

The Park Slope Model



Our model at La Louve

Two basic types of consumer cooperative have existed since the movement began in the mid-nineteenth century: the rebate model and the direct economy model.

Both models have the same ownership structure. Those who use the store—the “shoppers”—are its owner-shareholders and the voting power of each of them is the same, regardless of the amount of shares held. One person = one vote, whereas in a capitalist company one share = one vote.

The difference between the two models lies in how the savings brought about by members’ cooperation is shared.

In the rebate model, the cooperative sells its products at prices similar to what one would find in other stores, then waits until the end the quarter, fiscal year or other period to share profits with members based on the volume of their purchases. Members who spent more at the store during the previous period thus receive a larger rebate than those who spent less. If there are not any profits, or if the cooperative’s finances are considered too fragile, the rebate is not distributed.

A direct economy consumer cooperative strives to offer lower prices than one would find in other stores—as close to the cost price as possible—and is always looking for ways to reduce its expenses. Since the 1960s, the preferred way of doing that has been by requiring some or all members to participate in the day-to-day operations of the store, thereby reducing labor costs.

In other words, a direct economy cooperative distributes its “rebate” every day to its members by offering attractive prices. This is gratifying for the shopper-member, but can put the cooperative in a precarious situation since the rebate is distributed even when the cooperative is not in good enough financial health financial to afford it.

The history of direct economy cooperatives is therefore littered with shipwrecks. Ernest Poisson, secretary of the French National Federation of Consumer Cooperatives in the early twentieth century describes the precariousness of this model:

Theoretically [this model is] possible but, practically speaking, one risks operating below the cost price and therefore being at the mercy of a bad purchase, an insufficient sale, perishables going bad, [or] an unexpected loss. As cooperative capital is necessarily low, there is no longer any working capital which is assured by selling above the cost price; there is no money to purchase and put the cooperative in a better state. The life of the coop hangs by a thread, doomed to stagnation with no hope of normal development and no hope of growth.

Park Slope's system—or more precisely, their ensemble of systems—have been developed by regularly confronting this kind of precarious situation and adapting. The resulting model, though complex, makes Park Slope a very rare example of a direct economy model cooperative that is not only stable but financially robust. It is among the most successful supermarkets in the United States in terms of sales per square foot.

The strength of Park Slope's systems, from our point of view, is that they have been created by thousands of people over more than four decades, through countless experiments, mistakes, and adjustments. They are not the result of discussions around a table or the genius of a visionary entrepreneur.

Over the course of several years, we have spoken with Joe Holtz, one of Park Slope's founders and its current General Manager, and Ann Herpel, one of Park Slope's General Coordinators, in order to identify the essential elements of the model they've helped build... the basic practices without which they believe a participative, member-worker cooperative would have a hard time succeeding. Here they are.

Participation

EVERYBODY WORKS

Some food coops make participation in the day-to-day operations of the store optional, not mandatory. Those who do participate get a discount on the products in return for their work. Park Slope finds that such an approach:

- creates an undesirable class system in which the wealthiest members are often those who choose not to work.
- prevents the creation of the very specific cooperative culture that Park Slope seeks, based on a real sense of co-ownership among all members. Mixing "customers" with working members ends up creating an atmosphere very similar to a classic business... very far from the convivial, energetic atmosphere that Park Slope has managed to establish in their store.

A VERY SPECIFIC SYSTEM OF MEMBER PARTICIPATION MANAGEMENT

After many years of experience and many adjustments, Park Slope has established a carefully balanced member participation system: strict enough so that members really come to regularly do their shifts, but flexible enough so that the demands of a normal life (illness, pregnancies, holidays, full-time work, the irregular schedules imposed by certain types of jobs) don't exclude them from joining the coop. The system is based on the observation that the scheduled work of members at the store is much more valuable for

the cooperative than unscheduled work. Concretely, this means that members who miss one scheduled shift must do two makeup shifts ...with much flexibility about how and when those makeup shifts are done.

MEMBER WORK HAPPENS IN SQUADS THAT MEET AT SOME REGULAR INTERVAL

Most members at Park Slope work with the same group of people every four weeks. This practice helps ensure that:

- an individual member's experience of the coop can be intimate, even though there are thousands who participate.
- members develop efficient work practices. In regularly meeting groups, people naturally discover which members work well together, which ones are more or less fit for such and such a task, etc. These small improvements make the overall participation of members much more effective.

