

A publication designed to promote visionary and forward-thinking discussions between and among the leadership of NCG co-ops

A Study Guide for Co-op Leaders Don't Put This Off! Co-op Succession Planning

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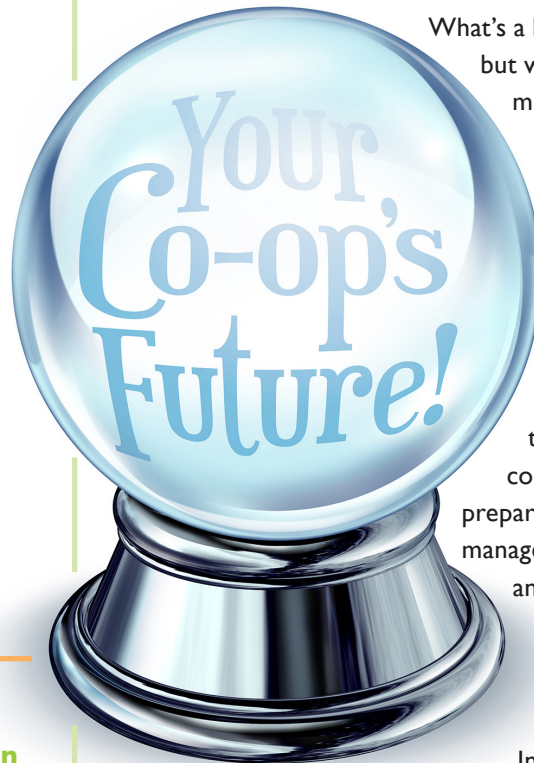
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Co-op Succession Planning

Listen up! This is not the issue to set aside to check on later. This is an important topic concerning one of the most significant things you can do to help your co-op avoid major upheaval in the next five years. Now's the time to start working on this!

We're talking about succession planning. While we all know it's an important, even vital task, few co-ops have actually mastered it. Planning for management succession is not easy. It requires "crystal ball" thinking and crucial conversations that are difficult for most individuals—even more challenging for a group such as a board of directors.

And yet we know we need to tackle this topic. Even if your co-op's current general manager is not likely to retire in the next five to eight years, the fact that we have a big wave of GM turnover on our collective horizon means there will be lots of demand for talented and successful GMs. So in the face of leadership turnover, good co-op talent will be harder and harder to attract and retain.



What's a board to do? We don't have all of the answers, but we do have some suggestions. Start with the minimum: make sure your board has a clear plan in place for emergency succession on the chance that (heaven forbid) you are without a GM suddenly. Beyond that, your board can fruitfully spend time preparing for a GM turnover: make a plan for handling a GM hiring, so that the process is clear and you don't lose time figuring out who will do what and how they'll do it. At least once a year, have a conversation with your current GM on the state of the co-op's existing management talent. Also consider preparing a "success profile" to document the key management skills and expertise your co-op will need and to help develop potential internal GM candidates. Having a plan and being prepared will go a long way when (not if) you have to deal with GM turnover.

In this issue, you'll find four useful articles about this topic and what co-ops have done to address this need. And the study guide will give you a basic planning framework for those important conversations to have with your board now, ahead of emergency or planned successions.

As always, we welcome your thoughts and experience, as well as your suggestions on other topics or resources you'd like to learn about in the LEADer.

More about the LEADer

The LEADer is a quarterly study guide designed to foster visionary and forward-thinking discussions between and among co-op leaders. The LEADer is a publication of National Co+op Grocers (NCG; formerly National Cooperative Grocers Association) and strives to incorporate experiences and voices from all co-ops affiliated with NCG. Each issue is produced by the Board Effectiveness Support Team (BEST), a voluntary committee made up of board leaders and general managers from co-ops around the country. We welcome those who would like to join us in this project.

The LEADer is available to all interested co-op leaders. This issue and all back issues are [available online](#). Those wishing to subscribe to the LEADer and have issues sent directly by e-mail as soon as they're available should contact [Karen Zimbelman](#).

