

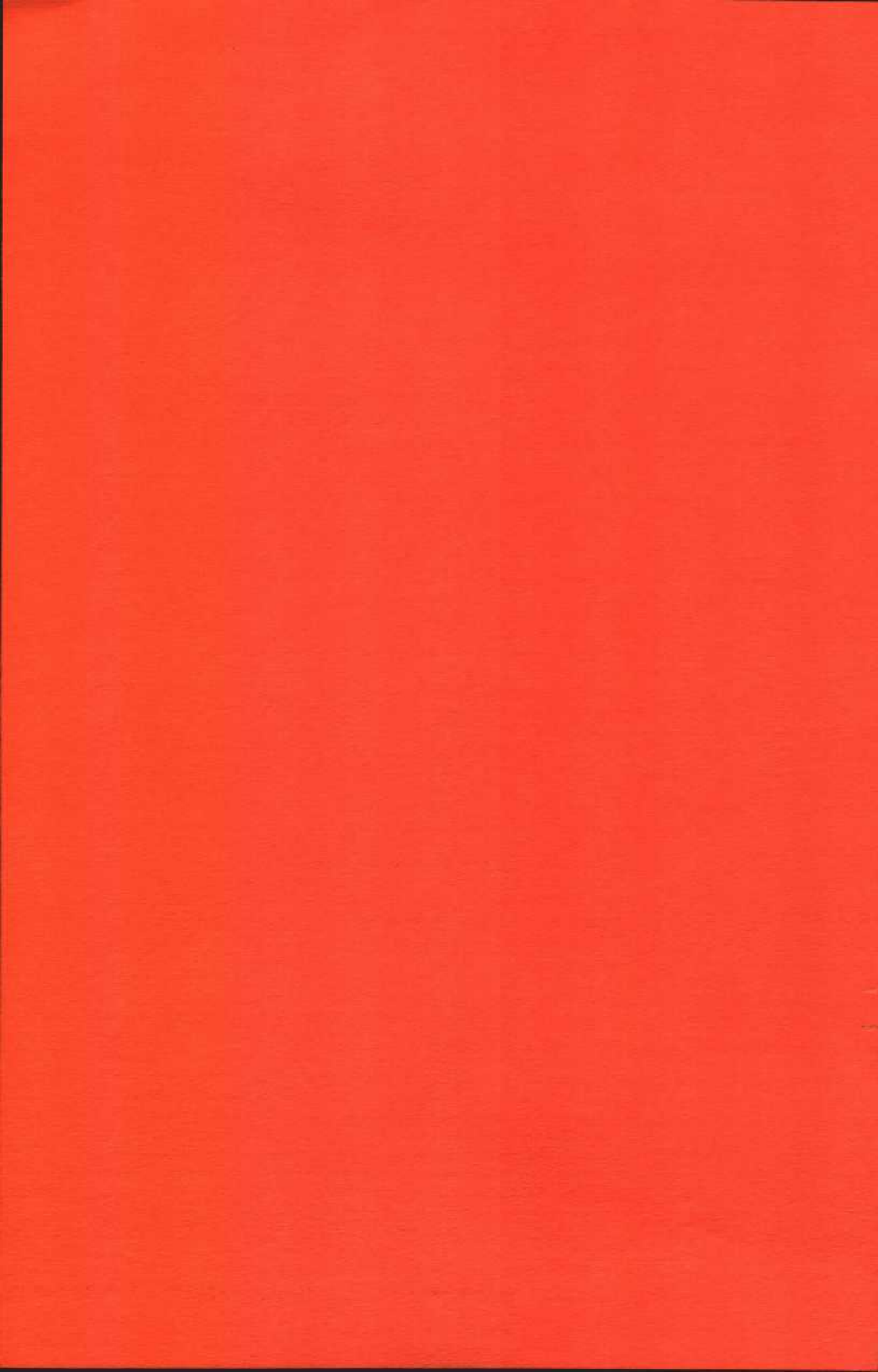
Book 2: GETTING STARTED

FILE COPY
DO NOT REMOVE

Together For a Change

A Series on Food Cooperatives





II: Getting Started



BY IRENE HATHAWAY¹, ELIZABETH SCOTT² and JEANNE WASSERMAN³

A PREORDER FOOD COOPERATIVE (also known as a food buying club) is a group of people joining together to buy groceries from a farmer or wholesaler. Most people join food co-ops to save money and to receive fresh, high quality foods. In exchange for contributing a few hours of work each month, members cut costs on their food bills.

Since a preorder co-op usually doesn't have to pay overhead costs such as store rent, salaries for workers and expensive equipment, food prices are often considerably lower than a grocery store. A family can save up to 40% on foods purchased through the co-op.

Very few families are able to do all their food buying through the co-op since foods purchased are generally limited to unprocessed or bulk foods such as fresh fruits, vegetables, cheese, flour, eggs, meat and staples. Because food is often bought directly from the producer, members usually enjoy exceptional freshness and quality.

There are a number of ways to start a preorder cooperative. After an understanding of the basic principles of food cooperatives is reached, there is no set path a group must take. Each group should be flexible and decide which methods are best for them.

