



Steps in Organizing a New Pre-Order Food Cooperative

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This information is for a small group of organizers who want to establish a new pre-order food cooperative. No two groups will follow exactly the same steps since goals, needs and situations vary. But all groups need to follow a process that will generate both efficiency and participation. The focus of this guide sheet is on decisions to be made and how to make them.

The organizers of the cooperative should make the following commitments:

1. To prepare themselves to introduce the idea of a cooperative;
2. To call, publicize and facilitate the first general meeting;
3. To involve themselves in committees formed at the first general meeting.

By the time of a second meeting, leadership in the new cooperative should be broader than the initial group.

Self-Preparation

Through self-preparation organizers should be ready to introduce people to the idea of a cooperative at the first meeting. An introduction should include the following elements:

1. Present the principles of cooperation.
2. Give examples of how a pre-order food cooperative works.
3. Emphasize the spirit of cooperation in a pre-order cooperative—working together to help each other.
4. Explain that a viable pre-order cooperative must have some clear minimum requirements of each member. The membership must establish these and enforce them. There may be suggestions for fees, markups, orientation, and work requirements, and for making them stick.
5. Present the advantages of being involved in a pre-order cooperative, including price, quality and social advantages. How these are presented may depend on the

group's consensus on goals for the cooperative. Discussion should be open to the goals that other people at the meeting may have.

6. Make sure that people understand the difference between buying food through a pre-order cooperative and buying food in a store. Some items that a member orders may be out of stock; there may have to be adjustments in quantity; price may vary from original estimates; members will have to do more planning in their food purchases.

It will be helpful to do some reading on the history and principles of cooperatives, and, if possible, to visit existing pre-order cooperatives. Most important, the organizers should come to a consensus about the goals of the cooperative and on the purposes of the first meeting.

The First Meeting

The first meeting should have the following objectives:

1. Identify and discuss basic policy questions.
2. Form committees to research and make recommendations on operational questions.
3. Bring in enough committed people to go ahead with the cooperative.

In addition, the first meeting may resolve some operational questions. Many people at the meeting are likely to have suggestions about how to order, from whom to order, how to collect money, how to organize delivery and distribution, and how to organize work. The organizers may also have some views on these questions. It is fine if some of these operational questions are resolved at the first meeting, but the organizers must be sure that the meeting does not become a discussion session for

working out the details of any one operational question. Instead, they should guide interested people into committees that can work on these questions. Be sure that the meeting focuses on policy questions which by their nature cannot be resolved in a committee. These questions depend on the group and on what the organizers have already decided, but may include the following:

1. The purposes of the cooperative.
2. How large the cooperative should become.
3. What kinds of food should be available through the cooperative.
4. What kinds of food to begin with.
5. How often to order.
6. Whether to use a pre-pay system or require a deposit.
7. What kind of work requirement is acceptable to members.
8. What range of membership fees and markup is acceptable.
9. How to divide decision-making.
10. Whether it is important to be able to accept food stamps.

Most of these questions will not be resolved at a first meeting; people new to cooperatives will not have had much chance to consider them. Where a strong consensus already exists, it is important to know that consensus; where there is no consensus, it is useful to sound people out.

The first meeting should lead to some kind of commitment by people to involve themselves in the tasks that remain to be done in organizing the cooperative. Here are some ways to do that:

1. At the end of the first meeting, brainstorm for possible names for the cooperative and ask people to keep thinking of names until the second meeting.
2. Ask people to keep track of the foods they most commonly use, to help decide what foods to order initially and what foods to add later.
3. Make a tentative decision about when the next meeting will be. Find some volunteers to call everyone before the second meeting.
4. Set up committees to do research and report their decisions or recommendations at the next meeting. This is the best indicator of peoples' commitment.

Committees

Different groups will decide upon different committee structures according to what questions are left unresolved from the first meeting. Here are some of the tasks which may be assigned to these committees:

1. Locate suppliers and get initial ordering information.
2. Recommend an ordering system based on information from these suppliers.

3. Draw up criteria for a distribution site, and investigate possible sites.
4. List equipment needed for ordering or distribution; list supplies that will be needed on a periodic basis; investigate sources and costs both within and outside the membership.
5. Estimate initial costs (publicity, equipment, licenses and fees) and on-going expenses (printing, supplies, rent, utilities, transportation and phone), and recommend a fee-and-markup structure to meet these costs.
6. Examine alternative systems for ordering, distribution and management tasks in the cooperative; recommend a work system and work requirement to fulfill these tasks.
7. Explore advantages and costs of incorporation, how to get a retail sales license or a use-tax number, how to meet any other local government requirements, how to get food stamp authorization, how to open a bank account for cooperative expenditures, and how to deal with any other legal issues.

