

Book 4: BULK FOOD BUYING

FILE COPY
DO NOT REMOVE

Together For a Change

A Series on Food Cooperatives



IV: Bulk Food Buying



BY ELIZABETH SCOTT¹, CAROLYN LACKEY² and DAVID HOUSEMAN³

FOR MANY PEOPLE, joining a local food co-op is their first contact with bulk food buying. They quickly discover that buying in bulk either through a wholesaler or directly from the producer just isn't the same as shopping at the local grocery store. Then too, once you take the food home it may require different handling and storage. However, with a little practice you will be just as good at this new way of buying as you are at a grocery store.

In learning how to make the most of bulk food buying, there are things that need to be considered. The first is the source of food. Wholesalers and producers aren't as numerous as grocery stores. Unless you are looking for one, you might not ever know they exist. You also may need to get used to larger sizes and learn to order from a wholesaler's description rather than being able to see and feel the food before you buy. Bulk food is just that—it is in large quantities rather than individual family-sized portions. You may need to know about cutting, wrapping, weighing and storing food. Once the food is home, your cooking techniques may change as well as menu planning, storage and processing of the food.

Sources

Although sources of supply vary from one location to another, almost everyone is within the delivery zone of some wholesale food distributor. There are many ways you can locate distributors and other sources of food. One way is to contact other cooperatives. They are usually glad to give you the names of their sources of food and will often assist you in getting started. Just about every town, even those in isolated rural communities, has a small grocery store and/or restaurant. Keep in mind that

¹ MSU Dept. of Agricultural Economics

² MSU Dept. of Food Science and Human Nutrition

³ Michigan Office of Services to the Aging

these small businesses rarely have their own trucks to pick up food, and because they are open several days a week, each food delivery made to them will probably be considerably smaller than one delivery to an average-sized food cooperative. At any rate, get to know the people who work there, since they can help you locate distributors.

The cost of food, services provided, food available and how it is packaged will vary according to the source. Generally, the larger the amount you buy and the closer to the source (actual producer) you buy from, the less expensive and less processed the food will be. However, you will also find fewer services (such as delivery) provided.

Commercial wholesalers usually purchase their food from a variety of sources. They may carry a limited line of products (such as just dry goods) or a wide variety of products. Those which specialize in supplying restaurants often have large-sized items such as mayonnaise or canned tomatoes in one-gallon containers. Suppliers for retail stores, on the other hand, often will sell cases of smaller-sized cans and packages, such as those usually found on retail grocery shelves.

For many cooperatives, purchasing through a cooperative warehouse will work well. These warehouses are owned by federations of cooperatives and operated in a nonprofit fashion the same as a local consumer food cooperative. Those serving Michigan include the Michigan Federation of Food Co-ops in Ann Arbor, Mich.; Intra-Community Cooperative (ICC) in Madison, Wis.; and Common Health Warehouse in Superior, Wis. These warehouses provide cooperatives with the opportunity to be involved in the distribution process and to have control over how the warehouse is operated. Presently these warehouses carry only a limited line of products. They do not have meats or produce.

Another source of food for the cooperative is the farmer-producer. Purchasing direct from farmers often insures exceptional freshness and low prices, but most often it will not be delivered. And too, few farmers will have available all the products you may want.

Your local grocery store may be another source of wholesale food. Sometimes local store owners are willing to send in the food cooperative's order along with their own to the wholesaler. They will charge a small mark-up (2% to 3%) to cover handling. The cooperative then picks up the food from the store on delivery day. The members of the cooperative have benefitted in saving money on the food purchases, and the retailer has benefitted by increasing the store's order size, thus decreasing per unit costs.

Buying

Before making your first purchase you should probably talk to a

number of wholesalers and look at their price books. A typical page in a price book may look like the example below.

Item	Unit amount	Size	Price per unit	
Yogurt	12	8 oz.	\$ 4.80	= Twelve 8-ounce cartons of yogurt for \$4.80
Margarine	24	1#	\$19.20	= Twenty-four 1-pound packages of margarine for \$19.20

Each item will be listed along with the unit amount and price. Generally speaking, the unit amounts cannot be split. Keep this in mind when your co-op is putting together an order. The co-op should have a plan for what to do if under or over the unit amount. Most wholesalers will set a total minimum order. There may be different minimums, depending on whether the food is delivered, and if delivered, the distance the wholesaler has to travel. Some minimums are given in dollar amounts, others in pounds.