VOLUNTEER SQUAD LEADER SYSTEM

Most teams are coordinated by one or more members, called "squad leaders" at Park Slope. They delegate tasks, participate in those tasks where they are most needed, and take attendance for the squad. These members agree to learn the practices of the coop in greater detail than the average member and serve as a link between paid staff and the team. Squad leaders are a key element of the model because they:

- allow the coop to maintain a small paid staff.
- become, through their knowledge of operational details, an important advisory resource for paid staff in their daily management of the store.

GOVERNANCE AND MANAGEMENT

ORGANIZATION OF DECISION-MAKING POWER

When discussing the relationship between governance and the day-to-day management of the coop, Joe Holtz has observed that: "A cooperative of our model can die from not enough democracy or from too much." By this he meant that the coop must simultaneously ensure that:

- members know that the cooperative really belongs to them and that they have the power to get involved and improve it (...through cooperative discussions with other members). If not, they may leave.
- paid staff have the necessary latitude to decide how to run the day-to-day operations of the store. Inevitably the people who put in dozens of hours of work into coop, week in and week out, end up having the clearest vision of the coop's complete operations, in all their complex detail, and as such should be trusted to make operational decisions based on that knowledge.

Decision-making power at Park Slope is therefore divided into two complementary poles: the members decide the general policies of the cooperative directly in their General Meetings, without going through a board of directors,¹ and substantial autonomy is given to paid staff to oversee the daily management of the store.

Examples of decisions made by coop members in their General Meetings include:

- establishing a retirement age for members. This allows members who have worked as volunteers at the store for at least 20 years and who are at least 65 years old to stop working while still retaining the right to shop.
- prohibiting the sale of water in plastic bottles.
- allocating \$10,000 from the Park Slope's profits for transportation to an environmental demonstration in Washington DC.
- expanding the coop by buying a building next door.
- selecting a firm to conduct external audits of the coop's accounts.

¹ New York State law requires Park Slope to elect a board of directors that is legally responsible for the smooth operation of the coop. To ensure that it is the members who directly decide on the policies of the cooperative, Park Slope has established a culture in which the Board simply validates the decisions voted in General Meetings (GM) without fail. Each GM ends with a five-minute mini-meeting of the Board, held in front of all the members. Board members quickly vote to endorse the decisions just made by the GM. Members running for election to the board of directors systematically issue statements to the effect of "I swear to endorse every decision passed in the GM, without fail, during my votes as a Board member unless such an endorsement would put the coop in legal or financial jeopardy."

Examples of decisions made by paid staff include:

- where products go in the store.
- which suppliers the coop works with.
- what hours the coop stays open.
- who to hire or fire and when.
- how to organize member labor.
- how to organize the sale of products.

These two decision-making bodies are in constant dialogue and there is overlap: members can discuss and sometimes vote to modify the practices put in place by the employees, and the employees give regular feedback on the operational side effects generated by policy decisions voted in the General Meetings.

A COOPERATIVE SPIRIT AMONG PAID STAFF

Establishing a classic hierarchy of employees within a project of this model is hard to imagine. The character of the interaction between paid staff must share in the same spirit as the members: cooperative, efficient, and serious, with an awareness of the responsibility that the management of a cooperative of this model implies.

Paid staff at Park Slope are organized as follows:

- Sixty-five staff members are called Coordinators. They are responsible for purchasing, coordinating member labor, accounting, building maintenance, receiving deliveries, and managing inventory. All 70 receive the same salary (\$58,000 per year), seniority being rewarded by an increase in the length of paid vacation (from two weeks at the beginning, with incremental increases up to a maximum of 5 weeks).
- Nine staff are called General Coordinators. This group works together to decide on the operational policies of the coop and put in more hours per week than the Coordinators. Eight of them earn the same salary (\$93,000 a year).²
- The ninth General Coordinator, currently Joe Holtz, also holds the title of General Manager. He has decision-making power in cases where the General Coordinators find themselves at an impasse. These cases are rare, "once every 2 or 3 years," according to Holtz. The General Manager earns 10% more than the other general coordinators.

² 5 other staff members also earn \$93,000 a year : the IT team.

EXTREME FINANCIAL VIGILANCE

As a direct economy consumer cooperative, Park Slope has less revenue per product than a rebate cooperative or a conventional store. The coop's financial state is therefore monitored very attentively to make sure that upcoming expenses can be covered. Financial statements are generated and shared with members monthly rather than quarterly or annually. Over the years, this close financial analysis has resulted in several increases to the markup applied to products and thus helped to ensure that Park Slope's finances remain stable and sound.

