

# Operational Wisdom from General Managers:

## What board members should know about the work they do

BY THANE JOYAL

**S**uccessful cooperatives are guided by strong boards, and those boards rely on strong individuals to manage the cooperative's business enterprise with excellence. The nature and quality of the board-general manager (GM) relationship, for better or worse, influences nearly all the myriad factors that lead to a cooperative's success. The relationship is not simply that of employer and employee. Just as importantly, it is a cooperative relationship among individuals, bringing their strengths and skills together as a leadership team.

Boards and managers can enhance the relationship by working to understand each other and by having a clear appreciation of each other's role in the cooperative. This article gathers wisdom from some experienced retail food co-op managers. It offers what these managers suggest board members should know about the work that they do, the retail natural and organic grocery industry, and the work of the board.

*The size of the staff and the capacity to recruit and retain excellent, experienced employees shapes the daily life of the GM. Until your co-op is a certain size, and I am not sure what that size is actually, the GM doesn't get to be just a GM. In my case, I am the store manager, the financial manager, and, during our expansion and relocation, the project manager. Understanding the evolution of the co-op's organizational chart would provide a helpful foundation to then discuss how each part of the store relates to the GM's daily life. The [workplace] structure of any co-op other than the large ones is undoubtedly related to the experience and education of the GM. Does the board know the GM's experience and education and story? (Jacki Arthur, GM, Three Rivers Market)*

*Retail is detail. We're grocers, and what we do is move boxes. Over and over we bring them in the back door and push them out the front door. To be a GM, you have to love moving boxes, paying attention to which boxes go where, what you were charged for the boxes, whether the boxes are behind*

*mistakes can be costly in time and resources. One GM stated, as an example, that if a co-op is making 2 percent on sales and makes a \$20,000 mistake, it will take a million dollars in sales to replace that net. The general manager is managing hundreds of details to keep the business enterprise within the narrow margin between success and failure. Accordingly, the board needs to be careful not to waste time and resources and also to be careful not to let GM do the same.*

*Growth is everything, and cash is king. If you want one number to figure out whether or not your co-op is meeting owner needs, sales growth is probably it. Is your co-op growing faster or slower than the natural foods market? It's important here to look not only at the recent experience, but also at a longer-term trend. How quickly are you recovering from new competition? Any time our sales growth is slow, it's because we're falling behind our competitors on either (1) service, (2) price, or (3) quality, and it's the manager's job to figure out a strategy that gets the co-op back on track. More or better marketing*



Respect between board and management is a hallmark of excellence—and respect, earned on both sides, is a foundation of trust.

### What is it like to be a general manager?

*GMs do not leave their job at the electronic, automatic doors. They live with it 24 hours a day. (Mel Braverman, former GM)*

*We break things down by people, products, and systems. So, having the board see that we have ways we select and cultivate each of those parts of our success might give a framework for the daily operations stuff. Shrink is about product. Turnover is about people. Margin is about systems. (Chris Dilley, GM, Kalamazoo People's Food Co-op)*

*the right price tag, etc. It's just a lot of repetitious, physical work that you have to be detailed about in order to make money. At heart, the GM has to love being a grocer and hire a crew who love being grocers. (Tim Bartlett, GM, Lexington Food Co-op)*

### What should the board know about the natural and organic retail grocery industry?

Selling groceries is competitive, and being a cooperative does not protect your store from the effects of a competitive market. Margins are thin in the retail grocery industry, which means that

*can cover for a poor sales floor in the short term, but not in the long term. And of course, if you are looking at whether or not you are going out of business in the short term, cash is the only metric that matters. (Tim Bartlett, GM, Lexington Co-op)*

*When a co-op is in financial trouble, there are more stresses placed on the GM than in a profitable store. You can't increase sales without product; can't buy product without cash; can't increase cash without sales (what I call a circular problem). But there are solutions. For example, about 80 percent of the sales in each department come from 20 percent of the products. When cash is tight, the GM tries to*

be sure that the 20 percent are in stock at all times. (Garland McQueen, professional interim GM)

### How can the board best support its general manager?

Many GMs spoke about the importance they place on a good board/GM relationship and stressed the effort they expend to keep the economic engine strong while fostering all of the other values that their owners and members expect their co-op to deliver. As competition in the sector becomes more intense, GMs appropriately hold the economic success of the business as their first priority, protecting the co-op's ability to achieve its goals and objectives.

Within careful boundaries, GMs rely on dialogue within the boardroom to inform their decisions and to understand the co-op's community of owners. This can call for some discipline on the part of individual board members: for example, when an board member shares thoughts and ideas with the GM, the director should not expect the GM to act on that idea. Rather, the board as a whole should strive to speak with one voice—about issues within the board's competence—and to be an amazing boss!

Once I had a board chair who asked me to answer this question each year: "What can the board do differently to make your job easier?" I fantasize about being asked questions like this. "What is the hardest part of your job right now?" and "What is the most satisfying part of your job right now?" and "What are your professional goals, and how can the board help you to achieve them?" (Jacki Arthur, GM, Three Rivers Market)

The Co-op is imperfect. Right now, we need to overhaul our pricing strategy to face impending competition, and we also need to overhaul our wage scale in response to Fight for \$15. Both priorities are urgent, align with our values and are complex enough that we can't work on both and do them well. The cost of a bad system in either case is co-op instability. It's my job to choose one. When I choose, I need my board to press me to justify my choice, then support and defend me against the members and staff who would have chosen differently. (Tim Bartlett, GM, Lexington Co-op)

Managing the many competing needs of staff, community, and board can be daunting. Board members should remember to thank their GM regularly and recognize him/her for accomplishments and achievements. As the GM's employer, it's important that the board considers whether they are providing the kind of workplace for the GM that they expect the GM to provide for the staff. (Melanie Reid, former GM)

### How does the general manager best support the board?

General managers are acutely aware of the reciprocity between the board and GM, and they take seriously their responsibility to help the board do its job well. GMs see themselves as supporting the development and growth of the board as a whole. When boards recognize and appreciate the attention and care they are provided by their GM, they go a long way toward creating a strong and respectful professional relationship.

Clarity of roles between the board and GM adds to effectiveness and efficiency. The GM has to be building multiyear plans toward stated outcomes—the sooner and clearer the board can state the outcome it wants, the better the GM's planning and reporting will be. This can be tricky with the turnover of the board and

bringing people up to speed on plans that are in motion, so the co-op is well-served by having a way to concisely say where it is at in the journey from stated outcome to realized outcome. (Jeanie Wells, former GM)

It's my job to make it easy for my board to make the big decisions that are theirs to make, by giving them the information, resources, training, and confidence they need to feel that whatever I'm proposing has been fully vetted. I'm not sure any board would articulate this as an expectation, but you should. Because when I don't make it easy on my board, my board usually makes it hard on me. (Tim Bartlett, GM, Lexington Co-op)

### What does all this add up to?

The strongest co-ops have both strong boards and a strong GM. Respect is a hallmark of excellence—and respect, earned on both sides, is a foundation of trust. The board, as the co-op's decision maker, needs to be worthy of respect and needs to show respect to its GM. At the same time, the board and GM must both support one another and hold one another accountable to achieve excellence.

Board members and GMs should keep in mind that they are on the same team! Trust, respect, and acknowledgment that we are all human go a long way toward building a good/positive environment in which the GM can be successful. (Melanie Reid, former GM)

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