

# Expanding to a Multiple-Store Co-op

*Build capacity from the inside out*

BY JEANIE WELLS

**Y**our market study promises great sales. Developers are wooing you into their properties. Staff and shoppers are clamoring for more space. Adding a second store seems like a piece of cake, right?

Not quite. Ask any leader of a food co-op that has made the leap from single to multi-store operations, and you will inevitably hear tales of unforeseen internal challenges. Why? Because, while there is ample excitement about the new store's construction and fixture plan, it can be hard to find the time and energy necessary to develop the strategy for increasing internal capacity and strength. Yet, without an equally strong and systematic plan to develop the internal structure and workplace culture, no new store can thrive.

Real expansion capacity is built from the inside out. What does it take to build strong internal capacity when expanding to two locations? It takes focus and perseverance in these key areas:

- Internal alignment on the shared vision for the future.
- An effective and appropriate staffing structure to support the new volume.
- Carefully developed systems and expanded infrastructure.
- A workplace culture dedicated to the success of the organization.

## Internal alignment on shared vision

Ideally, organizations should work through a process of vision development prior to any expansion planning. The development process begins with broad ideals and values from the membership that are then honed into a concise and inspirational narrative shaped by input and feedback from the members and community stakeholders. Co-ops that have recently been through this visioning process have a much clearer sense of what the expansion priorities are for the co-op.

With an aligned image of the future, the co-op's leadership can develop a clear set of criteria about specific aspects their expansion project will follow in order to achieve the

vision. This entire process can take a couple of years to complete.

Often food co-ops are impatient to begin site selection, or some situation pushes the co-op to move faster toward expansion than planned, which may preclude a lengthy vision process. In those situations, the alignment process should not be eliminated. Rather, leaders will have to work extra diligently to cover a lot of ground in less time. The need for alignment prior to site work is vital. It ensures a co-op has one shared vision rather than competing visions that may result in conflict later. Alignment is the compass that guides the co-op to where it aspires to be, before site selection can begin.

For example, a vision process might reveal a strong desire to include teaching gardens on site, or a desire to create smaller neighborhood markets inside the urban core of your city in order to reach more people. The concrete picture of a vision will dictate the kind of site the co-op will seek in order to successfully achieve its long-term vision. Keep in mind that

this process also may highlight some changes in branding or upgrades in the existing facility to meet the renewed image of the cooperative.

Maintaining alignment and inspiration throughout the staff and community during a major expansion is essential. All changes should showcase the common vision and clearly communicate, "This is who we are and this is where we are going."

## Effective and appropriate staffing

Once there is alignment on the co-op's direction and site plans are being explored, a staffing plan is developed. The planned personnel expense has to be figured into the financial pro forma, so there is a need to nail down this number early. However, sketching out the staffing plan often is when the next big challenge arises.

Here's a typical scenario: A co-op is opening a second store a bit smaller than its first store. They just need to create another staff team like what they have at the first store, right? Usually not—and here's why: First, and most difficult, this is when most co-ops realize their current store structure is not effective, and they do ▶

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## Nuggets from General Managers After Recent Expansions

I asked some general managers whose co-ops have recently expanded to multi-store formats to share their best advice for co-ops considering such an expansion. Here is some of what I heard:

### Kelly Wiseman, Community Food Co-op (Bozeman, Mt.)

■ Practice and learn how to delegate better all the time. There's nothing better than seeing your team make great decisions without you having to be there.

■ Establish the structural plan early so that managers can mentor and provide peer support to upcoming managers.

■ The general manager and top management have to find ways to be in each location, face-to-face, each week. For me, it means that I work one cashier shift each week at each of the stores so that the staff and customers see me regularly.



### Michelle Schry, People's Food Co-op (La Crosse, Wis.)

■ Figure out systems well before you have to deploy them. You want to know the decision process for everything you do.

■ Find ways to help existing managers see success of the expansion as equal to their own success. Help them learn to be cheerleaders.

■ Put a lot of energy into creating strong and effective teams. With two stores, the store managers become as busy as general managers, so they need strong teams to turn to for support and planning. Empower teams and people at multiple levels because empowered people make decisions you trust.



not want to duplicate it! They find illogical reporting structures created around difficult personalities, ineffective or tangled teams, or positions that were created to meet specific people's scheduling preferences but don't actually suit the co-op's needs well. Those are not situations they want to re-create in the new store.

