

Measuring Ends, Telling Our Story

Ends themes illustrate how we are making a difference

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ILLUSTRATION BY KEN DAVIS

Why does the work of measuring the co-op's accomplishments and telling the co-op's story matter?

Cooperative enterprises build a better world. This tagline for the 2012 International Year of Cooperatives says so much with so few words. These few words can lead us to ask many compelling questions, among them: What does that better world look like? How will we know if we're getting there? How do we tell the story of the world we're building?

More specifically, what information should go into annual reports or annual meetings? How do we tell the story of our accomplishments—not just our activities, but what difference we've made in the world? If co-ops can describe this better world, then owners, community leaders, and others can more readily understand the cooperative difference. And if people understand that difference, the co-op can benefit from more loyalty, word-of-mouth recommendations, revenue, participation and love!

Boards and managers of food co-ops, as leaders of businesses that are steeped in values and a mission to serve their communities, are particularly aware of the need for self-assessment. And as more boards use the Policy Governance model, defining the desired outcomes in terms of Ends policies, more managers are becoming

adept at identifying data and metrics that offer initial answers to those big questions. (See "Taking Policy Governance to Heart" in the March–April 2009 *CG* for a thorough explanation of the model.)

Where the information came from

Early in 2011, I was asked by one food co-op board's members: What metrics do other co-op managers use to report on Ends accomplishment?

Knowing that Ends policies can vary widely from co-op to co-op, I wasn't sure that I would find enough specific ideas that would connect to that board's policy. But after initially reviewing more than 20 Ends reports, including some examples submitted for the Cooperative Board Leadership Development (CBLD) GM Monitoring Support workshop, I found that a handful of similar themes ran through many food co-op's Ends. And within these themes, general managers (GMs) across the country are using similar metrics to gauge accomplishment. Since that original project, I've looked at many more Ends reports, and I've been able to add to my initial findings.

Clearly, managers are still working on this part of their jobs, valiantly trying to be accountable for sometimes very far-reaching Ends policies even as they try to do the work that will actually lead to these outcomes. Some of

the report data was akin to "fumbling in the dark"—managers knew they hadn't quite gotten it right but were presenting the best information they had available at the time. Some data measured busyness way more than outcomes of the co-op's activity.

But among those thorns, I found a lot of roses: data that was based on metrics that were themselves carefully crafted to indicate accomplishment and therefore useful in telling the co-op's story.

Ends theme: local food, local economy

A number of co-ops emphasize the value of their role as an economic engine within their community. Based on the understanding that dollars spent at local businesses are more likely to stay in the community, co-ops can measure and report on how much of their income is, in turn, spent on local products. The macro indicator that the co-op is successfully strengthening the local economy is the total amount of dollars that the co-op spends locally. Subsets of this indicator include dollars paid to local growers or producers and to local vendors such as accounting or janitorial services.

Consider the implications of measuring the following indicators and showing the change over time. What kind of story could you tell with this information?

Introduction to Ends Reporting

Before latching onto a particular bit of measurement, it's important to step back and ask why a specific metric is or is not relevant.

This process begins with a thoughtful analysis of the meaning of the Ends policy. GMs who, along with their staff, go through this analytical process can then describe the analysis in their interpretation of board policy. **Out of this interpretation arise the Operational Definitions**—the things the GM will measure in order to show Ends accomplishment.

For most far-reaching Ends policies, it may never be possible to prove accomplishment; so the GM must describe how and why these chosen metrics are reasonable indicators of accomplishment or progress towards accomplishment. This thought process is at least as important as the actual metrics in use.

Space will not permit describing all the variations on Ends policies, nor all the various ways that GMs interpret those policies. But we can learn a lot from a scan of some of the well-developed operational definitions within several Ends policy themes.

Within each thematic section, I've listed some outcomes-based indicators, and I describe in a bit more detail the thought process that could lie behind the choice of one particular indicator.

For all of these metrics, the trend matters most; providing a number out of context, with no relationship to the past or future or an external comparison, will rarely be helpful or illuminating.



