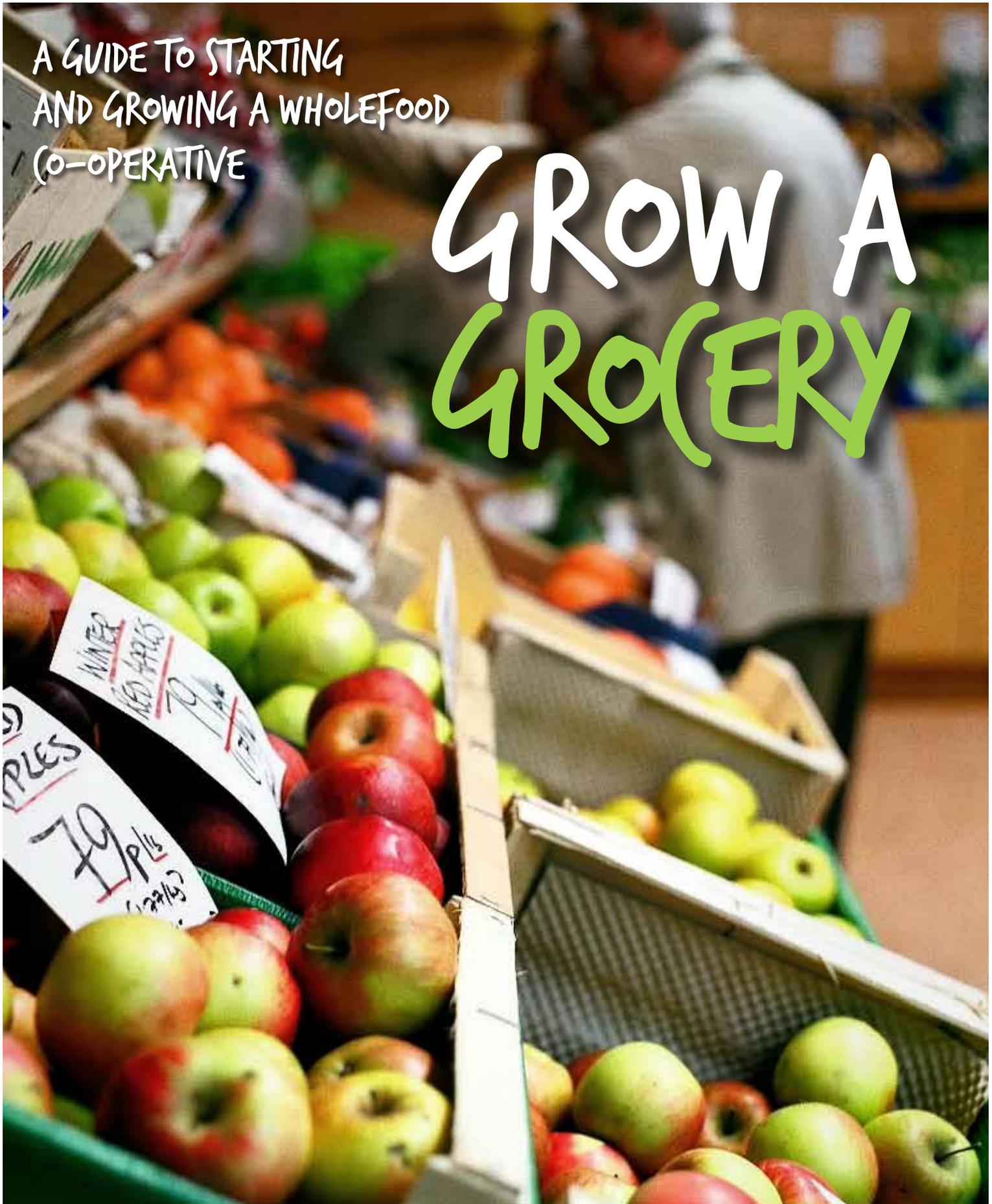


A GUIDE TO STARTING  
AND GROWING A WHOLEFOOD  
CO-OPERATIVE

# GROW A GROCERY



# GROW A GROCERY

## A GUIDE TO STARTING AND GROWING A WHOLEFOOD CO-OPERATIVE

© Unicorn Grocery Worker Co-operative 2010

The Grow a Grocery Guide was produced by Unicorn Grocery with support and funding from the Food Co-ops and Buying Groups project run by the Sustain:the alliance for better food and farming. The Food Co-ops and Buying Groups project is part of the Making Local Food Work programme, which is funded by the Big Lottery. The views expressed in this publication are not necessarily the views of those acknowledged or of Sustain's membership, individually or collectively. All errors and omissions are entirely those of the author. Further, while great care has been taken in compiling this guide, it is not intended to act as a substitute for specific legal advice.



