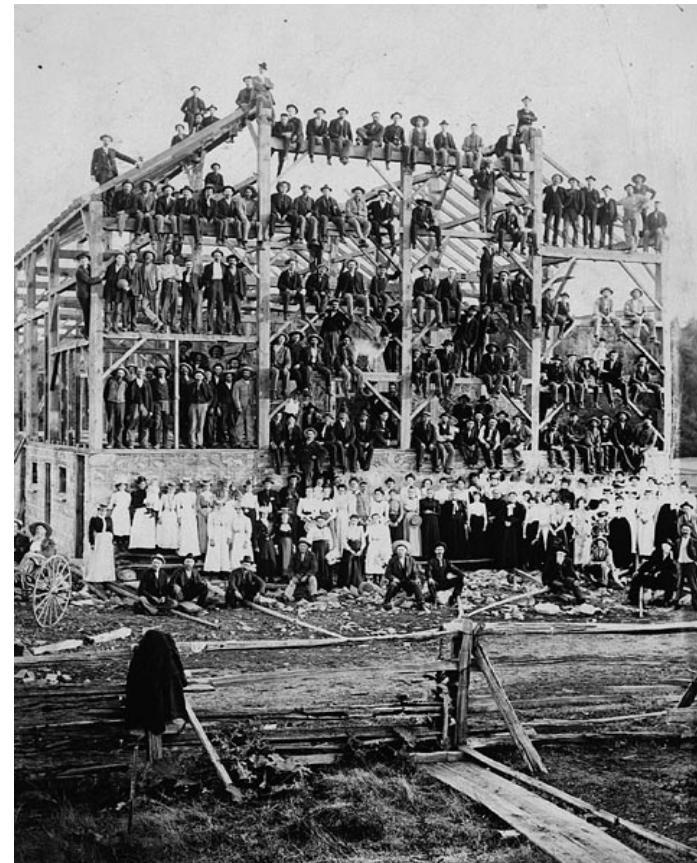


Organizational Structure: Understanding the Basics & Building from There

NCG Central Intelligence Series

Session I

January 19, 2012
Jeanie Wells & Carolee Colter
CDS Consulting Co-op



Who's here?

In 1 sentence, tell us:

- Your name
- Your co-op
- Your annual sales
- Number of employees



CDS Consulting Co-op



SOLUTIONS FOR COOPERATIVES

Who are we?

Carolee Colter



Jeanie Wells



CDS Consulting Co-op



SOLUTIONS FOR COOPERATIVES

Learning objectives

Central Corridor general managers will be able to:

- ④ Understand principles of a strong organizational structure.
- ④ Assess the strengths and weaknesses of their current structures.
- ④ Understand the relationship between accountability and a strong organizational structure.
- ④ Learn strategies to address different structure challenges.
- ④ Share ideas for how to implement structural change.

How these 2 sessions are organized

Today's Session:

- ⑥ The relationship between accountability and organizational structure.
- ⑥ The principles of good staffing structure.
- ⑥ Some perennial challenges in food co-ops.
 - The intersection of marketing & merchandising with the sales floor.
 - Buying vs. “Managing”
 - Homework: You get to explore how to “fix” some common problems.

How these 2 sessions are organized

Session II – February 9th:

- ⌚ Explore some of the solutions you came up with for our fictional co-ops in the homework.
- ⌚ Strategies for implementing change.
 - Liz Haywood's experience at Bluff Country
 - Michelle Schry's experience at People's LaCrosee.
- ⌚ Resources

