



# Essential Elements of Managing a Food Cooperative

John Noller and C. Brice Ratchford  
Department of Agricultural Economics

Food cooperatives come in all shapes, sizes and temperaments—pre-orders and stores, small and large, based around natural foods and a larger range of foods.

Whatever its shape, size or temperament, a food cooperative has to meet certain challenges if it is to survive. It must effectively meet a definite set of needs, deal with external pressures, and bring together the resources and talents of its members. To be truly successful, it must do all this with a sustained sense of purpose.

## Management Concept for Cooperatives

Management may be defined as the art and process of defining and achieving collective purposes with and through people in an organization. Management is a pervasive aspect of all undertakings in a cooperative, and indeed in any organization. A clear understanding of management is one of the most powerful tools available to cooperators. If cooperators hope to achieve their common purposes and values through collective action, they must learn how to manage their organizations effectively.

A food cooperative, even the smallest, requires management at two different levels. One level is operational management. Someone must develop and maintain efficient systems for the whole process of ordering and distributing food, and for organizing and coordinating people to use these systems to get the work done.

The other level is overall management. Someone must formulate a workable strategy and build the human organization and other resources through which the cooperative can carry out its mission.

A cooperative that has established a large food store will find that both operational and overall management are more complex than for a small pre-order cooperative. Indeed, it will face all of the managerial issues that concern a large corporation. On a day-to-day basis, there must be efficient systems for these tasks:

- ordering, receiving, storing, pricing, packaging and displaying a large number of perishable items;
- moving a large and variable number of people through check-out;

- providing information on whether the entire process is working and on course.

On an overall basis, the cooperative will have to undertake long-term planning, capital management and a viable market strategy.

In such a cooperative, an effective organizational structure becomes vital. A cooperative operating a food store will sooner or later have to pay staff to manage its business operations, and develop a board to oversee its overall management. This, of course, involves the cooperative in new issues of personnel management and board-staff relations.

Whether the cooperative is large or small, however, it equally needs people with the following habits of mind that make them effective in the art and process of management:

- step-by-step planning approach to problems;
- ability to focus on opportunities and priority areas and the future;
- ability to acknowledge weaknesses and strengths, and build on the strengths in both themselves and others;
- willingness and trust to delegate tasks and organize their own time;
- orientation to evaluating any action by its results;
- willingness to change if the results are inappropriate.

For some tasks, such as defrosting a refrigerator, the managerial component is very small; for others, such as long-range planning, this component is very large. Whether the managerial component in a task is small or large, its essential elements are the same:

- planning and monitoring members' collective action;
- organizing and providing leadership for members working together;
- coordinating every aspect of the undertaking.

## Planning and Monitoring

Planning involves gathering and synthesizing information to assess a situation; defining objectives; and defining a specific and workable line of action. (Carrying

out the line of action will involve organizing, leading and coordinating the efforts of people—the other three management elements.) Monitoring involves verifying whether everything, including results, occurs in conformity with the plan. If there is a divergence, then either the action or the plan itself will have to be adjusted.

This process of planning and monitoring assumes that the organization as a whole has clear purposes to which the objectives of the plan are related. A cooperative without purposes is like a plant without roots. There is no way to judge whether the plan and objectives are appropriate or not. If the objectives are clear and related to the purposes of the organization, the plan can then be stable yet flexible enough to be adjusted if monitoring shows that conditions have changed from those expected at the time of planning.

Monitoring has several purposes:

- Monitoring lets everyone know what kind of progress is being made toward accomplishing the planned objectives, and provides the kind of information needed to adjust the line of action if there is a divergence from the plan.
- Monitoring helps assure that everyone in the cooperative will abide by agreements. This implies that everyone involved in carrying out the plan will be involved to an appropriate degree with formulating it.
- Monitoring helps to predict trends and to provide information needed to improve planning in the future.

For monitoring to be effective, the planning stage should include key indicators that can be watched easily and consistently. Developing these key indicators is itself a phase of planning, and a cooperative should always be ready to review whether a key indicator is giving the information it was supposed to give. Key indicators for a food cooperative will be co-op-specific, but all co-ops should make use of indicators from their operating statement and balance sheet. Developing these indicators is still at the stage of an art for food cooperatives; this is one of the best arguments for intensive communication among cooperatives.

## Organizing and Leading

Organizing involves the fitting of people to each other and to activities in the best possible relationships to get work done effectively and to achieve the purposes of the organization. While there have been many versions of the “best” structure, there are only a few firm rules; responsibilities and delegation of authority should be clearly defined, preferably in writing, and should be appropriate to the work to be done and the people involved. A person involved with organizing has to look beyond formal structure to the informal groups that exist in the cooperative and think of creative ways to tap the leadership potential within them.

A cooperative requires leadership for many purposes—teaching skills, sharing information, maintaining wholesome human relations, building morale, motivating people to work together toward common goals, developing the potential of people in the organization, and articulating values and vision. A cooperative, students of democratic management have pointed out, will have to develop leaders of various temperaments to fill all these leadership needs.

If the members of a cooperative hope to achieve anything and grow in their relationships with one another, they have to make delegation a principle which runs throughout the organization. Ultimately, in a cooperative, authority rests in the membership. For most tasks, though, the membership should delegate its authority to some small group or individual. From this viewpoint, both the board and the staff have had certain managerial tasks delegated to them by the membership.

Delegating involves giving someone else the authority and responsibility to do a given task. Delegating is hard for many cooperators who are oriented to doing things themselves. Effective delegating requires certain abilities:

- to define precisely what has been delegated;
- to define a whole task and not bits and pieces that don't make sense;
- to choose appropriate people and work with them to mutually set objectives;
- to give honest and accurate feedback to those people and support them in their work;
- and, above all, to have the trust and self-confidence to really let go of the work to be done.

## Coordinating

This involves integrating the activities of persons in the organization with one another as well as all the non-human material resources of the organization. Everything must fit together, appropriately, in the right balance, at the right time. Poor coordination is one of the most dangerous sources of wasted time, wasted resources and burnout.

Within the human system of the organization, communication is a key of coordination. The cooperative's communication system should provide for the flow of good information, neither too much nor too little, and should adapt to the knowledge and perceptions of the persons receiving it. Indeed, communication is the lifeblood of the whole cooperative venture.

## Additional Information

For more information about consumer food cooperatives, ask for these publications at your local University of Missouri Extension Center: EC941, “Consumer Food Cooperatives”; EC942, “Steps in Organizing a New Pre-Order Food Cooperative”; EC943, “Managing a Pre-Order Food Cooperative;” and EC945, “Orienting New Members.”