In addition to committees for these particular tasks, the group should establish a steering committee that will take general responsibility for communication and coordination of the effort to establish a cooperative. This committee should review the decisions of the first meeting and determine what decisions remain to be made. It should stay in touch with and coordinate the various committees. It should take responsibility for areas not assigned to a committee, for example, finding someone to set up the cooperative's books. Finally, it should call and facilitate the second general meeting.

The purpose of the second general meeting should be to resolve the issues that must be resolved in order to begin actually getting food. Possibly, if all has gone smoothly, the group will be able to actually put in an order at the end of the second meeting. The steering committee should be sure, however, that membership requirements are understood and met before any order is placed. A "trial order" for only a few items on which there are substantial savings and which the cooperative is assured of getting from its suppliers is often a good idea. The cooperative should not begin ordering food, however, until it is clear that there are enough committed members to make the cooperative viable and that there will be no important bottlenecks in the ordering or distribution process.

Very little has been said here about publicity, fund-raising or community involvement. Two good sources for thinking through this side of organizing a new pre-order food cooperative are these publications:

- *People Power, What Communities Are Doing To Counter Inflation*, U.S. Office of Consumer Affairs, free from Consumer Information Center, Dept. 682-H, Pueblo, Colorado, 81009.
- *The Food Coop Handbook*, Handbook Collective, Houghton-Mifflin, 1975.

Guidelines for Developing a Pre-Order Cooperative

- 1. Goals.** Establish clear goals and priorities from the beginning. Make this part of the orientation of new members.
- 2. Member work.** Work requirements and policy on failure to work should be part of the policy sheet given to all new members. Leave room for members to develop their own work. If members are doing a standard job, have a procedure sheet that clearly states the purposes of the job and when the job is to be done. Show appreciation to members for the work they do. The membership file should include a listing of the special talents of the individual members so that the group is able to call on their talents.
- 3. Member communication.** Plan to keep members feeling good about the co-op through open meetings, socializing, regular information, and response to problems or complaints. Each member should receive a policy sheet and a regular newsheet (this may be part of the order form).
- 4. Products.** Begin with a "sure fire" list of basics so that you can be sure the cooperative will be able to supply what the members order. Add new items as the co-op grows, in order to keep up interest. Be prepared for overages and shortages and develop a clear policy for dealing with them.
- 5. Suppliers.** Keep complete information on each supplier: products, price, and quality; minimum order required; requirements for advance ordering; delivery conditions; policy on damaged or returned goods. Service is as important as price or quality; the supplier should provide good information about the product, provide reliable delivery service or assist in pick-up, bill you accurately, and refund or replace unsatisfactory goods. When you receive goods, always check to be sure you are getting what you paid for. Always take discounts; waiting to pay may cost you around 36 percent interest per year.
- 6. Logistics.** Prepare a schedule for one complete ordering cycle. Be sure that someone is responsible for completing each step in the schedule. Find a coordinator who can keep an overall view of the system, and don't give that person any other job. Have a way to control for error or shrinkage at each step. Expect to pay the coordinator if the co-op grows large.
- 7. Record-keeping.** Poor record-keeping ranks with inefficient logistics as a source of pre-order failure. Have a competent person set up a bookkeeping system that fits your needs, and then establish a regular bookkeeper within your membership. The system can be a simple single-entry system but should record every transaction and should provide enough information to generate an income statement and balance sheet. Be sure to record all membership fees and loans. Record decisions and policies as well.
- 8. Membership fee and markup.** Set a membership fee that will meet set-up costs (licenses and fees, printing forms, telephone, mail, etc.) and on-going capital costs (equipment, deposits, etc.). Set a markup that will cover operating costs (duplicating forms, transportation, telephone, supplies, spoilage and breakage, an emergency fund).
- 9. Decision-making.** Be realistic about what a full membership meeting can accomplish. If the membership is large, don't ask the entire group to decide questions that can be delegated to smaller groups, but be sure these smaller groups are legitimate. Have a clear agenda for membership meetings, which includes education and socializing as well as business. If you intend to grow, work for an effective Board and committee structure.
- 10. Incorporation.** Serious consideration should be given to incorporating as soon as it is clear that the cooperative is a reality. Incorporating is a fairly simple and inexpensive task. The only Statute currently available to food cooperatives in Missouri is Chapter 357. It looks formidable but it *does* include the basic principles of cooperation.

Additional Information

For more information regarding consumer food cooperatives, ask for these publications at your local University of Missouri Extension Center: EC941, "Consumer Food Cooperatives"; EC943, "Managing a Pre-Order Food Cooperative"; EC944, "Essential Elements of Managing a Food Cooperative"; and EC945, "Orienting New Members."

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