

How to Set Up a Co-operative Wholesale Food Buying Group

Introduction

A food co-operative is a group of consumers, usually in a localised area, who want to obtain good quality, healthy food at the best price, and get together to take advantage of combining their buying power to buy in bulk.

The co-operative principles of equal, open and voluntary membership are adopted, and indeed they can register under a bona fide constitution if they so desire, although often this is regarded as a bit overkill. Thus food co-operatives tend to operate on more of a 'club' type basis, still with the idea of a group of people organising themselves for mutual benefit.

A food co-operative does need to have a day to day organisation, and those who are to benefit from it are those who should participate in it and share the responsibilities. This is a good way of learning the ethics of 'self help' and community organisation, and often provide a very useful stepping stone to more advanced formats once the participants have had an opportunity to see the way it operates.

There should be a formalised set of rules in place from the outset, and it is a good idea to have someone with experience assist in their development so that everyone is clear about how the co-operative runs and what their responsibilities are likely to be.

Organisation

Normally, and by way of example, the food co-operative will have an arrangement with a wholesale supplier who will agree to deliver at a regular interval and at an agreed minimum order value. To start with, the food co-operative will offer a limited range of products which will minimise the need to hold stock, and also will make it easier to achieve bulk buying quantities.

The co-operative will put in the order and the supplier will deliver it, so there needs to be a place to have the goods delivered to, which could be a private address or a village hall or community centre etc. as long as there is someone to check the delivery and sign for it. Members of the co-operative will then split the bulk into the quantities required by the individual households and either the households will collect or have the goods delivered, or a combination depending on mobility, available transport etc.

As the co-operative develops it could offer a wider range of goods and may consider holding a small stock, possibly a range of complementary goods such as organic vegetables (obviously not to stock!) or environmentally friendly household products.

Equipment

There will need to be some equipment in order to run the enterprise hygienically and properly, for instance, scales will be needed to split down goods which come in sacks or bags, smaller bags to put the stuff in (these

can be recycled), plastic gloves for hygiene, and large bins to keep stock dry and fresh, especially if a shed or similar is being used.

Financial

There is a small start-up cost, mainly for the equipment mentioned, but a small subscription could be charged to join the co-operative to raise some of it. It may be necessary to take payment either with order or a day or two before the delivery is due if the supplier will not extend credit. Normally the supplier will agree a short period of credit once a trading relationship has been established and the orders are coming in fairly regularly, or have achieved a high enough average order value to enable this to be more economic.

It is worth checking what they would charge in delivery, and what value the order would have to be to avoid paying this. It may be more economic to pay a mileage allowance for someone to go to the wholesalers and collect the goods if it would fit into available transport, or spacing the orders so that they are large enough i.e. once a month rather than once a fortnight.

Some food wholesalers require a minimum order size, so it is worth checking if this applies and if so, what the minimum is.

Legal, Tax, Benefits etc.

The food co-operative would have the advantage of being a fully mutual organisation not trading for profit and would therefore not have to pay tax on profits. It would also not distribute profits and would not therefore produce taxable income for its members or affect benefit entitlement.

It is still a good idea to keep simple accounts, both to be able to prove these things and so that members may "inspect the books" if they want to.

The co-operative should not have to comply with the health and safety act provisions for traders, (though this would depend on the type of goods being handled) although it is obviously advisable to set minimum guidelines for hygiene and have some way of ensuring that they are maintained. The Environmental Health Department of your local council should be approached for advice.

Further Development

There are other benefits to starting this type of project. Once members are used to working as part of a team, and can identify the benefits of 'self help' organisations it is much easier to take this understanding and apply it to other areas of life. So, people who are involved in food co-operatives are more likely to get involved in a craft co-operative, credit union or worker co-operative for example.

It is also the perfect place to disseminate relevant information, maybe by way of recipe ideas to encourage use of healthy alternatives with which members may not be as familiar, or perhaps by arranging cookery demonstrations to the members of the food co-operative.