We welcome your reactions, suggestions, and contributions, as well as questions for us to answer in future issues. For more information about NCG, the LEADer, or the BEST, or to send along comments or questions, contact:

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Reality Check!

by Lucinda Berdon

Good co-op general managers can be hard to find. You may already know that. But did you realize that many food co-ops will be in the position of having to hire a new GM in the next several years? We know that beyond normal GM turnover, based on the age of our current co-op GMs, we'll experience a wave of GM retirement in the next five to ten years. Those vacancies are likely to be filled by current, younger co-op GMs, a personnel shift that will ripple throughout the food co-op sector. Few co-ops will escape this coming talent crunch.

Who's going to step into the open positions? How will co-op boards manage this turnover—in the short and longer term? Many co-ops will face this challenge around the same time, and competition for talent may be fierce. Beyond just the turmoil of hiring a new GM, co-ops will have to deal with the other costs of turnover—certainly hiring and training costs but also the potential cost of a bad hiring or a rocky GM/board relationship that results in termination.

Succession planning is an important topic, and co-op boards need to think about it sooner rather than later—before they're in the middle of hiring. While the board is ultimately accountable for hiring the co-op's new GM, the current general manager also has a responsibility. He or she can provide knowledge and resources to help the board develop a workable and realistic plan for a productive hiring process.

Most co-ops don't have to hire a GM very often. Some co-op GMs have been on the job for twenty-five years. Even if your co-op hired a GM in the past ten years, it's likely that very few of your current board members were involved in the hiring. So getting ready for GM turnover means thinking ahead and having a game plan in place.

Though the details may change over time, it can be useful for directors to develop a list of the key qualifications and performance attributes they would like to see in a new GM. Your co-op's HR department can help by providing sample documents and other tools for managing a hiring process.

The current GM can assist in this process by identifying internal (or external) talent; he or she may have already begun grooming a high-potential candidate. Your GM can also help promising employees gain the types of skills required for this important job and can steer employees to opportunities for talent and leadership development, such as NCG's Consumer Cooperative Management Intensive program. By marrying succession planning and leadership development, you get the best of both worlds—the skills you want in a top-level manager along with professional development for mid-level managers. This work will also help ensure that your co-op staff will be able to navigate store operations well in the event of a temporary GM absence.

NCG offers many resources to assist co-ops in hiring a GM. These resources



include support systems within our corridors, collaboration with CDS consultants, and publications to help with planning and recruitment. (Check the [Hiring a General Manager](#) toolbox from Cooperative Grocer Network.) Your GM can help the board locate these resources and can direct you to valuable tools to help make the task of hiring a new GM less daunting. He or she can also help in recruiting a GM who brings the right experience, skills, competencies, and values to your co-op.

Good succession planning requires that you think and plan ahead. Who's going to be your next GM? Who will help move your co-op to the next level and develop the organizational culture that your co-op envisions? All co-op boards should be setting the groundwork and planning for the inevitable, even if your current board won't be implementing the plan. Don't put off this important task; there's much you can do now, even before the hiring process formally begins. As Philip Buri wrote in the spring 2014 issue of the *LEADer* ("[Stealing Second Base: Considering Risky Issues for the Co-op](#)"), "The greatest threat to our co-ops is doing nothing."



It Works for Us Succession Planning at Mississippi Market Co-op

by Gail Graham

Succession planning is universally recognized as a key board responsibility, yet it is the rare board that has a good handle on it. There is always so much else to do, and it is easy to be distracted by all the other items crowding the agenda. Also, if you have a solid leader in place, it is tempting to let succession planning slide, because there is no perceived pressing need.

At Mississippi Market we take succession planning very seriously. The board has had the topic on its agenda every year for more than five years. Directors know that one of these years I will retire, and they want to be ready! Like most directors, they struggle with this work, yet rather than ignoring it, they have found ways to keep it top of mind.

First, we have an emergency interim succession plan in place. It clearly spells out what will happen and how the chain of command will work should I be suddenly and unexpectedly unable to fulfill my duties. The plan is updated annually, reviewed by the appropriate parties, and filed with our HR department as well as on our board website. While not truly “succession planning,” the emergency plan is an important precursor, since it stimulates thinking and discussion. Also, it does require me, as GM, to ensure that at least one person who can maintain operations in the short term is always in place.