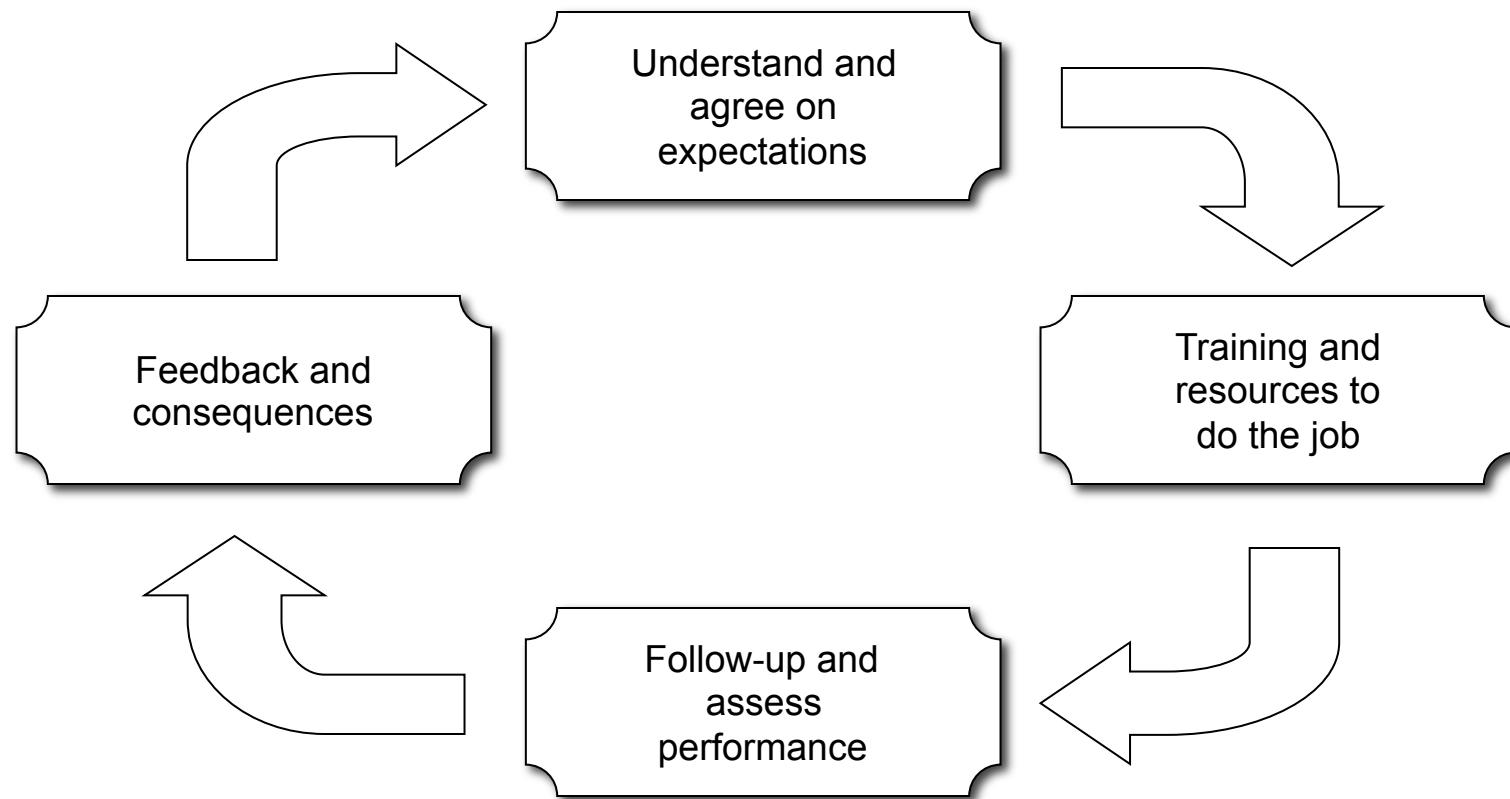
What you need to build a strong structure to carry your co-op forward

- ⑥ Clear vision of the future for your co-op.
 - Are you moving your organization into centralized local distribution?
 - Are you planning to operate many retail locations?
 - Is a large prepared foods operation part of your vision?
- ⑥ Honest assessment of structural strengths and weaknesses.
- ⑥ Empowerment for each manager to fully support the organization by having clear goals and expectations.

