

We Are What We Sell

Debating buying criteria at Middlebury Co-op

BY ROSS CONRAD

One of the ways retail businesses define themselves is by what they choose to sell. Through surveys, the Middlebury (Vt.) Natural Foods Co-op (MNFC) board became aware that many member-owners as well as nonmember shoppers were assuming, given the store's name, that everything on the shelves is natural and thus healthful and wholesome. Unfortunately, this is not necessarily the case. In order to better meet shoppers' expectations, the board of directors decided to more closely align store activities with the concept of providing wholesome foods and to enact a buying criteria policy.

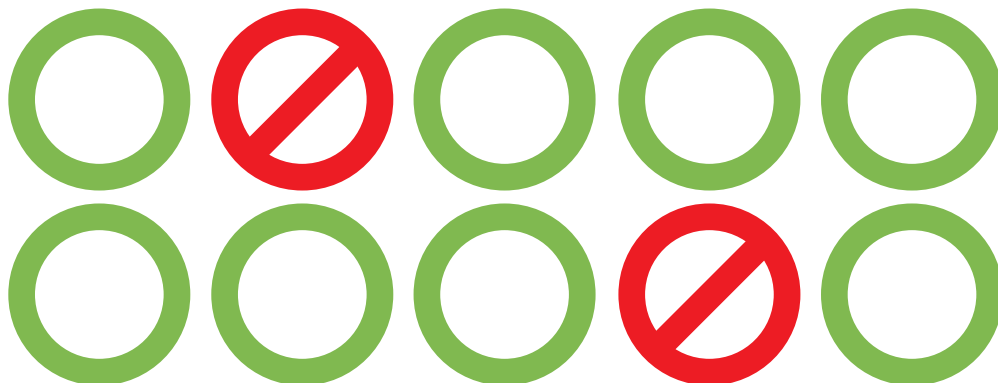
The first buying criteria were approved during the early 1990s. These criteria were crafted as guidelines for the buyers in each department and act as a statement of ethical values expressed by the board of directors on behalf of the membership. MNFC continues to utilize these clearly defined values for promotional benefit by sharing them with the members and general public. Numerous updates and additions have been added to the policy since this initial effort. (*See sidebar.*)

The process of establishing and maintaining dynamic buying criteria is not an easy one, due to the diversity of opinions held by the various stakeholders. The committee assigned the job of developing proposed criteria for the Middlebury Co-op is composed of directors, staff and interested members. Each group of stakeholders comes to the table with overlapping and sometimes conflicting interests that require a process of dialog, research, education, and compromise.

Board members tend to be concerned with overall product quality from the health, environmental and social justice perspectives. Given their role and responsibility in organizational oversight, the board must also understand and plan for the effects of any proposed buying criteria on the success of the business.

Members and customers, while appreciative of the idea of buying criteria, can be reluctant to see their favorite products pulled from the shelves. Busy lifestyles, along with today's environmental and energy challenges, also reinforce the convenience and necessity of one-stop shopping.

There is a close alignment of staff and member-owner interests that make it necessary for the initiative of the buying criteria to



come from the board level. The co-op staff, while typically sympathetic to the goals of a buying criteria, experience strong pressure from customers (both members and nonmembers) against limiting product options on the shelf. Being customer-service oriented, co-op staff want to be able to supply shoppers with products the customers are looking for. At the same time, department heads are under pressure from management to maintain their department's profit margin and may be loath to discontinue fast-selling items or products that have a high profit margin just because they don't conform to adopted criteria.

In order to enact a buying criteria proposal, agreement must be reached on all sides. Significant efforts must be made to educate the stakeholders on the issues involved when making the

decision to add criteria to the list. In our case, adding a ban on artificial flavors, colors, and preservatives was easy because, over the years, the products the co-op carried had naturally evolved in this direction. As a result, there were very few items that were affected when this criterion was implemented, and thus there was little resistance from board members, customers, and staff.

However, when the idea of adding a ban on foods containing hydrogenated oils was first raised in the mid-1990s, some staff members were opposed to it since a large number of very popular products on the shelves contained these oils. It was not until recently, when knowledge of the health dangers of such oils had become more mainstream (even MacDonald's banned them), that the addition of hydrogenated oils

Middlebury Natural Foods Co-op Buying Criteria

Products are selected with a primary emphasis on organic and local items.