Second, once each year we review succession planning materials and discuss its importance. At the end of that meeting we schedule an executive session

(closed board meeting), during which I give an assessment of the co-op’s top leadership team. I provide information on each manager’s background and who acts as backup for that person. I rate each manager on a readiness scale, identifying who is a possible GM candidate and why, and I candidly discuss each person’s strengths and weaknesses. Also, twice a year our management team joins the board in a retreat. This event gives the board a chance to work with managers up close and provides context for the annual executive session on management succession.

Finally, this year, since I am another year closer to retirement, the Mississippi Market board established an ad hoc succession planning committee. Its members are reviewing our GM hiring process, which is meant to guide the board and the co-op in implementing a search. The materials include a wealth of resources, so that board members can feel prepared and can focus on the search, not on creating the process. The committee is also identifying questions the board needs to address, including:

- How will we handle relocation costs if we make a job offer to someone from outside the area?
- What role will the exiting GM play in the search process and the training process?
- What should our GM contract look like? (We haven’t bothered with one in the past!)
- What are our co-op’s current and future needs for this position?

Our co-op is growth oriented, and we struggle with articulating what the “success profile” of our next general manager will include. This profile is the most important area for the board to focus on, and the most challenging. I have nearly 40 years in the industry and bring a wealth of knowledge to the position. And we all recognize that the next GM will be different and will bring his or her own skill set and body of knowledge and experience. We are all committed to making sure that this person can step in and help our co-op thrive in the decades ahead.

What Is This Going to Cost?

Don’t forget that management turnover has a cost. Expect to spend money on the GM recruiting and hiring process. In addition to whatever salary a new GM will require, the board might need to pay for:

- Advertising for job candidates
- A headhunter or other consultant to help with the search and hiring process
- Interviewing costs, including airfare, lodging, and meals for final job candidates
- Legal fees for background checks and employment contracts
- Relocation for the new GM
- Unexpected or unanticipated expenses

One Step at a Time Three Steps in Dealing with GM Turnover

By Cindy Owings

When your co-op's GM decides to retire or has to suddenly step down for some reason, does your board have a plan for filling this all-important leadership position? With many co-op GMs nearing age 65, co-op boards must prepare to become hunters-and-gatherers in the wake of a predicted wave of changeovers.

Even with a well-thought-out succession plan in place, searching for and hiring a new GM is a big job. Without a plan, the board can lose valuable time in just working out what to do first and who will be responsible for which task. And the board search process can become disorganized and disruptive. Acknowledging the inevitable reality of GM turnover may be your board's most important first step in creating a plan. So lace up your heavy work boots and get started.

Following are key points to assist your board in the review or creation of an executive succession plan:

Step 1. Starting a Search

- A. Upon notification of a GM vacancy, appoint an interim general manager or a management team to continue management operations during the search and transition.
- B. Perform a leadership needs assessment to determine the qualifications you are looking for in a new GM.
- C. Review the GM job description to make sure it reflects currently accepted management effectiveness requirements and expectations of the board, specific to your co-op's governance policies.

Step 2. Conducting a Search

- A. Appoint a search committee made up of board members and key stakeholders to define search mechanics, gather information, and manage all aspects of the search process.
- B. Decide if the search will be done internally, externally, or both. (Note that there is great value in conducting a national search, even if your co-op has strong internal candidates. If one of them is successful, he or she will have more credibility for having been selected from among a national pool.)
- C. Develop a recruitment strategy. We recommend that all board members contribute to a vigorous and creative networking process to get the word out, as opposed to simply and more passively posting the position on national websites and in publications.
- D. Establish a reasonable timeline for the hiring process, including all steps along the way: when applications will be due, when interviews will be conducted, and so on.

- E. Prepare or compile background materials to supply to strong candidates. The more candidates know about the co-op, the better you will be able to assess their fit for the GM job.
- F. After reviewing applications and conducting screening interviews, prepare packets with information on each viable candidate to present to the board.

Step 3. Hiring the GM

- A. Be sure that everyone understands and agrees that the board—not the search committee—has the authority to negotiate and hire the new GM.
- B. Design an interview process for viable final candidates: Who will conduct interviews? What process will be involved? How will candidates be introduced to staff or other stakeholders?
- C. Prepare an employment contract or document that includes the board's performance expectations, a job description, and a complete compensation offer.