PRODUCTS

A FULL RANGE OF PRODUCTS. ONE-STOP SHOPPING DESTINATION

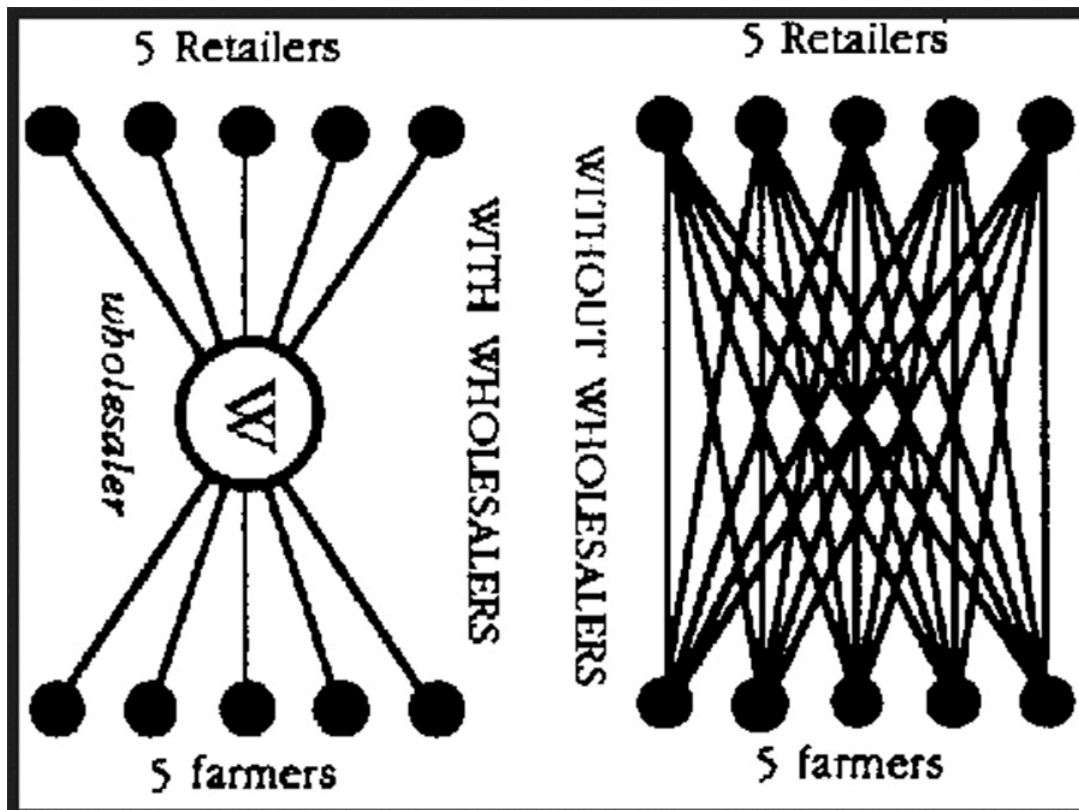
The experience of Park Slope in the 1970s, as well as that of numerous similar initiatives that failed along the way, shows that this participative, worker-member model does not work well if the range of products available in the store is too small. The coop must be a one-stop shopping destination with a large variety of products. The reason is simple: when people are asked, month after month, to give a few hours of their time to their coop, they ask in return to be able to do most or all of their shopping there. Members leave if, in spite of their personal investment in the coop, they are forced to shop elsewhere to meet all of their grocery shopping needs. The model doesn't seem to work in "boutique" mode.

WORKING THROUGH CONSOLIDATED SUPPLY CHAINS

It is not possible or desirable for a supermarket, which sells to hundreds or, more likely, to thousands of people, to buy directly from more than a very small percentage of its producers. There are many reasons for this.

At La Louve, for example, we anticipate selling about 8,000 different products. Even if it were possible to organize this in a way that allowed us to buy, say, 16 products from 500 different suppliers, such a practice would essentially require making 500 orders per week, receiving 500 deliveries, processing 500 invoices. The 500 orders per week would be impossible to place and the 500 deliveries impossible to manage. These deliveries would often be made by trucks that are not full and that would return empty because they carry only products from single supplier. In terms of its carbon footprint, this practice of receiving 80 to 100 small deliveries per day is probably the least ecological one imaginable.

