

Guide to Running a Buying Club

Hints and Tips

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Naturally Good Food Ltd

Guide to Starting a Buying Group/Buying Club



This guide to running a Food Buying Group, or as they are sometimes called Food Buying Clubs is divided into the following sections.

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This may look a rather intimidating list, for anyone thinking of starting a rather intimidating list, for anyone thinking of starting a buying group, but many of the items you need consider only once, and it is better to have considered everything. **Buying Groups are relatively easy with the right suppliers.**



Naturally Good Food – How we can fit into your Buying Group

Naturally Good Food started off as a wholefood buying group in the mid 1990's. A very odd collection of friends, relatives and neighbours that just could not get the type of food we wanted to eat and, more especially feed our kids. This was in the days when eating brown rice was seriously weird, and pulses were the preserve of the medical world. Over the years we have grown and changed and moved into an on-line business specialising in wholefoods, organic foods and food for people with allergy problems.

Starting a buying group made easier

Now things seem to be coming around in a circle and we are getting all sorts of requests from people looking to set up buyings groups, be they organic, wholefood or gluten free.

One of the main problems we faced when starting our buying club was trying to collate all the various orders, what seemed an easy task of getting 10 people to order was just so difficult. To overcome this basic problem that stops many buying groups from starting out we have developed a simple spreadsheet to take away some of the issues. This offers a simple solution to some Buying Group Problems.

We started as the simplest of buying groups, clubbing together with a group of friends and neighbours to buy food from the same supplier. However, we soon learned that there were some fundamental problems with this approach:

- no one supplier had the complete range all the group wanted.
- we could only buy in cases, so if the combined group did not want a case, then ordering was impossible, as the supplier only supplied in cases.
- the order collation took ages, and getting everyone's money often proved to be a problem - the greenest of people also seemed to be some of the most disorganised!
- balancing the books at the end of the round was also a problem
- buying groups seem to need to remain small to be manageable, but small often means that there is not the incentive to develop robust systems, it just does not seem worth the effort

At Naturally Good Food we aim to overcome some of these problems of. Sourcing from most major wholefood wholesalers, our range is enormous, all the items on our website are available for buying group purchase. We can supply single tins or packets easily. Provided we know in advance, we can help set up a buying group with you, in which different people order and the goods are shipped to one location - we are happy to discuss how this could work for your group.

At Naturally Good Food we can offer:

- An unparalleled stock range, sourced from a wide range of importers and wholesalers, no one suppliers stocks everything we sell, so we need to source widely – this is available to the buying group.
- We can supply splits, we don't just stock cases you can order individual lines as part of a group purchase
- Software support to help you run your buying group; this can collate orders, work on the costs for the group and also individual members, see our **at Naturally Good Food** for the complete solution
- Above all else we can offer advice, this can be about the food itself or the needs of your buying group.

Introduction – what is a buying group.

Buying Group are all about Co-operation, about two or more people joining forces and working together to achieve something they probably couldn't do on their own.

Why are buying groups important / advantages to Buying Clubs

There are lots of advantages to group buying some financial, others social and also there are ethical, quality and ecological benefits:

- Buying in bulk is significantly cheaper
- You can access a much wider range of products than might be available to you locally – this is especially the case if you suffer from food allergies and getting suitable food locally is difficult
- You can seek the quality of produce you want
- Sharing delivery, not only cuts the cost it also cuts the amount of fuel used
- Buying a large 5litre of washing-up liquid and then dispensing the 5litres into your old 1ltr bottles drastically cuts plastic use
- You get to meet new people with similar interests, a great way to make friends

Who are Buying Groups of Interest To

It is almost impossible to give a diminutive answer to this question. There are lots of different types of food co-ops which run in different settings such as community centres, schools, universities, church halls or workplaces. Buying Groups/Buying clubs work well:

- At University – where a society or group shares similar ideas and meets regularly
- Groups with food allergies that struggle to find the food they need locally
- Organic groups that can't find local suppliers
- Groups that are looking to reduce their food bills to pooling their buying power

One of our major success areas for buying groups has been in prisons. In this case the prisoners are learning many new skills, how to work together, how to plan and also the practical IT skills needed to collate orders. (We really like this idea in prisons. Eventually the vast majority of prisoners will be released, and the more prepared they are for life on the outside, this less likely they are to reoffend.)

The critical things is to find at a minimum of two or three people with a common goal and work through what you want and when.