In addition, the co-op will not knowingly allow the following items on the shelf:

- Irradiated foods
- Foods containing artificial preservatives, colors or flavors
- Meat products from animals raised with hormones or antibiotics
- Fluid milk, ice cream, frozen yogurt or dairy products containing Bovine Growth Hormone (rBST)
- Foods containing hydrogenated oils or trans fats
- Products tested on animals

Although MNFC follows this policy to the best of its ability, on occasion an item on the shelves may not meet all of these criteria. If MNFC discovers that any of its products do not meet these criteria, MNFC will remove the item from the shelf and not repurchase the item.

to the list again became a topic for discussion. Since numerous alternatives to products with hydrogenated oil have become available during the ensuing years, this criterion was recently approved by the board and implemented by staff with little disagreement.

The co-op's buying criteria can be used as a tool to further the education of the membership. When a customer asks why the store does not carry a certain item, staff have the opportunity to explain the health, environmental, and social justice issues impacted by this decision. The hope is that, through education, the co-op member-owners and shoppers will begin to purchase fewer of those products that have undesirable qualities and more of the products that align with the values and vision of the cooperative. Within these self-imposed limitations, the staff will be happy to special order any product a customer wants (provided he or she orders in case lots so that an item that may not meet the buying criteria guidelines does not end up on the store shelves).

Buying criteria decisions have the potential to influence the co-op's vendors in a similar way. An example of how this can play out is revealed by the Cabot Creamery's reaction to the Middlebury Co-op's decision to ban dairy products containing bovine growth hormone (rBST). Following the enactment of this criterion, Cabot

cheese and butter were pulled from the shelves. Cabot Creamery, which has a plant located in Middlebury, sent a representative to meet with the co-op board to discuss the issue and explain why they did not agree with it. There was also heavy pressure on the board during this time from some member-owners who argued the need to support our local farmers and businesses by carrying their products (this was before the Vermont-owned Cabot Creamery was bought out by the Massachusetts firm Agri-Mark). Of course, the board also heard complaints from members for whom Cabot cheese or butter was a favorite staple.

In the end, the MNFC board stuck to its position and was not swayed by Cabot's arguments. A couple years later, Cabot released an organic line of cheese that by definition was not made with milk from cows treated with rBST and which MNFC was happy to offer for sale. Although I have no proof, I believe that the decision by the board to not carry dairy products made from rBST milk may have played a role in the eventual decision by Cabot to release their line of organic cheese. It is precisely this type of influence the co-op's buying criteria hopes to achieve. While the co-op was happy to carry organic Cabot cheese, it was unfortunate that the line was eventually discontinued by the company.

The MNFC board believes that buying criteria should be a constantly evolving, living document. By economically supporting products and services that align with member-owner values, rather than those at odds with them, the cooperative is able to influence which types of products will thrive and which will fall by the wayside from lack of support. By better serving the membership's needs and meeting their expectations within the greater community as well as within the co-op community, MNFC proves its value and builds the kind of customer loyalty that will help the business endure difficult economic times. ■

When is Borrowing also Investing?

When your co-op takes a loan from the Cooperative Fund of New England, you're helping to ensure that financial resources are available to future co-operators. We also welcome your investment.



COOPERATIVE FUND
of New England

CFNE is a socially responsible investment option.
web: www.coopfund.coop • tel: 1-800-818-7833



Produce

For over 20 years **NCB** has provided the financial support and expertise to help cooperative grocers grow. We are dedicated to delivering the financial solutions you need to keep your business healthy and strong.

For more information call Mike Novak at (510) 496-2232, email mnovak@ncb.coop or visit www.ncb.coop.

WE PROVIDE

- Creative Approaches to Business Growth
- Highly Responsive and Personalized Service
- Full Service Cash Management
- Remote Deposit Capture
- Term Loans and Revolving Lines of Credit
- CDARS, FDIC insured accounts up to \$50 million

results



NCB means National Consumer Cooperative Bank, its wholly-owned subsidiary NCB, FSB, and its affiliated non-profit corporation NCB Capital Impact. Each may provide loans or technical assistance as a separate entity within the NCB Financial Group, all of which are Equal Housing Lenders. Deposit products and services are provided by NCB, FSB, which is a member of the FDIC.

©2009 NCB 07/09 009