# CONTENTS

|                                       |    |
|---------------------------------------|----|
| <b>INTRODUCTION</b>                   | 4  |
| <b>WHO WE ARE</b>                     | 6  |
| Background                            | 6  |
| <b>1 PEOPLE</b>                       | 9  |
| Skills                                | 9  |
| Employment opportunities              | 10 |
| <b>2 PLANNING</b>                     | 11 |
| Timescale                             | 11 |
| The market                            | 12 |
| <b>3 PRODUCE</b>                      | 14 |
| What we sell                          | 14 |
| Product range                         | 15 |
| Sourcing                              | 17 |
| <b>4 PREMISES</b>                     | 19 |
| Choosing your neighbourhood           | 19 |
| Finding a site                        | 19 |
| Leasing                               | 20 |
| Planning permission                   | 20 |
| <b>5 PRACTICAL RESOURCES</b>          | 21 |
| Fitting out and equipment             | 21 |
| Environmental footprint               | 23 |
| Risk management                       | 26 |
| <b>6 PROCEDURES AND PRICING</b>       | 27 |
| Trading                               | 27 |
| Pricing                               | 28 |
| Veg                                   | 29 |
| Packing                               | 30 |
| <b>7 PROMOTION AND PUBLICITY</b>      | 32 |
| Education and marketing               | 32 |
| <b>8 POLICIES AND PRINCIPLES</b>      | 35 |
| Principles of purpose                 | 35 |
| Registering a worker co-operative     | 36 |
| Why a worker co-operative?            | 37 |
| Governance and co-operative structure | 38 |
| <b>9 PERMITS AND LICENCES</b>         | 42 |
| <b>10 PROGRESS</b>                    | 43 |
| Personnel                             | 43 |
| Recruitment                           | 45 |
| Training                              | 46 |
| <b>CONCLUSION</b>                     | 48 |



## INTRODUCTION

This guide is designed to help bring more wholefood co-operatives into the world by spreading the business model tried and tested by Unicorn Grocery Worker Co-operative since 1996. Whether starting a new food shop or expanding an existing co-operative, you may choose to follow this model completely or simply to utilise elements of our experience.

### **The supermarket cannot last**

As a business, Unicorn has been fairly successful; as revolutionaries we still have work to do. The need for an alternative food system is as strong as ever, as a handful of companies control 80 per cent of the UK grocery market. Despite the growth of farmers' markets, box schemes and community food enterprises, the march of the multiples continues to restrict our choices of how and where to shop. Cheap, exploitative, industrially-produced food continues to rule.

### **We need more options**

Unicorn Grocery was established to provide a real alternative to the supermarket norm. We have achieved this goal on our premises, but we have not really fulfilled our purpose until people stop driving across the country to shop with us. Our business model is just one of many alternatives, but we would love to see more places a bit like Unicorn in a better food system.

### **The grocer is back**

Food retailing has not been a popular career choice while an economy of excess prevailed; food became a commodity rather than the staff of life. The recession has brought new aspirations and a new status for the food shop: a meeting point between the dinner table and the field. While globalised out-of-town sheds begin to falter, businesses trading within local communities emerge, offering fresh, real food.

## Introduction



### **This guide can help**

Our model is not suitable for every location or group of people, and the internet offers many other guides on setting up a co-operative or food shop. However we think Unicorn's experience could make starting and growing your own shop just a little easier, and with this guide we offer our business model to be used, built upon and improved.

### **Useful links**

#### **Co-operatives**

Co-operatives UK startup guide

[www.uk.coop/resources/documents/starting-co-operative](http://www.uk.coop/resources/documents/starting-co-operative)

#### **Food co-ops**

[www.sustainweb.org/foodcoopstoolkit](http://www.sustainweb.org/foodcoopstoolkit)

[www.foodcoops.org](http://www.foodcoops.org)



## WHO WE ARE

Situated in Chorlton, South Manchester, Unicorn Grocery is one of the biggest and most successful independent wholefood shops in the UK (*Observer Food Monthly's* 'Best Independent Shop' and Radio 4's 'Best Local Food Retailer' in 2008). Unicorn has far surpassed the scale, success and market share of the average wholefood shop, with a 1,250m<sup>2</sup> premises and a yearly turnover of around £3.7 million, or £70,000 in a typical week. Around 4,000 transactions go through our tills each week, with approximately 3,500 regular customers.

## BACKGROUND

Unicorn Grocery Ltd began trading on a 550m<sup>2</sup> site in September 1996, after over two years of preparation. The business grew out of the founders' experience at the Daily Bread Co-operatives and Roger Sawtell's *Blueprint for 50 Co-ops*.

In 1980, the Northampton Daily Bread attempted to replicate the economical cash and carry approach of Community Foods Ltd in London, but soon found the most promising market in the general public, not traders. *Blueprint for 50 Co-ops* outlines this model, a neat combination of clear ethics and efficient trading. While Unicorn has grown beyond Sawtell's vision, especially in fresh food sales, the essence remains: direct buying, competitive prices, wholesome foodstuffs and strong values.