How accountability relates to organizational structure

- ⌚ Structures empower people to hold others accountable.
- ⌚ Everyone knows who they are accountable to.
- ⌚ But structure alone does not ensure that accountability happens.
- ⌚ Without supervisors holding their supervisees accountable, no organizational structure can function.

THE ACCOUNTABILITY LOOP



Conditions for Accountability – Stage 1

Understand and agree on expectations

Training and resources to do the job

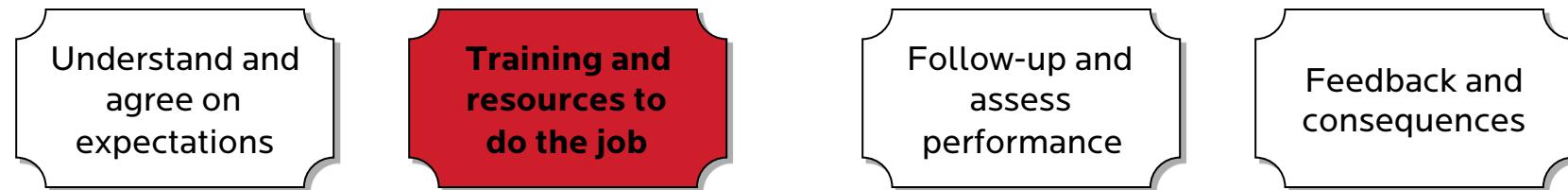
Follow-up and assess performance

Feedback and consequences

Expectations:

- ⌚ Clarity - understand the established standards for acceptable work.
- ⌚ Agreement - understand the reasons for the established standards and be willing to abide by them.
- ⌚ Consequences - understand what happens if the standards are not met - the consequences of inadequate performance.

Conditions for Accountability – Stage 2



Training:

- ⌚ Thorough training that fully equips the employee to perform up to the established standards.
- ⌚ Functional equipment, technology, and supplies that enable the employee to perform up to the established standards.

Conditions for Accountability – Stage 3

Understand and agree on expectations

Training and resources to do the job

Follow-up and assess performance

Feedback and consequences

Follow-up.

- ☒ By supervisor to see if the employee's performance meets the established standards.
 - Formally through performance evaluations
 - Informally through check-ins

Conditions for Accountability – Stage 4

Understand and agree on expectations

Training and resources to do the job

Follow-up and assess performance

Feedback and consequences

☒ Feedback from the supervisor on performance.

☒ Meaningful consequences for performance.

- Positive: praise, more autonomy, more responsibility, promotion, pay raise, bonus
- Negative: constructive criticism, closer supervision, less responsibility, warnings, withholding of pay increase, termination

Principles of Good Staffing Structure

- ⑥ Build jobs around what's best for the co-op, not preferences of individuals.
- ⑥ Make it work with whom you've got, if possible.
- ⑥ Reasonable "span of control"—the number of individuals one person can effectively supervise.
- ⑥ Avoid top heaviness.
- ⑥ Avoid over-specialization.
- ⑥ Everyone is accountable to someone.

Principle 1. Build jobs around what's best for the co-op, not preferences of individuals.