Two of the most popular forms of preorder groups are the **bag method** and the **itemized list method**. In the bag method, each household puts in

¹ MSU Dept. of Family and Child Ecology

² MSU Dept. of Agricultural Economics

³ MSU student intern

a prearranged amount of money for a bag of groceries. Buyers decide what will go in the bag by considering what is the most and best food they can purchase for the group's money. This may work well for groups with similar eating habits but could be a problem for those with strong likes and dislikes. A way to help this method run smoothly is to have the group decide ahead of time what the general content of the bag will be; for example, 1/3 protein, 1/3 fruits and vegetables, and 1/3 staples. A group may also want to set up a surplus table on distribution day where members can sell items in their bag they don't want or buy extra items they'll use.

In the itemized list method each member fills out an order form checking off food preferences and quantities desired before the shopping is done. Order forms include a price for each item usually determined by the latest prices quoted by wholesalers. When all the orders have been placed and all the money collected, a tabulator combines all the individual orders into a master shopping list and makes sure the total money received equals the total food prices.

Once you decide to go ahead:

First—Do your homework.

Visit other co-ops to see how they operate.

Go to local food wholesalers and check for availability, price, delivery and quantity needed to purchase. Look for wholesalers in the yellow pages, also consider local farmers.

Do a survey of prices in the local groceries and supermarkets to make comparisons.

Talk to families who might join the coop.

Second—Organize a meeting of interested people.

Decide what kinds of food you want to purchase.

Draft an order form (for the itemized checklist method)

Start a file of actual and prospective members.

Invite a member of an established food buying club, if possible, to come and tell about their operation.

Advertise through posters, leaflets, knocking on doors, word of mouth until you have a beginning group of at least 10 to 25 families.

Third—Set up your organization.

Write up bylaws. These are the guidelines for how the group operates. Make sure the cooperative principles are in them to protect the future of the coop. These are:

- | | |
|---------------------------------|--------------------------------|
| 1. Open membership | 4. Profits returned to members |
| 2. One member, one vote | 5. Education of members |
| 3. Limited return on investment | 6. Cooperation |

Decide how big you want to be. Do you need to do more recruiting or do you need to start a waiting list?

Set up a distribution point where people can pick-up their food order. It can be a community room, church basement or members home if you rotate the place. You may have to pay a small rental fee. Consider winter weather in checking for convenience of unloading. Also consider special needs that your members may have. Stairs may be a problem for handicapped or senior citizens. A play area for children would be helpful.

How often are you going to order; weekly, monthly? Set a schedule for buying and delivering.

Determine what basic equipment you'll need to operate. Consider scales, adding machine or small calculator, bags, boxes, knives, etc.

Establish a membership fee. This will cover costs of equipment. It usually ranges between \$2.50 and \$10.00.

Decide on your mark-up. Usually for a preorder group the mark-up is 2 to 10% over the cost of the food. Mark-up will cover supplies used at each distribution.

Decide on responsibilities for each member family. Remember you're substituting volunteer time for money.

Work at a schedule so that each member family can be involved in some aspect of the operation. You'll probably want to rotate jobs.

Some duties that must be performed include:

Coordinator

- Checks that all members know what jobs they are doing.
- Runs meetings.
- Makes sure all positions are covered, gets new volunteers, etc.
- Represents co-op when necessary.

(It's not a good idea to rotate this job too frequently as it needs some continuity and consistency).

Treasurer

- Keeps all financial records. A minimum financial record may be a checking account.
- Collects money when food is ordered and gives receipts. Keeps a record.
- Gives buying team cash or check to cover purchases.
- Keeps receipts from buying team.
- Records every expense.
- Reports to general meetings.

Secretary

- Keeps minutes of meetings.

- Writes letters.
- Keeps membership file.

Distribution Team

- Checks food received against receipts.
- Sets up the distribution room (sets bags in alphabetical order) and has a scale that weighs in pounds.
- Breaks food into individual orders. This means cutting cheese into small amounts and rewrapping it etc.
- Cleans up distribution room (or you may want to have a separate crew for this job).

Buying Team

- Select and purchase the food according to the total order for the group.
- Checks prices to be sure savings are being made over supermarket prices.
- Gets updated prices from wholesalers.
- Gets check or cash from treasurer to make purchases. Gets receipts for purchases.

Helpful Hints

You usually need from 10 to 25 families to start a buying club. Once you have more than 30 families, you have greater need to organize and coordinate.

Much depends on how extensive your food offerings are. Some buying clubs work with over 100 members.

Start on a preorder prepaid basis. This will simplify your money handling, and buying.

Have open and democratically run meetings when decisions are made. Remember—this is a cooperative venture.

Do not allow one or two persons to do all the work. Share equally and decide ahead of time how to handle a member family that does not volunteer.

If you start with a preorder group and employ no staff, you do not need to get a state sales tax license. Some groups, however, like to get one because it can be easier to deal with wholesalers. Request an application from: Michigan Department of Treasury, Treasury Building, Lansing, MI 48922.

You may wish to apply to the U.S. Department of Agriculture for permission to redeem food stamps.

You may want to start a newsletter to keep members posted and to exchange recipes.

NOTES

Support for this project was provided by a grant of federal funds under Program IMPACT of the Higher Education Act of 1965, Title I: Community Service and Continuing Education administered by the Michigan Department of Education.

MICHIGAN STATE UNIVERSITY



MSU is an Affirmative Action/Equal Opportunity Institution. Cooperative Extension Service programs are open to all without regard to race, color, national origin, or sex.

Issued in furtherance of cooperative extension work in agriculture and home economics, acts of May 8, and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Gordon E. Guyer, Director, Cooperative Extension Service, Michigan State University, E. Lansing, MI 48824.

2P-2.5M-2:83-DG-UP, Price 25 cents. Single copy free to Michigan residents.

O-14102