At this point, the planners resolve to restructure the whole organization. Using the impending expansion as the catalyst for a restructuring can be a good idea, but remember to include this lengthy process in your planning timeline. It will take time and perseverance to emerge on the other side of the process in a strong and unified way.

Here are a few important things to remember about the restructuring process:

- Keep your vision front and center in all conversations about the organization's staffing needs. The staffing structure is there to support the goals of the organization and not to serve the whims of individuals.
- Scale the new store's sales floor structure appropriately to its projected volume and not to the structure at the other store.
- Assess how the administrative and branding teams will need to adjust in order to support two store-operations teams.

- Adding any new staff to your organization has to add overall capacity. Don't think of it as adding duplicate positions—think of it as, "Where do we need to build more capacity?"
- Create two store teams that will be able to provide peer support to one another, even if there isn't the exact set of matching positions at each location. Emphasize support through mentorships and team-building.
- Bring some of the veteran staff to the new store to help share organizational wisdom.
- Promote from within as much as possible, with a training-development plan to ensure newly promoted people will have the necessary qualifications to be successful in the new position.

### Carefully developed systems

Now you have a vision and an outline of a staffing plan. The next challenge lies in the broad category of systems development. This can be difficult; systems may already be underdeveloped in the existing location, and now another location is being added to the mix. Systems development should be a priority in any kind of expansion, but especially when adding new locations.

Take the time to fully consider your co-op's

internal systems. We have a lot of them—not limited to the following:

- Pricing and purchasing
- Internal communication
- Professional development and performance coaching
- Financial planning and monitoring
- Promotion and branding
- Merchandising
- Category management and assessment
- Customer service, education, and outreach
- Daily store conditioning

These systems are the processes that help us act more efficiently and consistently. Typically, they were designed to work under one roof, and we don't think twice about having part of our "system" include walking to the buyers' office to double check on the progress of the monthly sales or brainstorm about a reset. But how will that process work if everyone involved is split between two separate locations? Getting these new processes established before you open the second store will save lot of time and miscommunication.

Begin by thinking about what outcome your co-op needs from every system, and build toward that outcome. Will every manager and

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staff have the reports and tools they need in order to be successful? Have we envisioned each of our processes in the new store and the modified schedules, financial reporting, and communication tools needed in order to be successful? Do we have the IT infrastructure to move from paper-based to electronic systems?

You will know that you have done good systems-planning work if, when you are training new staff at both locations, you can explain your processes as, "This is how we do \_\_\_\_\_ here." More than ever before, you will need clearly designed systems to be able to function well at multiple locations. Plan for this in your development timeline.

### A culture dedicated to success

A strong and positive workplace culture is the holy grail of successful expansions of any size and scope. It comes down to building connectedness within our organizations—our connection to the vision and to each other. When we expand, that connectedness gets stretched and tested in extraordinary ways.

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that identity is fractured, schisms between the board and the staff or between the "old store" and the "new store" may emerge and siphon off inspiration, collaboration, and unity, which are all essential to a successful expansion.

We can minimize potential crises by building a culture of empowerment and unity. Start in a strong place. Utilize staff surveys and staff meetings to build trust and alignment before building any new location. Create and nurture a strong team environment. Great culture is built in the confluence of many great parts coming together.

For co-ops expanding to multi-store formats, here are some strategies to help build a culture that is ready for growth:

- Articulate what the various teams will be: the purpose, role, and responsibilities of each team. Then practice empowerment. Every operational decision can't depend on two or three people.

- Provide as much information about short- and long-term goals as you can to everyone in the co-op, so that they can feel connected to the goals.
- Talk openly about the leadership skills the co-op seeks in all its managers, and build development plans with existing managers and new managers alike. Create an atmosphere that encourages excellence in leadership.
- Importantly, find ways to keep senior managers visible in and connected with each location. This may mean scheduling time at each store in addition to having some specific administrative positions based out of each location.

Finally, with all the internal planning that lies in front of you, start early and be flexible! We develop plans based on what we know today, and we will continue to learn things tomorrow. Start your planning early, and be ready to continually assess and adjust the plan.

Expanding to multiple locations is challenging. Building the plan from the inside out provides the foundation and strength you will need to support all the new growth and complexity that await you. ■

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