- Total dollars (or percent of total costs) spent in the community
- Total dollars (or percent of total purchases) paid to local vendors
- Total dollars (or percent of total purchases) paid to local producers
- Number of local producers with products at the co-op
- Sales of local products as percent of total sales (or total dollar sales of local products)
- Percent (or number) of local products
- Number of jobs or amount of wages
- Returned patronage and taxes paid to the local community

Ends theme: education

It's one thing to list all the educational activities that your co-op presents or participates in. But how would a co-op know if those activities actually lead to "educated" members or customers? This sort of question vexes public school leaders in this country, so it's no wonder that it presents some difficulty for co-op managers.

One innovative approach is based on the assumption that as people learn more, their behavior changes. So, if the co-op is offering classes on the health and economic benefits of cooking from scratch, one indicator of success would be increased sales of bulk goods. Increased sales of fair trade products may be a reasonable indicator that members and customers have learned about fair trade by reading newsletter articles or hearing a speaker at the annual meeting. While it may not ever be possible for a food co-op manager to demonstrate that people are educated, these behavioral (sales) measures offer a way to use data that is readily available to indicate that the co-op is on the right track.

Some of the other interesting metrics that GMs are using include:

- Number of workshops or educational events
- Workshop/event participation
- Number of newsletter articles by topic
- Website usage
- Sales of categories such as local, bulk, fair trade (indicator of actual learning)
- Local media articles featuring the co-op
- Results of surveys asking members about the importance of (or their knowledge of) certain issues

Ends theme: health

In addressing health, some co-ops focus on the health of the community as a whole, and some on the health of individuals within the community. If the focus is on individuals, it can be nearly impossible to measure how healthy people in the community are—but it may be reasonable to assume that certain behaviors lead to health and then to measure the co-op's impact on those behaviors.

Cooking from scratch using healthy ingredients is one path to health; if people participate in these sorts of cooking classes, we might reasonably assume that they will then cook this way at home more often. So, one indicator that people in the community are moving toward health is participation in cooking classes. Notice that tracking the number of people who attend classes is a different metric from the number of such classes offered.

Other metrics that GMs have used to address personal health include:

- Participation in healthy eating classes
- Sales of produce, organic food, or unprocessed food
- Survey responses to questions about exercise and health
- Local media stories about population health metrics

Ends theme: environment

Many food co-ops want their business to contribute to environmental sustainability, and the range of innovative programs and activities aimed at reaching this ever-elusive goal continues to grow.

One very common approach involves recycling and composting efforts. Measuring the amount of recycled or composted material can offer a bit of insight into a co-op's "sustainable" practices. But a few co-ops have taken this sort of approach to the next level by recognizing that the desired outcome of these efforts is actually to decrease the amount of waste sent to the landfill—especially if that amount can decrease even as the business grows. With that in mind, one powerful indicator of progress is a downward trend in the ratio of garbage (in tons) to business size (in sales or customer count).

Some of the following additional metrics currently in use may make sense for your co-op:

- Water and energy (electricity or gas) use in relation to sales or customer count
- Tons of landfilled garbage (per sales or customers)
- Total greenhouse gas emissions
- Solar (or other alternative energy) usage
- Bulk sales (dollars or percent of sales)
- Fair trade sales (dollars or percent of sales)
- Bag reuse, number of new bags used
- Total pounds recycled or composted

Ends theme: cooperation, co-op principles

How might a cooperative's board and owners know if the cooperative movement is being advanced? Many co-ops overlook one set of indicators that others have begun to track: data about ownership of the co-op. If the number of owners increases, or if the amount of ►

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invested equity increases, this can show that more people in the community understand the value of and participate in cooperative ownership. Whether or not a board has articulated this value as an Ends or a Limitations policy, this sort of data can help illuminate progress.

What else might shine a light in this direction?

- Deposits/investments in co-op banks, credit unions, or co-op development funds
- Equity in other co-ops
- Ownership and equity growth
- Patronage reinvested and patronage refunded
- Owner loan dollars or participation rate
- Participation in annual meetings, elections, member engagement activities
- sales of products from cooperatives
- sales of P6 products (see www.p6.coop, "Co-ops Are Doing It for Themselves," in CG #152)
- growth (in sales or number) of local/regional/national co-ops

Ends theme: economic access (affordability)

As more co-ops consider the challenge concerning economic access that was posed by Mari Gallagher in her 2011 Consumer Cooperative Management Association (CCMA) keynote presentation (video available in the CBLD Library: <http://cdsconsulting.coop/cbldlibrary>), the question becomes: How would we know if we are serving those who are living close to the edge financially?