The type of food co-op you decide to set up and the method you choose for distributing food will depend on a variety of factors, such as what food you want to buy and how many members you aim to have. At the stage of setting up the group is good to have as flexible a set-up as you can, you just don't know how things will evolve; who will join and who will drop out.

It will also depend what you type of scheme you have the capacity to run, as some will require a lot more time and money. The main types of food buying group are:

- Buying clubs – orders are pre-ordered for collection/delivery at a later date
- Stalls – stock from the group is sold at a stall
- Bag or box schemes – a practical way to distribute veg

- Mobile stores or home delivery schemes – this could work well in small community such as a University Campus, beware of delivered over too wide an area or the cost rise
- Shops/Pubs/Clubs - perhaps the local club or pub might run the club, this would attract visitors and boost their own takings
- Stalls – if you have a stall at a University for example one way to engage people is to offer a reduction in the food bills by joining your buying group

To make your particular scheme work you might want to have a combination of types, for example at a University you could have a stall selling wholefoods from stock combined with a buying club for members to order next week's requirements.

One key element that many forget, is KISS – “keep it simple stupid”, just start, and start simple.

People – how the group could be made up

The most important is people who are ready, willing and able to get involved. At this stage you will probably be a small group, perhaps you and a friend, a society or a group with similar ideas or problems. You've moved from first base; but this is unlikely to be enough to make a success of the group.

Whether you're part of a small community group, a larger organisation or an individual who's decided to set something up from scratch, you'll need to think about the people you need to make your food buying group a success. This may include:

- Organisers i.e. people involved in setting up the food co-op and the on-going planning, such as a steering group or management committee.
- Workers i.e. who are responsible for the day-to-day running of the food co-op, and
- Customers i.e. people who will be buying food from the co-op.

In consumer co-operatives the organisers, workers, and customers of the food co-op are often all the same people, as everyone has to become a member to shop there and also help to run and develop the co-op. But in many community food co-ops nowadays these groups of people are more separate. Also a lot of food co-ops are open to everyone, rather than just members.

How you decide to structure your food co-op depends on what the people involved want. However, in order to succeed any food co-op has to have enough volunteers or staff to carry out the work and enough customers to be able order sufficient quantities from suppliers and cover any costs.

However, **help is available** for the complete start-up from Naturally Good Food, there is no minimum order and with the spreadsheet download many of the collating and organising functions are solved.

The following pages in this section have more information on how to support volunteers.

Participation - It is a good idea to hold a public meeting or event to discuss the idea for a food co-op and invite along anyone who you think may be interested in helping out or shopping there. This may include friends or neighbours, parents at a local school, or other local residents.

Partners - You may also want to invite people from potential partner organisations, such as the local council, primary care trust, community groups or residents associations. These groups won't be directly involved in running the food co-op but may be able support it in other ways, for example by providing a free venue or training.

Planning

Remember the old business mantra - "Fail to plan and you had better plan to fail". The main stages in planning any project are to:

1. Identify your aims and objectives
2. Establish the need
3. Explore different options
4. Design your project
5. Implement your plan
6. Monitor
7. Evaluate

A key part of the planning process is therefore to find whether there is a need or demand for what you are proposing to do. Often, people will say "oh that's a good idea" and then when it comes to do nothing, the key question is are you getting the truth?

A critical consideration that is often overlooked is succession planning, what happens when the group co-coordinator moves on, how will the group function. Beware of being too reliant on one person.

Managing issues

As with any organisation or business it is a good idea to consider what would we do if? If you have considered the issues they generally don't happen as you avoid them; it is the unexpected that always comes and bites you on the bum.

Finding suppliers

Choosing your suppliers is a critical factor in success, you need suppliers that are comfortable working with buying groups, are happy to extend a helping hand and are flexible in dealing with your order. Choose a supplier that will make the life of the group easier. You may like to ask some basic questions:

- Will you supply split boxes or do we need to buy full boxes
- How often can you supply
- Have you an easy ordering system
- Can you collate our orders into one single order

The questions you ask must be down to the group to decide, it is unlikely that any one supplier will be perfect; so you may need to decide on the balance which supplier suits the group best. Don't worry if you make a mistake you can always change suppliers, but if the group is trying to co-operate inside itself it may get better results if any potential supplier is approached in a similar way.

Ordering from suppliers

Don't forget that your suppliers will normally be a business, so it is better to be on good terms with them as they can help you enormously. Try if you can to order from your supplier in the way they find easiest, the more work you want them to do the less inclined to help you they will be. If your supplier has a product code, order by their product code, this cuts down on confusion and they know exactly what you want

Finding members/Promotion

It's very important to promote your food co-op both when you first set it up and on an on-going basis.