### **The Unicorn model in a nutshell**

- Wholefood grocery store (not a healthfood shop)
- Fresh, wholesome, quality produce
- Direct and bulk buying, alongside minimal handling
- Large premises (at least 400m<sup>2</sup>) with half retail, half warehouse area
- Sourcing based on clear nutritional and ethical criteria
- Broad range of products with a focus on staple cooking ingredients
- Prices (like for like) competitive with supermarkets
- Value added through on-site packing (and later, fresh-cooked food)
- Good relationships with suppliers (honest trading and prompt payment)
- Co-operative ownership with a flat management structure
- Dedicated staff, shared principles underpinning all business decisions
- Strong customer loyalty based on trust and clear, consistent ethics
- Accessible, friendly image

### **Good prices in a good shop**

Unicorn achieves success through unusually competitive pricing (comparable with supermarkets), and a broad, high-quality product range. This combination requires a shop of a certain scale, and those considering a much smaller site may need to investigate an alternative business model. In addition to these basic requirements, the following points are also critical to our success.

### **Strong ties to customers and suppliers**

Unicorn focuses on educating customers and the wider community about food and trade issues to ensure a deeper and more loyal relationship with the shop. We work continuously to build good relationships with our suppliers and bring them closer to our customers with in-store information and events. Buying direct from suppliers and growers is a cornerstone of our business model, allowing for bulk purchases at lower prices. We deal with over 200 suppliers, including approximately 160 primary producers.

### **Principles**

A strong set of principles underpin our business. We have created a place where we would like to shop and we are proud to work. Unicorn is a wholefood grocery that strives to make trade sustainable for people, animals and the environment, and our remit is affordable, wholesome food with a focus on organic, Fairtrade, local and ethical production. We estimate that approximately half of our sales are organic; other criteria (local, regional, fairly-traded, etc) are more difficult to measure, but we know we offer a significant proportion of ethically produced lines. For a relatively mainstream retailer, it is a start, but there is much more work to do.

### **Customers**

Unicorn customers tend to live nearby, with 56 per cent residing within two miles; 53 per cent travel by bike, bus or on foot. A significant number of customers also travel from outside South or Central Manchester, indicating widespread and unmet demand for our 'offer' in other parts of the Northwest. More than ten per cent of customers travel ten miles or more to reach us, and a few visit from much greater distances. Most of our shoppers are people who like to cook, or those with young families. While our stock is entirely vegan-friendly and we appeal particularly to people with specific dietary requirements, we aim to provide a range of goods to satisfy the bulk of any customer's weekly shop.

### Wholesome food

We focus on basic ingredients for tasty, interesting and affordable cooking, and steer clear of food containing artificial additives and refined sugar. Nearly one-fifth of our sales come from our dry goods range of grains, pulses, dried fruits, nuts and seeds packed on the premises. By keeping prices low, we aim to improve access to healthy, sustainable food for those on lower incomes. However, we still have work to do; although one-third of our customers earn a household income below £25,000, around half of the total UK population falls into this income bracket.

### Co-operative working

As a worker co-operative, the shop is owned and run by the people who work in it. Unicorn maintains a relatively flat management structure, in which all members earn the same hourly rate and make decisions by consensus. Despite the challenges of this way of working, co-operative workers report higher job satisfaction than in comparable retail jobs, as reflected in high retention and low sickness levels (see [Statistics](#)). Unicorn currently provides a living wage for around 40 co-operative members and ten casual workers (see the Recruitment section for an explanation of casual labour).

#### **More information on the Unicorn website for this section** [www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

##### **Statistics (Sales figures, job satisfaction, retention)**

On the web page see Produce: Statistics

##### **Customer base**

On the web page see Promotion: Customer survey

##### **Useful links**

##### **Blueprint for 50 food co-ops**

[www.unicorn-grocery.co.uk/history.php](http://www.unicorn-grocery.co.uk/history.php)

##### **Daily Bread Co-operatives**

[www.dailybread.co.uk](http://www.dailybread.co.uk)



## I PEOPLE

The first stage in setting up a new co-operative is to find a group of interested people and set up a working group. Unicorn's initial working group was small, as preparatory work can often be most efficiently achieved by two to four people. Develop a clear, well-crafted vision at the outset, and it should not be hard for others to join the group and assist with further development at a later date.

### SKILLS

A worker co-operative, like most small businesses, must meet the challenge of acquiring the necessary skills to operate from within a small group of people. This range must encompass personnel (human resources), finance (and accounting), marketing, trading (and negotiation), IT and strategic planning. Strength in some fields may compensate for weakness in others, but all areas must be covered. In addition, everyone in this initial group needs healthy reserves of diplomacy, determination and sheer hard work.

The Member Job Description, Teams List, and Overview of Rotas in 'More information' at the end of this section give some ideas of practical skill requirements, e.g. forklift driving licence, first aid, health and safety, food hygiene, merchandising, rota management, bookkeeping, employment law and negotiation. The Training section suggests courses and qualifications, although visiting, working, or volunteering at a similar shop may provide some of the most useful training. Keep in mind that roles evolve and increase or decrease in size as the business develops.

Efficient recruitment and personnel procedures are essential to maintaining a successful team. See Personnel and Recruitment in the Progress section for some ideas about the approach, useful documents and policies, which should facilitate quick, fair decisions about people without excessive loss of sleep. Turning down a candidate after an interview and work trial (or, less ideally, a probationary period) will always be easier than firing someone, and there is no room for 'alright' workers in a healthy co-operative. A Daily Bread member once pointed out that any successful small business, co-operative or otherwise, must make good people decisions.