Cooperative grocers may not be able to "fix" economic disparity in this country or the market forces that make high-quality fresh food more expensive than cheaper food with emptier calories, but they may at least be able to show that they are not ignoring the dilemma. Gallagher focused in part on where people spent their SNAP (food stamp) dollars; the number of these dollars spent in a co-op is one indicator of the co-op's ability to serve people of limited means.

(Here are two excellent examples of food co-op staff challenging themselves to eat within the SNAP budget and blogging about it: Elizabeth Archerd, Wedge Co-op, <http://tinyurl.com/75pq7ll>, and Meredith Wade, Brattleboro Food Co-op, <http://tinyurl.com/6veonb3>.)

A few high-level indicators can provide a lot of information about this topic of economic access:

- Price comparisons to other local grocers
- WIC sales
- SNAP (food stamp) sales
- Number of shoppers using SNAP or WIC, especially in comparison to local or regional demographic data

Ends theme: overall success

In addition to data that responds to more specific Ends aspirations, GMs often look for some measure that might offer an overall indication that the co-op is serving the community.

One of the intriguing indicators I found in two Ends reports is the Net Promoter Score, essentially a straightforward measure of customers' perception of the co-op based on their response to the question, "Would you recommend us to a friend or colleague?" Fred Reichheld introduced this metric in *The Ultimate Question*, and it offers boards and managers one way to answer the question of how well the co-op is doing in the eyes of its customers.

Along with or instead of the Net Promoter Score, some other metrics can also indicate the co-op's overall success:

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Summary

GMs of food co-ops have a difficult task: running a successful business, making the world better by improving the food system or the health of a community, and being accountable for all this work to their boards and member-owners. As I collected and compiled all these Ends metrics, I developed a deeper appreciation for the GMs who not only shared their reports with me but also, with the help of many dedicated co-op employees, are figuring out how to do all of this remarkable work.

What have I learned about what it takes to make this work possible? I've learned that boards can help by ensuring that their Ends policies are a clearly stated set of achievable outcomes, neither an overly complex or imaginative description of dreams, nor a laundry list of activities and programs. (See "Ends: Defining your cooperative advantage" in the Nov.–Dec. 2001 issue of *CG*.) I've learned that what one person sees as an End, another person may see as simply an indicator of progress. Differentiating ultimate goals from intermediate indicators is a tricky business that each board and manager must work out to their mutual satisfaction.

Even with clear policies and reports, co-op leaders should still engage in an ongoing strategic conversation about the meaning of particular metrics.

Boards and GMs continue to find better ways to both define and measure the way food co-ops can make the world a better place.

I've also learned that the Ends report itself begins to split at the seams if it gets loaded with too much information. The report should simply be a way for a GM to provide data (based on a concise and sensible interpretation) to his or her board about progress toward the co-op's Ends. Other sorts of

reports to the board can provide narrative background information or deeper analysis of external and internal trends and topics. Other communication tools, such as the annual report or newsletter articles, based on information taken from the Ends report, can be used to tell members about the bigger story and its implications.

Finally, I've learned that the greatest value of choosing the right indicators for Ends accomplishment is that these then become benchmarks and goals forming the basis of both multiyear and annual plans. Co-ops are not research institutions and cannot afford to divert resources into data collection and analysis that do not help leaders know if their co-op is moving in the desired direction. Having just enough of the right information can serve us better than having a lot of irrelevant information. Co-ops probably should not try to incorporate all the indicators mentioned in this article into their own Ends reports and plans. Identify the ones that make sense in your context, use them as benchmarks and goals, track them over time, and use these trends to gauge your co-op's progress.

Boards and GMs continue to find better ways to both define and measure the way food co-ops can make the world a better place. I imagine co-op leaders will build on this foundation because both parts of this conversation—definitions and accountability—matter greatly within the context of a democratic society. In this International Year of Cooperatives, the food co-ops that contributed to this survey may have a story to tell that could benefit cooperators and citizens all around the globe. ■



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