

CASE STUDY: CO-OP A

This co-op has 5000 square feet of retail space and is currently at annual sales of \$2.5 million. They have been approached by the liquor store next door with an option to expand into their 3,500-foot space. The co-op is seriously considering the expansion but the GM is having a hard time finding the time to do the necessary legwork to explore the opportunity.

The general manager started at the co-op as the grocery and vitamins buyer. He goes to Expo to buy deals for the store, he leads the buyers' meetings and he still likes to order a line of vitamins. The GM supervises the following positions and runs the weekly buyers meetings which they attend:

1. Produce Manager - buys all produce & has 2 stockers.
2. Grocery Manager- places all UNFI orders for packaged grocery, bulk, and frozen & has 1 assistant who orders non-food and pet foods and also has 1 stocker.
3. Specialty Grocery Manager - places orders for all local vendors and specialty import lines for packaged grocery and refrigerated/frozen and stocks her own products.
4. Dairy Manager - buys most of refrigerated grocery items except those that are coming from UNFI and stocks his own products that he orders.
5. Wellness Manager - buys most of the supplements lines and has 1 assistant manager.
6. Assistant Wellness Manager - buys 1 line of supplements and all of the body care products. Orders some of the bulk herbs, (the ones that Wellness department considers medicinal not culinary herbs which are ordered by the Grocery Buyer.)
7. General Merchandise Manager- buys and stocks all cards, local handmade crafts, candles, incense, children's toys, books, magazines, kitchen tools, imported fair-trade clothing, CDs and garden supplies.
8. Deli Manager - places all orders for locally made items, all prepared foods ingredients for items made on site and all supplies and small tools. Supervises 4 prep cooks who stock the grab -and-go display cases.
9. Front End Manager - supervises 8 cashiers, 4 of them also serve as floor managers.
10. Finance Manager - prepares daily deposits, processes payroll, prepares weekly sales and labor reports, and attends board meetings in order to present all financial info to the board each meeting. He

supervises a half-time A/P bookkeeper and maintains member equity records when the Office Manager isn't available. Now the Financial Manager wants to go to half time because he plans to do childcare while his wife works.

11. Part-time Office Manager – Used to be full-time but has reduced to half-time now that she is a new mother. She works some of her hours in the store and some from home. She manages membership records, helps make signs and place ads in local paper. Helps the GM with seasonal decorations, orders office supplies, installs software updates on computers and some IT troubleshooting.

The GM also supervises a part-time Facilities Manager who mows the grass, cleans the store at night and helps with some of the maintenance. The GM meets with each of his direct reports individually each week.



Cashiers with seniority at the co-op usually get promoted to the floor manager position. Floor managers set up cashier drawers in the morning, count out the drawers at night, prepare the deposits, answer customer questions, fill in for cashier breaks, back up on third register, get change from the safe and stock areas that get run down during their shift.

All the managers work Monday through Friday, 9:00 to 5:00. Department managers all say it is necessary to work these hours for calling in their orders and for receiving their major deliveries. However, there is a sharp difference in productivity between the day/weekday workers and the night/weekend workers, and morning shift workers complain about all the work that doesn't get done on the night shift.

Co-op A's deli provides prepackaged sandwiches and salads in a grab & go case and self-serve hot soups. A market study shows there is great interest in a salad bar and juice bar. However, the deli has never been able to break even.

Co-op A has just joined the National Grocers Cooperative and looks forward to being able to participate in CoCoFist and Co-op Deals.

QUESTIONS -

- *Can you draw an organizational chart for an appropriate staffing plan? Why do you think that this is the best direction for them?*
- *What are some changes that the GM could make to the way he is managing his time each week?*