Here is a diagram that shows the delivery runs necessary when distributing food through a wholesaler versus operating through direct deliveries from producers :



Placing orders less frequently in order to space them out — say once a month or per quarter — is no solution either. Such a practice would mean ordering in quantities so large that the store would have to have at least 10 times more stock space than sales space to store all its inventory. It would not be possible to establish a reputation for selling fresh food with such a practice.

The solution is therefore to work primarily with wholesalers that can deliver one, two, five or ten pallets once or more a week, containing one, two, or eight boxes of 100 to 500 different products. One order, one delivery, one invoice, 350 products.³

The example of working directly with 500 producers is of course a fantasy. Almost all of the producers whose products are sold at Park Slope or La Louve do not have the means or the time to come once or several times a week to deliver —or, as frequently, to organize a deliveries of a few cases of their products through a transport company for one specific client. That's why producers turn to wholesalers to distribute their what they produce.

³ A wholesaler can be a large distributor of conventional products, a distribution cooperative created by local farmers to sell their products, a fair-trade distributor, etc.

Finally, dealing directly with a producer who delivers only a small amount of product would automatically increase prices. The savings generated by our participatory model would be erased.

What is true for dry goods is perhaps even more so for the perishable ones. La Louve will eventually have 2–3 deliveries a week from our artisanal cheese wholesaler. Could we really imagine each of our 50 producers (from Normandie, from the Basque Country, from Parma...) delivering to us 2–3 times a week? La Louve receives fruits and vegetables from about 70 different producers at any given time, often delivered 5 times a week. And we are not at full speed yet. For reasons of availability, quality, price, and, once again, logistical organization, wholesalers are indispensable if we want to be able to consistently offer a variety of fresh fruits and vegetables. To try and do so by working directly with all our producers would probably take about ten employees working full time, jumping constantly from one farmer to another. Again, the savings generated by the model would be completely erased.

There are certain situations where dealing directly with a producer can work. Park Slope and La Louve have opted to purchase the majority of their meat directly from the farmers. This is possible when the cooperative has enough members, for example, to buy an entire cow every two weeks and when the farmer has the ability to supply us without interruption and to deliver or arrange for delivery with a trucking company that serves their region.

At La Louve, there are some other special situations in which we deal directly with the producer: for some wines, for our fresh bread, for an urban farmer located 5 minutes by bike ... We will eventually probably add a few more, but it will still be a very small proportion of our purchases and will always be for a very particular reason: large demand from the members for a very specific product, very local production with a sufficient demand to justify it, etc.

We are big supporters of CSAs and other similar small structures and of direct sales of products at the farm. These are virtuous solutions that allow some producers to earn a decent living. But we are also big supporters of intermediaries adapted to the need of feeding people hundreds or thousands at a time and who do so causing the least possible amount of ecological damage, with the least bother for the producer and the store. Thanks to this network of intermediaries, independent stores can offer a wide range of products at prices that are more or less reasonable. At Park Slope and La Louve, these intermediaries allow us to offer our products cheaper than large, for-profit players, despite all the advantages they have thanks to their gigantic piles of capital.

BALANCE BETWEEN THE “PURITY” OF THE PRODUCTS AND THE INCLUSIVENESS OF THE PROJECT

A priority and the major strength of the Park Slope model is that it allows people of very different backgrounds to cooperate together. The common trait among Park Slope members is a desire to more easily access high-quality food, but exactly what this means varies depending on the person. The Park Slope model takes for granted that social issues are as important as environmental issues. Establishing a mission statement, for example, that would have the effect of obliging those who want to join the coop to have the financial means to buy only organic and ecological products would be seen as a way of uselessly, and maybe ruthlessly, excluding many deserving people who also would like to cooperate and to have access high-quality food. This model significantly reduces the prices of organic-ecological products, but most of the time they remain more expensive than their conventional counterparts in other stores.

The choice of products at Park Slope and at La Louve is guided by taking into account six criteria that can sometimes be in conflict with each other. Each criterion is treated with equal seriousness.⁴

- 1) Environmental impact. We prefer products derived from practices that do not damage the environment.
- 2) Local. When possible, we prefer products that do not travel too long to reach us. This can immediately lead to a conflict with the first principle since some members will prefer organic products that come from further away to non-organic local products, and others the opposite. The solution of the Park Slope model is to have enough space in the store to sell several versions of a product so that the members can decide which to buy based on the criteria that's most important to them.
- 3) Fair-trade. We prefer products for which the working conditions and pay of the people who have cultivated or processed them are at least humane, and hopefully dignified. We have noticed that it is not possible to know these conditions for most products.
- 4) Quality of taste. We prefer products that taste good.⁵ This is not always the case for products that give top priority to environmental criteria, but of course it can be.