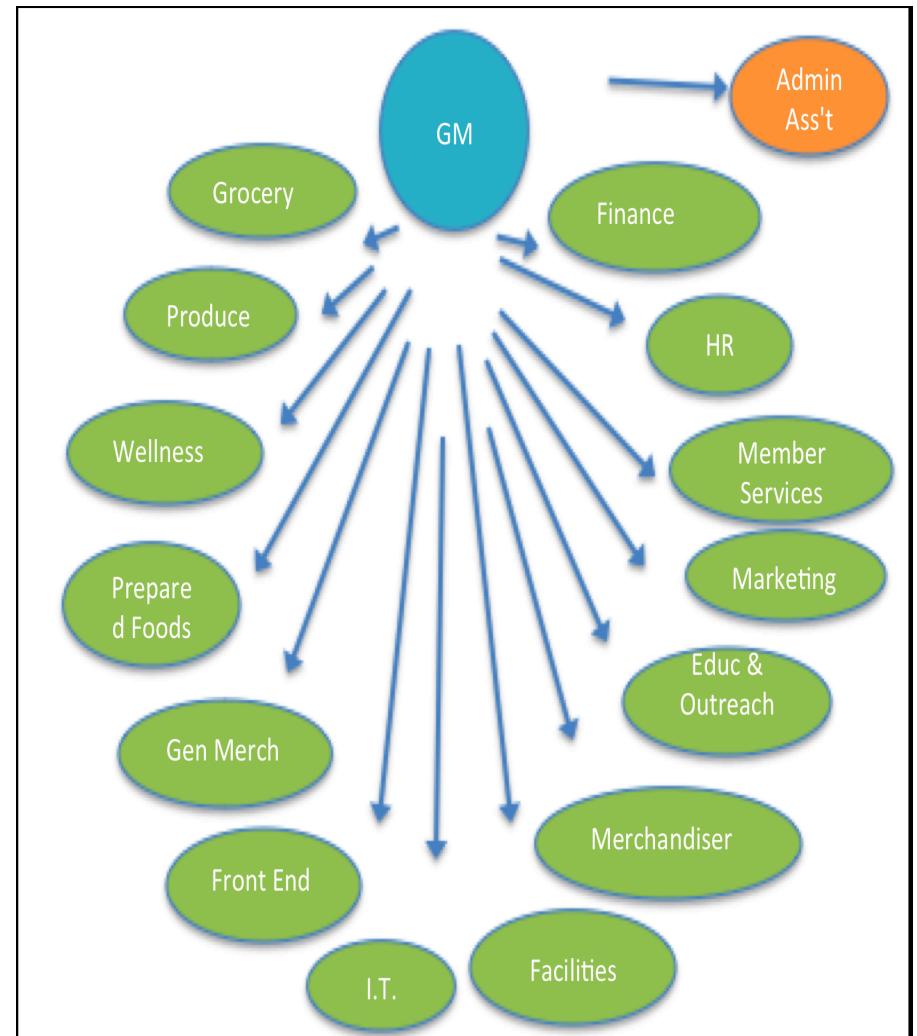
- ⑥ Don't schedule based on individual preferences:
 - The flow of work in the store, not university class schedules.
 - Avoid "teeny jobs." Require a minimum of 3 days a week.
 - Don't allow absentee managers. If a manager wants to go to part-time, reduce his responsibilities and hire a new manager.
- ⑥ Don't allow family members or couples to supervise each other.
- ⑥ Long-term employees sense of entitlement.
- ⑥ Employees don't get to choose which part of their responsibilities they want to do.

Principle 2. Make it work with who you've got

- ⌚ Allow delegation of some tasks to play to a manager's strengths.
 - Example: produce buyer separate from produce dept manager
 - Example: deli IT, deli purchasing separate from dept manager
- ⌚ But maintaining accountability can never be delegated away from a management position.
- ⌚ Avoid dumping all the unwanted tasks on a hapless "assistant manager"
- ⌚ Don't depend on finding some individual out there in the labor market who may not exist.

Principle 3. Reasonable “span of control”

- Span of control = the number of individuals 1 can effectively supervise, varies with types of positions.
- GMs often end up supervising too many individuals out of
 - fear
 - avoidance of conflict
 - GMs want a finger in every pie
- Large departments can have just 1 supervisor if the jobs are similar to each other, e.g. front-ends. But it takes a well-functioning department leadership team.