## People

We cannot overemphasise the importance of recruiting the right number of the right people – committed people who are needed by the business. Unicorn works constantly to avoid excessive labour costs (as a proportion of sales) or the opposite problem (an understaffed shop disappoints customers and burns out workers). Idealism alone may not fuel the team, but alongside decent wages and respect in the community, a strong sense of ownership and pride helps sustain the business through tough times. By understanding and feeling part of their enterprise, small business owners – especially co-operatives – can easily outperform the competition.

## EMPLOYMENT OPPORTUNITIES

### Work not charity

Unicorn employs some people with learning disabilities, following on from the Daily Bread Co-operative offer of employment to people recovering from mental illness. These positions are not charity; but rather employment opportunities for people who can be perfectly productive if given the chance. Like all members, these employees earn the standard wage level; government support may be available to top up wages for people of less than average productivity.

### A job to suit an individual

After supported or independent work trials, a prospective placement may be offered a contract as a probationary member. In conversation with the employee, plus any carers or support workers if applicable, Unicorn arranges working hours and roles to make best use of the person's skills and abilities. Like all co-operative members, we hope these individuals gain independence and pride in their work as well as a real wage.

**More information on the Unicorn website for this section**  
[www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

#### **Member job description**

On the web page see Progress: Member & Casual Job Descriptions

#### **Teams list**

On the web page see People: Teams list

#### **Overview of rotas**

On the web page see People: Rotas

#### **Personnel policies**

On the web page see Progress: Personnel Policies



## 2 PLANNING

Good planning is essential in setting up a new retail outlet on this scale. The timescale for setting up a shop may be one to two years, or longer if the right premises cannot be found.

### TIMESCALE

The following timescale gives an indication of the different stages of setting up a new shop, assuming an 18-month period to opening.

#### First

Establish a working group. As early as possible a small team can be put together, assign key roles (e.g. premises, finances, legal requirements, stock). Meetings become more frequent as workload rises.

#### By three months

- Consider suitable locations and target market, see 'The market' on the next page.
- Talk through, set out and finalise aims within three months. Early clarity is important. New people join and add to the vision, not reinvent it.
- Develop statement of purpose and necessary policies. See the Policies and principles and Progress sections in this guide.
- Define who you are and what story you want to tell in your first publicity materials for investors. Launch summary document around three months and gather expressions of interest from potential investors as soon as possible.

#### By four months

- Find a suitable company structure soon after three months. See the Policies and principles section.
- Begin systematic searching for premises from three months.
- Join Co-operatives UK and ask about similar businesses in your region.
- Find a local co-operative development agency who may offer advice and information on available funding.
- Open bank account (consider ethical options, e.g. Triodos, the Co-op).
- Write business plan (including forecasts) by four months. Consult an accountant about financial elements of the plan. Revise as required.

## Planning

### By six months

- Assemble capital and approach lenders from six months.
- Locate building. This step can be time consuming and exasperating (just like house-buying), with the most potential to affect timescale and planning.

### By 15 months

- Fit out premises and buy equipment. Develop rough plans at 12 months, refine at 15 weeks before opening.
- Build product range and supplier contacts. Start work as early as roles allow. Opening product range should be as full as possible.
- Set up procedures and bureaucracy. Ensure contracts, personnel knowledge, health and safety, food safety and other legal requirements are covered before opening.

### By 18 months

- Undergo training and refine roles.
- Engage marketing and publicity. How are you different? Begin campaigning and leafleting from 16 months.
- Test systems and equipment, e.g. tills and fire alarm, in last weeks before opening.

### Night before opening

Do not spend the night in the new shop. It could set a bad precedent!

## THE MARKET

At an early stage in your planning process, start researching suitable locations and carry out market research to determine if Unicorn's model fits with your target area, potential customers, and existing competition.

For several decades, a market for wholefoods and organic produce was a given in many areas due to the lack of supply at other food outlets. Now the market is worth reconsidering in light of the recent influx of organic and 'ethical' products into the supermarkets, the prevalence of box schemes, online shopping, and other developments.

### Who?

Most of Unicorn's customers fit into one or more of the following categories.

- People who cook with basic ingredients
- Families with young children
- The 'green middle class'

Market researchers suggest that five to ten per cent of consumers qualify as 'green' (regularly seeking out sustainable products), and another 60 per cent or more may qualify as 'light green' (occasionally seeking out these products). Unicorn works to appeal to a cross section of the (mainly suburban) public, and avoids being seen as a niche shop. Labels like 'green', 'organic' or 'vegan' matter less than good quality, affordable food.

### Where?

Location is crucial. Lots of passing foot traffic is ideal, especially alongside convenient cycle, bus and road links. Selling to an educated, food literate or aspirational population will be easier than to people who rarely cook from ingredients. Before locating in Chorlton we had a shortlist of areas around Manchester where our primary market groups were in abundance, and economic fortunes looked rosy (e.g. Sale, Northenden, Didsbury and Prestwich). Although most of our customers still live within two miles, we have witnessed the ability of a decent food store to slowly increase its initial catchment area. Keep in mind Sawtell's suggested population density as a minimum (500,000 people within 20 miles) and see the Premises section.