Additional Resources

- [“The Coming Wave,”](#) by Carolee Colter, *Cooperative Grocer*, January–February 2015.
- [“Getting Ready for General Manager Succession,”](#) by Thane Joyal and Jeanie Wells. *Cooperative Grocer*, May–June 2015.
- [“Hiring a General Manager,”](#) by Carolee Colter, toolbox manual, National Co+op Grocers, 2008.

Stronger Together Using a Success Profile to Plan for GM Turnover

by Lauren Olson

The turnover rate for co-op general managers has increased in the past two years and shows no sign of slowing. This churn in the co-op GM population highlights the need for planning and reflection by the board.

Is your co-op's board able to easily articulate what it takes to be a successful GM in a detailed, meaningful way? If not, consider creating a GM success profile. A success profile documents the skills, competencies, and prior key experiences that a GM needs to have to be successful at your co-op. When creating a success profile, consider the co-op's current needs as well as strengths the GM will need to be able to execute the co-op's long-term strategic plans.

Be as specific as you can in outlining the success factors for your co-op. For example, "Can create and carry out big-picture visions and long-term plans in partnership with the board" is a better description than "Big-picture thinker." Once created, the GM success profile can be used to assess candidates during hiring and can serve as a development road map for preparing internal staff to become viable GM candidates.

If the board and existing GM don't believe that any employee is currently ready for the GM role, compare the strengths and weaknesses of potential internal candidates to the success profile and identify "talent gaps." Then make written plans to develop these talents and to close the gaps, bringing internal candidates closer to being

GM-ready. A development plan should follow the 70-20-10 model:

- 70 percent learning on the job, via special projects, lateral moves, and job rotations with other co-ops
- 20 percent learning from others, via coaching, mentoring, and connecting with peers at other co-ops
- 10 percent learning formally, via books, training programs and conferences, and other resources

NCG's Consumer Cooperative Management Intensive (CCMI) program develops new co-op GMs and prepares high-potential employees to fill GM vacancies. The CCMI program takes place over five months and includes two in-person sessions and a series of interactive webinars. Participants leave the program with a suite of in-depth knowledge, the tools needed to lead a co-op, exposure to experienced co-op

GMs, and a strong peer network. CCMI content focuses on areas of leadership that are unique to managing a consumer-owned co-op. These areas include:

- Co-op governance models and working with a board
- Strategic planning
- Finance
- Marketing
- Leading and team-building in co-op culture

Participants in the 2014 CCMI program rated the overall program at 5.8 on a scale of 1 to 6 and reported that the program exceeded their expectations. CCMI will be next held in the spring of 2016. For more information about CCMI or other NCG professional development programs, contact Lauren Olson at lauren.olson@ncg.coop.

Lauren Olson is the director of talent development for National Co-op Grocers.





STUDY GUIDE

Your Co-op's GM Succession Plan

by Karen Zimbelman and Cindy Owings

Use this simple guide to begin developing your co-op's plan for succession. Note that these are the most basic steps; many intermediate steps will also be needed.

Answer each of the following questions and type up the results. Be sure to include contact information (including phone numbers and e-mail addresses) for each individual responsible for a task. Also be sure to update this plan and review it with the board at least once every two years (once a year is better).

Co-op Name:

In the event of a sudden GM departure or vacancy			
Task	Who Will Be Responsible?	When and How the Task Will Be Carried Out	Contact Information
Serving as the lead board contact	(Usually the board chair)		
Serving as emergency successor (interim GM)			
Handing communications with: <ul style="list-style-type: none"> • Board members • Co-op staff • NCG • Other key stakeholders (e.g. the bank) • Members • The public and the media • Other 			
Clarifying the duties and expectations of the interim GM and any special terms (e.g. compensation)			
Identifying key resources for the interim GM			
Setting up a board search committee and creating a hiring plan, including a budget and a timeline			

In the event of a planned GM turnover			
Task	Who Will Be Responsible?	When and How the Task Will Be Carried Out	Contact Information
Reviewing and updating GM hiring policies, including details concerning a relocation allowance, a search committee, and an employment contract			
Conducting a review of internal management readiness			
Identifying key materials needed for the GM hiring, such as a hiring plan and external resources			
Designating a search committee chair (a board member) and members			
Reviewing and updating the GM job description; identifying the desired characteristics of a new GM			
Developing a search plan, timeline, and budget			