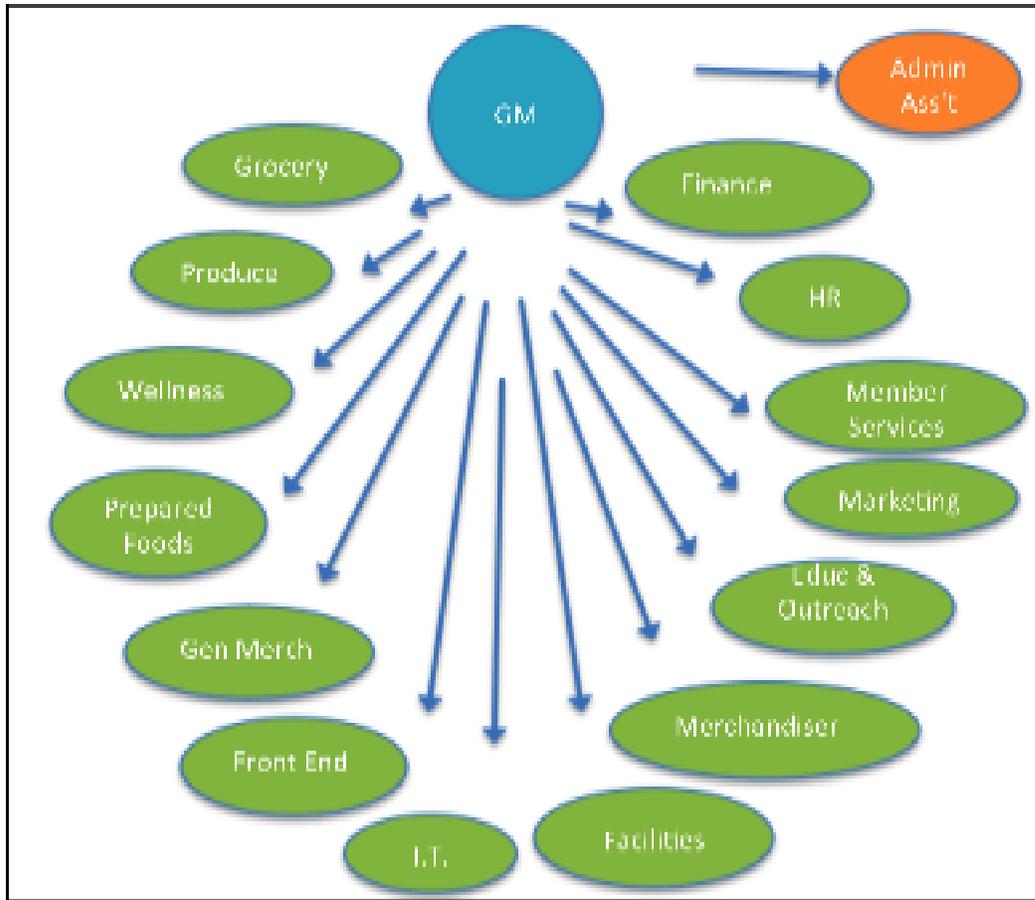
CASE STUDY: CO-OP B

This co-op's annual sales are \$10 million and nearly 100 employees. A Whole Foods Market is slated to open a half mile away in just 9 months. For the first time, the co-op will be facing serious direct competition.

Currently, the GM has a weekly Management Team meeting with all 14 of her direct reports:

1. Grocery Manager – supervises UNFI Buyer, Local Foods Buyer, Refrigerated Buyer, Frozen Foods Buyer, Bulk Foods Buyer, Co-op Deals Buyer, Head Receiver. (All Stockers are assigned to specific department managers and buyers.)
2. Produce Manager – supervises Assistant Produce Manager, 4 produce stockers, Produce Receiver and part-time Produce Merchandiser and Demo Coordinator.
3. Wellness Manager – supervises Supplements Buyer, Assistant Supplements Buyer, Body Care Buyer, and part-time Wellness Education Coordinator.
4. Prepared Foods Manager – supervises Kitchen Manager, Chef de Cuisine, Cheese Manager, Barista Manager, Sushi Manager, Meat Manager, Prepared Foods Merchandising Coordinator and Prepared Foods Demo Coordinator.
5. Front End Manager – supervises Shift Managers, Customer Service Team Manager, Managers on Duty, and Baggers.
6. IT Manager – supervises POS/Scanning Coordinator.
7. Facilities Manager – supervises PM cleaning crew and facilitates all outside maintenance contracts/contacts.
8. Merchandising Manager – Doesn't supervise anyone but works with many. She collaborates with marketing department and sales departments to plan and execute all store displays, seasonal promotions, end cap plans, small and large scale resets.
9. Education & Outreach Coordinator – Supervises Education and Outreach Assistant and Class Host Coordinator.
10. Marketing Manager – Graphics Designers and Newsletter, Communications Coordinator.
11. Membership Manager – Collaborates with Marketing Manager and Board of Directors' committees to create effective membership programs and events. Maintains all membership records.
12. HR Manager – oversees all payroll and benefits-related tasks.

13. Administrative Assistant – serves as Board Assistant and oversees other administrative tasks as assigned by the GM.



The GM knows that she is not being an effective leader for all her reports and knows that she needs to do some restructuring prior to the increased competition in order for the organization to be at the top of its game, but is worried about the cultural fallout from restructuring. This co-op has a long history with all these managers reporting directly to the GM and she is worried about how to smooth the ruffled feathers that will come when some no longer report to the GM. This is why she has put off any changes for the past several years.

Payroll is already running almost 25%. There are many new positions they need but cannot figure out where to get the payroll dollars to bring in more help.

Instead of feeling supported by this large group of managers, she finds that she is often being pulled into inter-departmental issues such as:

- Increasingly tense relations between the Marketing department and the sales departments. The sales departments feel that Marketing never does what they want them to or is chronically behind on signage projects. The Marketing Department feels that its plans and priorities for the organization are never respected or implemented properly by the sales departments. The Merchandising Manager feels trapped in the middle and respected by no one. These issues are keeping the organization from being able to effectively create cohesive promotional plans.
- The current store's margin is slipping, inventory turns are slowing and cash is getting tighter just when they need it the most. The GM has asked the Finance Manager to help the sales department managers identify steps to correct it but it's been like pulling teeth to get these meetings set up.

QUESTIONS -

1. *Can you draw or describe what new structure that you think would provide the most strength to this organization right now? Why do you think this is the best solution for them?*
2. *How should the GM approach manage the integration and transformation to a/some new high-level management that will replace some of the direct reporting to the GM?*
3. *What are some ideas to manage the cultural shift of not all reporting to GM?*