### Supermarket competitors

Unicorn knew from the start that it wanted head-to-head positioning with the multiples, and supermarkets provide our most direct competition. However, now that most supermarkets have a large number of wholefood lines, many of Unicorn's early USPs (unique selling points) are gone, and price competition is fiercer than ever. A significant minority still prefer to go anywhere but a supermarket but far more customers will shop wherever they consider their food requirements best satisfied. Unicorn is down the road from a Morrisons outlet, but with the right products at the right price, sold by trusted people in a convenient place, we can appeal to everyone.

### More information on the Unicorn website for this section [www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

#### Unicorn's chronology

On the web page see Planning: Chronology

#### Unicorn prehistory

On the web page see Planning: Prehistory

#### Summary document

On the web page see Planning: Prospectus 1996

#### Teams list

On the web page see People: Teams list

#### Overview of rotas

On the web page see People: Rotas

#### Business plans

On the web page see Practical Resources: Business Plan 1996

#### Employment Contracts

On the web page see Progress: Member & Probationer Terms and Conditions

#### Useful Contacts

On the web page see Practical Resources: Useful Contacts

### Useful links

#### Co-operatives UK

[www.uk.coop/membership/join](http://www.uk.coop/membership/join)

#### Co-operative development agencies

[www.co-operative.coop/corporate/widermovement/](http://www.co-operative.coop/corporate/widermovement/)

#### Co-operative Enterprise Hub

[www.co-operative.coop/enterprisehub](http://www.co-operative.coop/enterprisehub)



### 3 PRODUCE

Unicorn is a wholefood grocery, providing and promoting affordable, wholesome food and a more sustainable form of trade. Where possible, our products are organic (all fresh fruit and vegetables, alcohol and bread, plus much more), fairly traded, local, regional or otherwise ethically produced.

Our buyers constantly evaluate products for affordability and ethics; we try to trade as sustainably as possible while still reaching a price-conscious mainstream market. Our range reflects this dual purpose, from products that may not differ much from those in your corner shop, to more radical (but still affordable!) 'fairtrade plus' lines like Zapatista coffee or Kitchen Garden spices, and everything in between. Generally, we focus on selling basic groceries at realistic prices.

#### WHAT WE SELL

Unicorn's Principles of Purpose include guidelines about the products on our shelves, and we draw a few clear lines in support of our aim for more wholesome, sustainable food. We do not stock products derived from animals or containing cane sugar, and we largely avoid refined grains like white bread and rice. Although we promote alternatives, we never focus on what we do not sell. Unicorn has never marketed itself as a 'vegan' or 'sugar-free' store, which would have turned away the majority of our customers before they set foot inside. Nor are we a healthfood shop, and we do not stock supplements or natural remedies.

### PRODUCT RANGE

From our opening stock of 400 lines, we now stock around 3,000 different products (with some seasonal and other fluctuations) from nearly 200 suppliers. The shop is split into departments and types of products. Sales percentages are approximate (see [Statistics](#) for further sales information, or see our website for pricelists).

- Branded 'ambient' (food that can be stored at room temperature) grocery lines, plus household, bodycare and baby care (34 per cent)
- Organic fresh fruit and vegetables (25 per cent)
- Packed goods (17 per cent)
- Chilled foods (11 per cent)
- Deli and fresh food (4.5 per cent)
- Organic alcohol (4.5 per cent)
- Organic bread (3 per cent)



### Fruit and veg

Unicorn's entirely organic (and 'in conversion') fresh fruit and vegetable section provides one of our greatest attractions. In addition to the basics, we sell produce not normally found in supermarkets, such as broad beans, kohlrabi, ship-freighted exotic fruits and a very wide range of squashes and pumpkins (over 20 varieties).

We buy over 90 per cent of our UK fruit and vegetables directly from growers, much of which arrives within one or two days of harvesting. However, a full year-round range – a requirement for a good level of market share – still relies heavily on Europe and beyond. Roughly three-quarters of Unicorn's total annual fruit and vegetable sales come from abroad, although we have worked to decrease this proportion by supporting local growers and buying land ourselves.

Quality control is the hallmark of our fastidious veg team. To ensure a good-value, delicious and fresh-looking produce section, we rely on correct storage methods, rotation, tasting (especially fruit), and reducing prices to shift sub-standard produce. In addition, with a high-quality range and no need to differentiate between organic and non-organic, we can sell our fresh produce unpackaged. Customers can buy exactly what they need, save on waste and packaging, and by handling loose produce, they see, feel and smell its freshness.

### Packed dry goods

In 'own brand' packaging, we offer all the essential ingredients to make a complete meal (around 120 products, each in several sizes). We showcase not only the most wholesome basics of the culinary world, but also unique products and quantities that are not available elsewhere, from brown Jasmine rice to vanilla pods to three kilogram bags of pumpkin seeds (see 'packing' in the Procedures and pricing section).

