatives: Linkage, Transparency, and Cognition*. But were the ideas she presented in any way practical?

Of what use is theory to us co-op staff? We just want fewer complaints and more purchases from the co-op's owners. Can theory help more co-op owners get more involved and be more loyal?

I emailed Nolan for some answers, and she assured me that a forthcoming article would include practical applications; that follow-up article was published in January/February 2005.

Around that same time, early January 2005, I compiled a listing of "Owner Services Goals for 2005" and based them on Fairbairn's three strategic concepts of Linkage, Transparency, and Cognition, as explained in Nolan's first article.

The article you are now reading is designed to show that there is indeed a practical and effective application of theory in our services to owners. Fairbairn's approach directly helped our co-op to improve its services to owners this past year; in fact, this approach continues to help us as we prepare for 2006.

Owners of Ozark

Ozark Natural Foods Co-op in Fayetteville, Ark., has been around since 1971 and now operates a 10,000-square-foot retail store with over 80 employees. We've been experiencing dramatic growth since our relocation in 2000, with nearly \$7 million in sales in 2005.

I was hired in 2001 by general manager Alysen Land as front end manager and have since transitioned into a nearly full-time position as owner services coordinator. As a mid-size co-op we are unique in having two different people doing the work of owner services and marketing; this reflects our general manager's philosophy that serving the owners in turn serves the co-op as a whole and sales in particular.

ONF Co-op is located less than 30 miles from the headquarters of Wal-Mart, which includes Sam's Clubs. We therefore find it absolutely necessary to use the word "owner" rather than "member"—to help point out the single distinguishing characteristic of co-ops, that they are owned by the people who use them, and to underscore that we are not a discount club.

Linkage

Beginning with the theme of economic linkage with co-op owners, Nolan summarizes Fairbairn by stating that owner "relations start with an understanding of economic linkage. In fact, [Fairbairn] asserts that it is this economic linkage that makes the enterprise a cooperative."

And that's where I began in setting our owner services goals for 2005. I started the goals list with the phrase, "Economic Linkage—initial relationships built upon an economic focus." I followed that with a summary of Nolan's main points about economic linkage in a few succinct sentences and then began listing any goals related to that theme.

This way, as I consulted the goals list throughout the year I would be reminded of the theoretical underpinnings to what we were trying to achieve as a co-op. The more I understood and absorbed the concepts behind cooperatives, then the more effective I was in educating the major stakeholders in the co-op: owners, staff, management, the board, and community members.

One goal we had under Economic Linkage was: "Research and review by June 2005 the option of changing Owner Appreciation Weekend discounts to coupons by December 2005." This has turned out to be quite a complex process, but was made easier by the background understanding I had about economic linkage, which I was then able to impart to others.

We did indeed research and review this option, and by December 2005 we had decided that we will need more time to involve more stakeholders in more discussions about changing this highly appreciated though unevenly utilized benefit.

Transparency

One of the reasons we could not yet change from Owner Appreciation Weekends to coupons is that our owners perceive the benefit as one of the things that “makes” us a co-op. This is what keeps them coming back; this is when owners can experience the festivity of the co-op; this is when owners experience the community aspect of the co-op.

Recall that ONF Co-op started in 1971. Fairbairn writes, “The longer a co-operative exists, the easier it is for [owners] to forget why it was created. Transparency...is fundamental to reproducing co-operative [ownership] and loyalty from generation to generation.”

In order for our owners to understand that the co-op is much more than any one benefit, we decision makers on day-to-day operations must be more transparent in our considerations.

Transparency—the second strategic concept Nolan writes about—is critical for older co-ops to ensure that the owners perceive their co-op to be an efficient agent for meeting their needs. If not, then the loyalty can be tenuous. As natural foods become more available in more locations, if the consumer-owned grocery co-ops are to survive, then they will have to pay attention to this strategic concept of transparency.

In 2005, I began the second set of goals with, “Operational Transparency—developing relationships through democratic participation.” Again, I succinctly summarized Nolan’s points in order to be reminded throughout the year of why we had these goals.

One such goal was to inform our ownership about industry trends; we initially thought this could be accomplished by each department head writing an article for the newsletter informing owners about their particular department’s challenges in relation to the bigger national or international trends.

But as time went on and we realized department heads did not have the time or energy to write such articles, the newsletter staff began writing articles or including short news pieces about the industry. We also hired a staff writer to interview our local growers and vendors for a monthly article.

We live in a part of the country where the cooperative business model is used infrequently, so there is little understanding or motivation for most Northwest Arkansans to have loyalty to the co-op model. When teaching about industry trends, or discussing ownership benefits with the various co-op stakeholders, being transparent about what the decision makers in the co-op are doing or considering takes on more importance.

The theoretical underpinnings of Fairbairn's three strategic concepts made it easier for me to see the need for training the management team and staff on ownership concepts so that they, too, could see the connection between us being transparent and our owners being loyal to the co-op, loyal even beyond any one benefit. The three strategic concepts also helped me see the need to include staff in discussions about ownership benefits.

Cognition

This leads to Fairbairn's third strategic concept: cognition. I wrote in the 2005 Goals: "Cognition—deepening our relationships in order to effect positive social impacts." Nolan wrote in her article, "How does your co-op 'think'? This question is the basis for understanding how your co-op can determine what and how to change, and be better able to plan for the co-op's future."

I again summarized Nolan's explanation of Fairbairn's points about cognition as a reminder for me throughout the year. As I struggled to reach the goals set forth in this section, I was supported and encouraged when I remembered that cognition is a mature stage for co-ops and is as much about process as it is about reaching a particular goal.

One goal from this section was: "Conduct an owner survey to be drafted and mailed by June 2005, returned and analyzed by November 2005, and reported to all stakeholders by January 2006." While we did indeed conduct a survey, the response was too inadequate to make it very useful for the co-op's "cognition."

Conclusions

From reading all the above, one could easily assume we did not reach any of our goals, but we did. I highlight these three goals—which we did not finish, or had to adapt, or did not adequately meet—to show how important cognition is to a co-op. Thanks to Nolan's explanations of Fairbairn's strategic concepts, I can see, as owner services coordinator, the extreme importance on practical levels how the co-op needs to operate "with a clear mental model of itself and of its role in the wider sector." In other words, what is the co-op's identity, and what is its mission?

The more I think on these questions, and prompt others to think about them, the more we can all act in the interests of the co-op and its owners, the more we can develop loyalty that goes both ways, and the more we can influence our surrounding community.

Indeed, with the help of this theory, we are succeeding in our goals: educating our owners about the cooperative business model, connecting the importance of ownership benefits with increases in sales for our management team, and encouraging our board to engage in strategic planning for our co-op's future.

There's still more to apply, much more to learn. For instance, I had assigned the various 2005 goals to each strategy based on my limited understanding at the time. As mentioned earlier, Nolan wrote a follow-up article for January/February 2005 that went into detail on practical applications and questions one can use to guide oneself with each strategic concept. This year, I am using that article to help me more clearly delineate what my efforts are and how they can be aligned to the three strategies. One challenge I'm still working on is developing one integrated computer program that can include the strategies, the goals, the calendar, and daily tasks for easily linked access.

Fairbairn's three strategic concepts have better informed my efforts as owner services coordinator, and as a direct consequence of applying those concepts as initially explained by Nolan, our co-op is headed into a more successful future with a more loyal ownership base and higher sales.

William E. Beaver until 2008 was owner services manager at Ozark Natural Foods in Fayetteville, Arkansas and has been actively studying communications in community since getting a degree in international cultural relations.