It is important to find out if the cost of the food includes trucking fees or a delivery charge. Another important question to consider is the method of payment. Prices fluctuate constantly, even at the wholesale level. Food ordered by co-op members may well increase in cost by the time it is delivered. Generally, wholesalers are most cooperative when dealing with cash in advance; however, many will deliver COD (cash on delivery) or deliver with a deposit, the remainder being due a number of days later.

Keep in mind that generally the more you order, the lower your per unit cost. Ask the wholesaler if there are discounts for large amounts. You may want to get several co-ops in the area to order together to take advantage of this. Also remember to shop around. Prices quoted by wholesalers may not be set; they often will drop prices if they think it is necessary to keep your business.

Handling Food at Distribution

In order to handle bulk food in a cooperative you will need certain equipment. In deciding what you will need, consider the type of food you will buy, the amount of money you want to spend on equipment, how large your co-op is and what your resources of time and people are.

You will need some method of calculating money. A hand-held calculator works for many groups, but others prefer a cash register or an adding machine with a tape so that there is a record of every transaction. Some adding machines can use tapes which make duplicates. These can be given to the co-op member.

Every group will need at least one scale. They will vary in cost, depending on size and accuracy. For some products, the easiest type of scale to use is the hanging variety with a pouring spout; however, some people prefer the standard platform type. Keep in mind that the more scales you have, the faster your distribution can be.

You will also need to buy a number of utensils. Knives and scoops are helpful. For cutting cheese, you can try stringing a strong wire between two wooden dowels and pulling it through the cheese. Some groups prefer to purchase a cheese cutter.

In addition to equipment, the co-op will need certain supplies. Members can donate paper bags, jars and boxes. You may want to purchase plastic wrap or aluminum foil for packaging, as well as bookkeeping forms.

Basically, the more equipment and supplies you buy, the more you will have to charge members in fees and markup, but the easier it will be to distribute.

In a food cooperative, food should be handled carefully to avoid sanitation and health problems. Members who touch food should be certain to wash their hands thoroughly. Some groups even require the use of disposable plastic gloves. All utensils and jars should be washed in a dishwasher or with very hot water and soap.

Meat and Fish

If the co-op wants to carry fresh or frozen meats and fish, it is easier to start with items which are prepackaged or at least easy to divide. This would include items such as chicken, stew beef, hot dogs, sausage, ground beef and frozen fish fillets.

If the meat arrives frozen and your distribution time is quick (under 3 hours) you can safely handle this food without refrigeration. However, you might want to utilize some insulated boxes to be safe. With fresh meats and fish, you must have refrigeration or coolers with ice in them.

Some cooperatives buy directly from slaughter houses by either attending the auction for live animals or contracting for a side of beef. This can be a very good source if you have a member who knows how to judge a good animal. It will require you to "price out" the meat, that is, figure the amount lost in scrap and the price per pound for each cut to cover your costs. You will want to have a professional butcher cut and wrap the meat for you.

Dairy Products

Most co-ops carry dairy products, especially cheese. Cheese usually comes in large blocks, from 5 to 40 pounds in weight. The hard cheeses can be safely handled without refrigeration for a day, but soft cheeses

such as cottage and cream cheeses should be refrigerated. Margarine and butter may also be safely held at room temperatures for a day.

Milk, on the other hand, is affected quickly by warm temperatures, and for this reason most co-ops prefer to handle only dried milk.

Eggs

Eggs can be safely handled without refrigeration for a day. However, losses due to breakage can be high. If you can find a local supplier such as a farmer who will sell at a good price and include egg cartons you may decide to carry them. Some co-ops have members donate egg cartons and then pack the eggs themselves. Decide ahead of time what you will do if a member ends up with broken eggs.

Produce

Most produce, either from a wholesaler or a farmer, will come in crates. The number of items in the crate will vary by size. Usually, however, you can order a specific size of fruit or vegetable. For instance apples may be 2 to 2½ inches. The larger sizes generally cost more per pound but will be of the same quality. You might also be interested in buying "seconds", which are fruits and vegetables that are not uniform in appearance, but are just as nutritious as better looking items.

With produce you will not need refrigeration if your distribution time is a few hours or less. Be careful to pack fruits properly. Piling crates on top of each other may cause them to crush the items on the bottom. Keep all produce away from heat sources and out of the sun.

Canned Foods

Canned foods will either come in large institutional-sized cans (#10) or in cases of the smaller cans with which you are more familiar.