### Bread

Our bread range distinguishes us from the industrially-produced standard, containing no additives or preservatives, just the ingredients you would use at home. Craft bakers making '[Real Bread](#)' are not ten-a-penny, but they can be found without compromising all-important freshness. Unicorn has bolstered its range by working closely with local bakeries and promising a good market for those who acquire organic certification.

## Produce

### Household and bodycare

We offer a sustainable alternative to mainstream non-degradable cleaning products and synthetic, animal-tested 'beauty' products. As so-called 'eco' products flood the supermarkets, our definition remains stringent. Our bodycare range avoids ingredients like synthetic perfumes, parabens, and SLES (see [Faith in Nature](#) for more information), while the household section steers clear of enzymes, phosphates and chlorine bleaches (see [Bio-D](#)). In addition to specially developed ecological ranges, we stock cheap and effective traditional cleaning products like white vinegar and soda crystals.



### Alcohol

Our organic wines, beers and spirits are made without animal products in the clarifying process. We order directly from a wide range of micro-breweries, from basic ales and lagers through to seaweed and ginger ales, from cider and perry to specialist beers fermented by 'wild yeasts from heaven'. Unicorn's licensee carefully chooses tasty, good value wines and spirits from UK organic alcohol wholesalers.

### Delicatessen

Our deli counter may not earn the largest proportion of sales to wages, but it has always offered pulling power with top sellers like hummus and olives, and spicy snacks and pasties for the lunch crowd. In recent years, our deli team has started making their own innovative range of prepared foods for sale both in the deli and the chiller. Starting with sandwiches and daily soups, and with an increasing range of salads, truffles and other treats, on-site fresh food preparation provides the two standbys of grocery glory: USPs (unique selling points) and added value (something profitable). In addition, the flexibility of our fresh food range is useful for promoting certain lines and making use of oversupply or 'use soon' fresh produce.

### Chilled

In addition to our top-selling hummus, our fridges boast a wide selection of tofu and tempeh, plus plenty of vegetarian burgers and sausages. Chilled goods provide some of the best opportunities for innovation, and we have built on our original range with fresh juices and an ever-growing range of wholesome, prepared foods. We watch development of these luxury items carefully, and avoid stocking products that will challenge our reputation for good value.

### Freezer

Unicorn does not currently have a freezer but staff and customers alike have shown great interest in options like frozen UK-grown fruit and vegetables to help us through the annual 'hungry gap', frozen ready meals made from decent ingredients, and the delicious Booja Booja ice cream. In considering a frozen food section, we also keep in mind our overall commitment to encouraging meals cooked from wholesome, fresh ingredients, eating seasonal and local food, the impact of long-haul chilled transport and the value of the pound against the euro (many frozen ranges come from Europe).

### SOURCING

#### Suppliers

Unicorn relies more and more on the cost savings of buying direct, and currently deals with over 160 primary producers. However, smaller businesses will not be able to meet minimum order requirements for all primary producers. In some cases, wholesalers may offer better discounts and bulk purchasing options, which can minimise administration and invoicing costs. For a reasonable ambient grocery range, a start-up may want to aim for around 25 suppliers. (Our [wholesalers](#) list provides some initial information, or see the comprehensive list of [Unicorn's suppliers](#) in 2010).

#### Ethical purchasing

Like all our business decisions, we choose suppliers in line with our Principles of Purpose. While we are not able to trade exclusively with companies that exactly match our own ethics, we favour ones that do and we attempt to avoid the worst offenders in global trade, e.g. by discontinuing lines when small manufacturers are bought out by corporations that don't meet our exacting policies and principles.

#### Innovate

Innovation always appears in food production – even a return to basics can be a new fad! Keep abreast of food trends in popular culture and trade magazines; small organisations benefit from being quick to recognise change and act accordingly. New products or suppliers may be more receptive at launch than once established. Unicorn attracts submissions of plenty of products we do not want (e.g. 50 types of olive oil or ever-more processed foodstuffs) and we work hard to track down good products. The food business requires 'foodies', with the whole working team of eyes and ears on other people's shops, kitchens and conversations.

#### What to look for

Original ideas are few but a successful grocery should add a twist to what is expected. Our remit is to find more foodstuffs that taste good with non-toxic ingredients, while many larger food manufacturers add profit primarily through more processing. Look to rich food cultures such as Italy, Lebanon, Sri Lanka or Thailand for ideas. Only sell products tasted by you or someone you trust, as rushed introductions may trip you up later. Consistent good quality and freshness are requirements. Be realistic – no matter how ingenious, ethical or delicious, certain price tags on certain products will not sell.



#### Fill gaps

Product gaps quickly become obvious but finding someone to fill that gap can be slow and painstaking. Unicorn has spent years seeking receptive bakers and processors to craft longer-life versions of dishes made fresh at home. We rely on good relations or a minimum purchase agreement to convince suppliers to amend recipes (i.e. animal, sugar or additive-free) for sale in our shop. For basic commodities and key products, find a secondary supplier – no grocery should ever run out of essentials like porridge or tinned tomatoes.