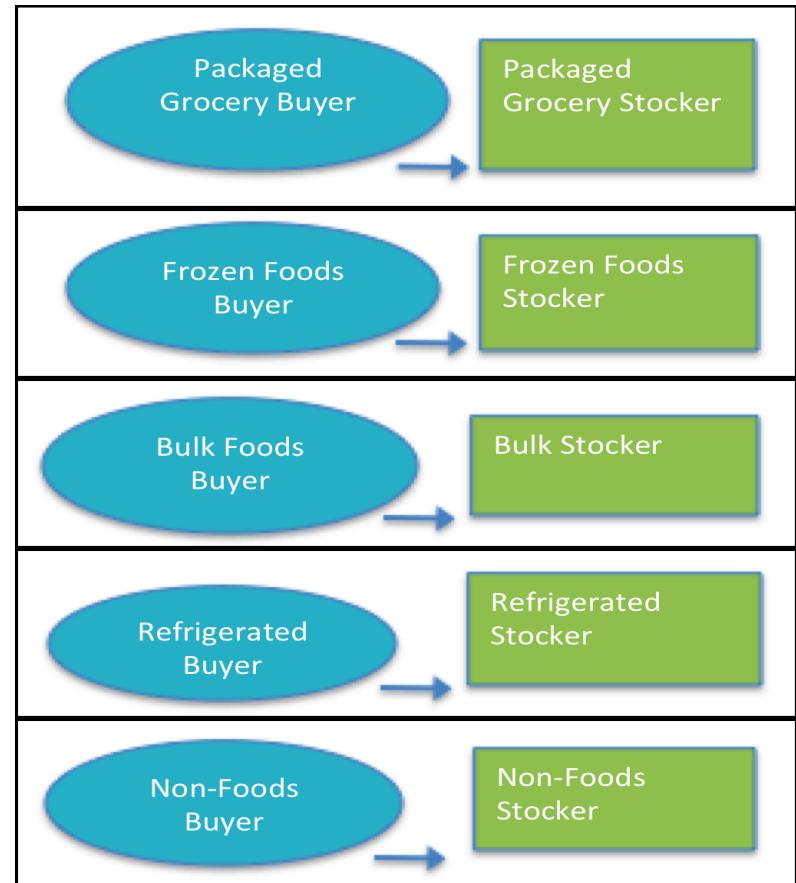
Principle 4. Avoid top heaviness

- Too many layers can be unaffordable
- Example: too many buyers and not enough stockers
- Too many layers can stifle decision-making
- Before an expansion your organization may look top heavy.



Principle 5. Avoid over-specialization

- ⌚ Avoid too many small departments with just one person reporting to a supervisor.
- ⌚ Avoid sheer numbers of supervisor, - consider top heaviness, challenge of employment law compliance, communications breakdowns, etc.
- ⌚ Problems with customer service when small departments can't adequately staff the store.



Principle 6. Everyone is accountable to someone – ideally just 1 person.

- ⌚ There needs to be one person for every department and store with whom the buck stops.
- ⌚ Avoid situations where employees get conflicting directives and aren't sure whose come first.
 - Conflicts between department managers and merchandisers.
- ⌚ HR is not the disciplinarian.



Good Staffing Structure

.... And remember--One size doesn't fit all!

What works for another co-op may not work for you.

Perennial Challenges

④ Talk about the 2 most common challenges in food co-ops:

- Merchandising/Marketing interaction and authority on the sales floor.
- Clarifying “Buyers” and “Managers”

④ If time permits, we can also talk about other common challenges:

- Maintaining a management presence on the floor
- Who oversees POS functions
- What is the best structure to oversee stockers

Perennial Challenges

④ Merchandising/Marketing Interface

- Look of the store
- Promotional priorities
- Product guidelines
- Demo administration
- Signage

Perennial Challenges



Buying ≠ Managing

- Optimizing buying roles
- Buying vs. replenishment ordering
- Getting department managers out on the floor, interacting with customers

Homework for next session:

Case Studies –

- 2 Fictitious co-ops need your help (Co-op A & Co-op B)
- Using your own experiences and strategies you have learned so far, draw or write about the structural changes you would make to help these co-ops perform better.

Implementing changes:

We have asked 2 of your peers to share their stories next time, but we'd like to hear more from you on what strategies you have had success with in planning for and implementing big changes in your organizations.

Until Next Time

We've provided you with the two fictitious food co-op scenarios. We look forward to hearing what you come up with.

Contact either of us with any additional questions:

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