When you start you'll need to attract customers and volunteers and let everyone in the area know what you are doing. However, you'll also need to keep on promoting it. For a variety of reasons, you'll probably lose customers along the way, so to make your food co-op viable you will always need to attract new customers, or try to win back customers who have drifted away.

There are many ways to promote your food co-op. However, it doesn't matter how much promotion you do - if your food co-op has not been set up in right way to appeal to your target customers then you won't attract enough people. So you need to think about how you will market your food co-op right from the start. This may also affect your decisions about how you run your food co-op.

You can help promote your food co-op through educational activities. Buying food through a food co-op is a different way of shopping and so for many people the benefits may not be obvious at first, so it is a good idea to try inform people about the ethos of food co-op and what's so good about shopping there. Many people may not know how to prepare or cook all the food you sell, particularly if you supply a lot of local and seasonal produce. So offering cookery demonstrations, seasonal recipes or tasters of unusual produce may help encourage customers to buy a wider range of produce. If you are planning to apply for a grant, providing educational activities alongside running a food co-op may make your project eligible for a wider range of funding opportunities.

Premises

Many small buying groups simply run in someone's house, and this is how we started. However, if you plan to be open to the wider public and want to attract as many customers as possible you should try to find a location that's easy to get to and that local people already use or know about. It is also a good idea to run your food co-op when there are other activities running in the same venue on the same day, for example a toddler group or lunch club.

Don't forget premises that are free are best.

Practical resources

Some types of food co-ops in particular buying clubs and certain bag schemes are set up in such a way that they do not require any equipment to operate. This is because any produce is either ordered in whole packs or divided up by number and so does not need weighing out.

However, for all other food co-ops you will probably need a set of scales as a basic requirement. Other resources, such as a cash till, are optional if you operate on a very small scale, but if you have a lot of customers then they become more useful in order to make it quicker and easier for you to handle orders.

If you selling to the public or you are selling organic produce you have weighed out yourselves you may need to check with your local trading standards office to ensure you are not breaking any laws. Our experience is these are best approached before you start, they are invariably helpful and friendly.

Getting and co-ordinating orders

Co-ordinating members orders is often over looked as a problem. The group members can think when they have submitted their order that is the end of the process. This is of course not the case, so before the group is started the logistics of collecting the collating the orders needs to be considered.

Distributing the food

You have now done all the hard work, the systems are in place you have the members orders, you have the suppliers lined-up, now comes the last piece of the jigsaw; distributing the goods:

- Try to get the members to collect their orders – you'll get a chance to meet them and they can meet the other members of the group.
- Ask the members to check their orders before they take them home.
- Don't forget to take payment and
- Get their next order – you've done one cycle, the next has begun.

Pricing and Procedures

From the start you need to decide your basic operational procedures, such as:

- What day and time you are going to run?
- How many volunteers do you need to help out?
- Do people need to order and pay in advance?
- How much mark up you are going to add?

Food co-ops are not about profit, but they do have to put some mark up on the prices of goods to cover their overheads, such as the cost of produce, packaging, volunteer expenses, etc. This mark up will vary from one food co-op to another as overheads differ. It is important that you decide on your pricing structure by working out your costs first, rather than just trying to sell food cheaper than other outlets.

It is also very important to have good admin and finance systems for handling money, and keeping records of all your customers and sales. If all the admin, ordering, collating of orders etc is wrapped up in one system then the life of the group will be significantly easier, and therefore more sustainable.

Accounts

If it is just for yourself or for the group as whole, don't forget you will need to keep accurate records of costs and sales. This is not too big a task providing you start at the beginning and record all purchases and costs. This can be done with a relatively simple spreadsheet system, you probably will not need to file accounts, (if you get to this stage it is not a buying club), but you may need to keep records for tax purposes.

It is unlikely you will reach the turnover threshold for filling a VAT return, but you might consider voluntarily registering for VAT to reclaim any VAT on items purchase.

Health and Safety/Food Hygiene

For small groups distributing dried goods in sealed packets food hygiene is unlikely to be a major issue, but if you handle meat, fish, cheese etc then you will need to consider how this is done. Before, embarking on this route you should contact your local trading standards authority. Perhaps meat etc comes at a later stage when you have a successful dried goods buying group. This is the easiest place to start.