### Keep an ear to the ground

We visit supermarkets (and they visit us) and other shops in the UK and abroad, and all members offer product ideas to be harvested and tweaked. Product fairs are invaluable, even early on, for building relationships and identifying new products (especially [Biofach](#) and [Natural Products](#)). No food store range is static; sourcing is a permanent state of mind. While Unicorn's 3,000 grocery lines compare to 25,000 in the multiples, hyperchoice has not necessarily led to happy shoppers – it is choosing the right food that counts.

See the [Veg Sourcing and Trading Guide](#) for useful points applicable to all types of goods.

### More information on the Unicorn website for this section [www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

#### Wholesalers

On the web page see Producer: Wholesalers

#### Unicorn suppliers

On the web page, see Produce: Supplier List

#### Sales figures

On the web page see Produce: Statistics

#### Fruit and veg storage and presentation

On the web page Procedures and Pricing: Veg Storage and Presentation

#### Veg Sourcing and Trading Guide

On the web page Procedures and Pricing: Veg Trading

### Useful links

#### Unicorn's product lines

At [www.unicorn-grocery.co.uk](http://www.unicorn-grocery.co.uk) see the 'produce' section

#### Unicorn sugar information leaflet

[www.unicorn-grocery.co.uk/pdfs/Unicorn no sugar leaflet.pdf](http://www.unicorn-grocery.co.uk/pdfs/Unicorn%20no%20sugar%20leaflet.pdf)

#### Unicorn wholegrains information leaflet

[www.unicorn-grocery.co.uk/pdfs/Unicorn wholegrains leaflet.pdf](http://www.unicorn-grocery.co.uk/pdfs/Unicorn%20wholegrains%20leaflet.pdf)

#### Unicorn's land-buying project

[www.unicorn-grocery.co.uk/land\\_project.php](http://www.unicorn-grocery.co.uk/land_project.php)

#### Real bread

[www.realbreadcampaign.org](http://www.realbreadcampaign.org)

#### Faith in Nature

[www.faithinnature.co.uk/Faith-in-Nature/Natural-Ingredients-Issues](http://www.faithinnature.co.uk/Faith-in-Nature/Natural-Ingredients-Issues)

#### Bio-D

[www.biodegradable.biz/about.html](http://www.biodegradable.biz/about.html)

#### Biofach

[www.biofach.de/en/default.ashx](http://www.biofach.de/en/default.ashx)

#### Natural Products

[www.naturalproducts.co.uk](http://www.naturalproducts.co.uk)



## 4 PREMISES

One of the most important factors in setting up a new shop is finding good premises in the right location

### (CHOOSING YOUR NEIGHBOURHOOD

Consider the following attributes in creating a shortlist of ideal locations.

- Majority of market within reasonable travelling distance (i.e. two miles)
- Close proximity to district or town centre
- Along well travelled roads, e.g. commuter routes into town
- On bicycle, bus or pedestrian routes
- Availability of buildings with suitable car parking, lorry access, and warehouse space (at least 400m<sup>2</sup>, and more below)
- Population density of area (500,000 people within 20 miles)

Although smaller catchments are possible depending on the percentage of the populace attracted, supermarket competition is a major factor. Measure local knowledge against government statistics on socio-economic trends, and rely on careful spreadsheets, cautious variables and common sense to choose target areas. Mixed areas are good and by building a following you can help shape the neighbourhood, although it may take time.

### FINDING A SITE

The right building in the right target area may prove trickier to find and site availability delayed Daily Bread and Unicorn. Search – preferably on foot or by bicycle – for ‘to let’ and ‘going out of business’ signs in your prospective neighbourhoods, speak to shop owners and estate agents and read the local classifieds. Evaluate each site closely for parking and accessibility (for customers and trucks), and proximity of residential neighbourhoods and a district centre.

The parameters listed overleaf will help narrow your search.

## Premises

- Building size above 400m<sup>2</sup> (Unicorn began around 500m<sup>2</sup> and then doubled in size, see [Floorplans](#)), including the following:
- 150m<sup>2</sup>–200m<sup>2</sup> retail (approximately half of the site)
- Most of remainder as storage and a small packing space
- Minimal office and meeting space
- Staff area may be a compromise – Unicorn’s staff room and green roof deck arrived after ten years!
- Retail and storage space must be ground floor
- Accessibility (an architect may offer free initial opinions)
- Adjacent car park remains critical
- Good visibility and easy pedestrian access (Unicorn’s pedestrian custom was initially underestimated)
- A forklift-friendly building is essential to our model (pallet-based purchasing offers the best deals)
- Access by articulated lorries (due to fuel efficiency per tonne, most food still arrives on big trucks)



### LEASING

Purchasing a building provides security if cash is available, but leasing is usually the most suitable approach for new shops. However, leases may take the better part of a year to arrange; be prepared for frustration and try to find a back-up plan so you can walk away (or threaten to) if the landlord makes it difficult. Research standard rents in your neighbourhood and speak to other shopkeepers about rates. Negotiations are more fruitful with empty properties in the area. Try obtaining a rent-free period, break clause, rent reviews (up or down), and repair provisions – but be aware that negotiations may slow the process even further! Hire a sympathetic surveyor to negotiate on your behalf, as these expenses may save you much more in the long term.