In buying large cans you may plan on opening them and dividing the food into smaller jars for each family. This may work well, but remember that the food must then be refrigerated and the shelf life will be dramatically lowered. In this case each family should provide a sanitized jar that is labeled with their name and the amount desired. Although it is possible to open a #10 can with a traditional can opener, you will find it a lot easier with an institutional opener. You may be able to get an old one from a restaurant or buy one from a restaurant supplier. Remember that institutional sizes will not usually be national brand items.

Some cooperatives may want to look at buying directly from a cannery. Often the cannery will sell cases of unbranded items containing the same items as national brands.

Staples

Staples include beans, flours, legumes, nuts, oils, nut butters, pasta, dried fruit, seeds and honey. For most of these items there is considerable savings in buying in bulk. Usually the grains and beans will come in 50-or 100-pound bags and therefore will have to be divided into smaller amounts for each family. The liquids such as oils and honey usually come in one-gallon containers with four to a box. After you divide the items, attach a label indicating the item, amount, price and member name. Be sure that staples are kept dry during distribution.

At Home

Once you get your food home from the cooperative, it is a good idea to break it down into the amount you will use for each meal and store it properly. Meats to be used later can be rewrapped in small packages and frozen. Most produce should be refrigerated if it will be used within the week, or canned, dried or frozen if it is not going to be used for a while. Most staples will keep well in a cool dry place, but if your co-op buys whole grain flours or other foods without preservatives, you will need to refrigerate them. Store dry beans and pastas in air tight containers. Some cheeses bought through co-op warehouses will not have preservatives and may be frozen to extend usefulness.

Benefits

Buying food through a cooperative, whether preorder or store, has many benefits. Cost savings will be the first benefit most people will notice, especially if they are in a preorder group. In fact, preorder members actually have control over costs because they have bypassed retailers and the services they provide in exchange for savings. When a few preorder cooperatives get together they often are able to make very large purchases such as semi-loads of fruit, which keep costs down even more. By working together food cooperatives of all types can even own and operate their own warehouses, thus giving themselves more control over costs and quality.

The quality of food purchased through a food cooperative may be very similar to that in a store. However, in many cases there may be opportunities for the co-op members to control the quality of the food they buy. For instance, some co-ops may be interested in nutrition and not so much in appearance. They may buy produce "seconds" that wouldn't sell in a store but are as nutritious and less expensive than a fancier quality.

Food purchased closer to its source will be fresher than any that sits on a shelf for several days. Some cooperatives concentrate on buying items that aren't readily available at their grocery stores, such as whole grain

pastas, and tofu (soybean curd), or minimally processed products. Generally speaking, food purchased through a co-op will be less processed than that bought at grocery stores.

In addition to the many benefits that result from bulk buying through a food cooperative, there are a number of challenges that may be faced. Menu planning may be more difficult when you buy through a cooperative, especially if you are in a bag-method group where you don't know just what you will receive until the day you get the food. Shopping through a preorder cooperative that only purchases once a month may present a challenge for a family that is used to shopping much more often. Careful management of money will be necessary to make sure there is enough in the household budget on order night and for items that are needed, but not purchased through the co-op.

Storage of bulk or unprocessed foods will also be different for those new to it. You may spend more time than you did before in rewrapping in smaller amounts and freezing. You may need to learn about canning and freezing.

None of these challenges are insurmountable. There are many sources of information and help available. In joining a food cooperative you will meet many new people facing the same challenges. By pooling your resources and knowledge you can often find solutions to the challenges of bulk food buying.

Your county Cooperative Extension Service and Extension Home Economists specialize in dealing with food. They can teach lessons on nutrition, cooking, and preserving foods, and they have many bulletins available on various food and nutrition topics.

Just as getting together with others to buy food in bulk can save you money, it will also bring many new challenges, friends and solutions. By working together you can bring a change for the better.

HELPFUL INFORMATION

Your County Cooperative Extension Service has the following (and other) bulletins available:

HG10 Home Freezing Fruits and Vegetables (\$1.30)

HG106 Home Canning Meat and Poultry (\$1.50)

HG 119 Storing Fruits and Vegetables (90 cents)

HG 162 Keeping Foods Safe to Eat (80 cents)

CMI 87 Spotlight on Freezer Storage (free)

CMI 88 Spotlight on Refrigerator Storage (free)

CMI 89 Spotlight on Cupboard Storage (free)

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



COOPERATIVE
EXTENSION
SERVICE

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.

1P-2.5M-12:81-DG-UP. Price 25 cents. Single copy free to Michigan residents.

O-13296