⁴ It is important to point out that there was never a moment in Park Slope's history when a small group of people around a table said, "Let's brainstorm for a while and write down the criteria that we want to determine what products we'll let into our store." The most important value has always been cooperation and we can identify these criteria after years and years of practice ... years of cooperation, discussion, and compromise that have articulated the real needs Park Slope's diverse members.

⁵ Judging how a product tastes involves subjective factors, of course, but taste is also based on objective factors of an item's production. Dilution of taste due to excessively high yields is just one example.

- 5) Price. The sales price of a product is an ethical factor as important as any environmental factor. It is taken for granted in this model that all members want to eat well and eat responsibly. But often—or more likely, most of the time—members do not have the means to buy what might be considered the best version of every product they consume. The solution is to offer several versions of the same product—one of which is financially affordable ... This means selling so-called conventional versions of products.⁶ Without this practice, there will be no real economic diversity in the project. In cases where the price difference between organic and non-organic versions of a product of the same quality is negligible, only the organic version is offered. In this way, members on a budget can choose where to save and where they are willing to spend more on higher quality or more responsibly produced products. On the environmental front, this mix of conventional and ecological products has the effect that more people consume responsibly because more non-activists are able to participate.
- 6) Responsibility to meet the culinary needs of the neighborhood. The cooperative occupies a space in the neighborhood where it is located and, without forgetting that the project is intended for those interested in quality food, it also has the responsibility to be a resource for the maximum of people who live near it. Immigrant populations often have culinary habits that involve more imported products that are often difficult to find in organic versions. The choice to not offer these products is a choice to close the doors of the cooperative to these people.

A cooperative supermarket should model itself after a public library: the goal is to be a resource for education and culture but at the same time to be open and democratic. It would be ridiculous to limit the selection of a library so that only the readers of Mallarmé, Schopenhauer, Chang-Tzu, Petrarch, Virginia Woolf, etc. really feel invited to come. No moralizing atmosphere. The goal is for people to come to read and maybe, also, to discuss together.

The final range of products offered at a cooperative of this model is constantly evolving. It is determined by a long and slow conversation between members.

Any member has the right to suggest products. Any member can inform and debate with the other members about the most important issues for them (palm oil, high price of certain products, bad working conditions) by writing in the newsletter, by talking with the other members of his team, by organizing a workshop. But no member, nor a small group

⁶ When possible. In the produce department and especially in repackaged bulk, the presence of several versions of the same product can create recurring and hard to avoid errors during both restocking and checkout.

of members, can prohibit the sale of a product.⁷ The decisive factor that tells the coop's employee-buyers whether or not to keep a product is its sales: the democratic barometer that most accurately reflects the real habits of the membership. It is possible that an information campaign on an issue could persuade enough members to stop buying a certain product, thereby eliminating it. This is a solution that is more sustainable, more cooperative, and less lazy than just banning it outright.⁸

This attitude—which, by reflex, begins by including and discussing rather than by prohibiting—is essential for establishing the sophisticated culture of cooperation found at Park Slope. But it also has a strictly financial rationale:

- 1) Proposing a range of products too narrow in scope (e.g., only organic) limits the number of people willing to join the cooperative and therefore significantly reduces its sales. "Don't count on the fact that people willing to cooperate in a project like ours grow on trees," says Joe Holtz.
- 2) Establishing a situation in which members are forced to buy their conventional products elsewhere (because we notice that even most organic activists have at least some conventional products in their shopping cart) can also lead, uselessly, to a loss of revenue.⁹

A direct economy cooperative does not have this luxury. Its financial health is a constant struggle that requires extreme vigilance ... but, if achieved, it is precisely the financial autonomy of this type of cooperative that gives hope because it demonstrates very soberly that another model, based on cooperation and not on greed, can work on a rather large scale.

⁷ At La Louve, the prohibition of products at a General Meeting is possible, but intentionally difficult. A referendum open to all members, with a three-quarters majority, is necessary. At Park Slope a majority of 75% of members present at a General Meeting is required.

⁸ The result of this conversation between members at Park Slope and at La Louve is a range products where the presence of industrial-conventional products that one would find in a conventional supermarket is small ... but their presence is essential.

⁹ And therefore the margin on these conventional products probably ends up further enriching a capitalist structure whereas it could have been used to strengthen the cooperative itself.