### PLANNING PERMISSION

Planning permission for retail selling must also be present or obtained. If required, consult an architect and start the process as quickly as possible – see the Permits and licences section for more information.

**More information on the Unicorn website for this section**  
[www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

#### Floorplans

On the web page see Premises: Floorplans



## 5 PRACTICAL RESOURCES

### FITTING OUT AND EQUIPMENT

With a cunning mix of frugality, functionality, durability and aesthetics, you can achieve a relaxed place of commerce without trashing your budget. Equipment is not generally as expensive as buildings, fitting out and paid time but every site is different. Employ known or recommended contractors where possible. (See [Useful Contacts](#) for a starting point.)

The internet offers a good starting point for researching prices and availability (e.g. eBay or other auction sites for secondhand goods), but online purchasing may not be ideal for products that require training or maintenance. With machinery or till equipment in particular, a reliable, nearby company who can provide in-house training and support is especially important. Local providers usually offer better service and flexibility, if not better prices; speak to other shopkeepers for ideas.

Note all prices shown below are approximate in 2010.

#### Functional points to bear in mind

- lorry and customer access
- level concrete floors that pallet trucks will negotiate
- sunshine (heat and light) and type of window glazing
- store temperature (below 20°C all year round ideal but challenging)
- heating in winter
- security of structure, shutters, bars, gates, alarms
- tough floor coatings or coverings
- best practice for merchandising (i.e. stock display and shelf filling)
- electronic tills and conveyors (to get customers through efficiently)
- visibility in shop (for security, overview of customers and shop needs).

### Aesthetic considerations

- wood is preferable to plastic wherever possible
- tiled floors (or perhaps linoleum) are good retail floors
- light the goods, not the ceiling; daylight is best
- consistent signage and logos, not handwritten signs
- eye level is buy level; not too high, not too low with the shelves (use drawers below for restocking throughout the day)
- end caps (the ends of shelf runs) offer prime selling space
- blackboards – if fresh – are good communication devices
- clean windows, floors and shelves and frequent ‘refreshment’ of painting and finish are required.

### Basic equipment list

- pallet trucks (2) – £300 each secondhand
- forklift, minimum one tonne lift and not just the cheapest option – lease for reliability from a supplier with good reputation, £130–230/month
- store racking – £1,000–£4,000 secondhand
- cold storage, minimum 10m<sup>2</sup> with external heat exchanger – £5,000
- display fridge, 3m long with external exchanger – £5,000 secondhand
- shopping trolleys and baskets – £2,000 secondhand
- trolleys (2–4), for picking and packing – £150–£250 each
- till checkout stands (£2,000 or more each, including fitting).

### IT and telecommunications

- tills with linked scales (2–3) – around £4,000 each, including EPOS (electronic point of sale) software for monitoring sales and issuing shelf tags etc, if desired
- card machine for each till (2–3) – around £20 each/month plus transaction charges
- computers (2–3), one for general usage and one for EPOS/product database – £500–£1,000 each, including standard software for word processing, spreadsheet, email and contact database
- printer (2–3), with ability to print coloured shelf tags/signs, must be reliable to save time – £100 each, may want laminator as well
- database software running parallel to EPOS for flexibility in shelf tags (different sizes, new/offer tags), bag labels, lists for picking, packing, price changes or stocktake, etc (e.g. *Filemaker*) – £220
- bag label printer (e.g. SATO type) – £1,000 or cheaper computer printer with good quality label paper if lower volume
- bookkeeping software (e.g. *Quickbooks*, *MYOB* or *Sage*) – £100–£200
- back-up programme (e.g. *Retrospect*) – £50
- broadband service – around £15/month
- fax machine – £200 for a reliable new one
- phone lines, one per card machine, plus one customer line, one fax line and a separate trade line if desired (£100 installation per line plus £10 each/month line rental)
- fire and security alarm system with police response – £2,000–£4,000.

### Packing equipment

- label printer – see above
- stainless steel tables (2) (£200–£500 each secondhand)
- weighing Scales (3) up to 10kg (£200 each for electric ones, mechanical ones may also be a good buy secondhand)
- mixing tubs (5), food grade (£1,000).

## Practical resources

### Deli unit

- Optional – but would require sinks, serve-over fridges and worktops (£15,000).
- A soup kettle, pie warmer, or cooker may be something to work towards.

## ENVIRONMENTAL FOOTPRINT

Beyond our focus on products and suppliers with a lower environmental impact than the norm (organic, local, less disposables, etc.), Unicorn works to minimise its retail ‘footprint’ in the following ways:

- recycling, reusing and composting waste wherever possible.
- considering packaging options carefully; see [customer leaflet](#), [Riverford Study](#), or [Useful Contacts](#) list for more information
- heating water for our own use by using solar panels
- a green roof to minimise water run off and improve local biodiversity
- purchasing electricity from a renewable supplier
- contributing a self-imposed ‘carbon tax’ to a tree planting scheme (currently 0.07 per cent of sales from the previous year)
- continually investigating new ‘green’ options such as a biomass burner to heat the building, a grey water system and photovoltaic solar panels.

We hope that any new retailer would consider ways to minimise the environmental impact of the business and dependency on non-renewable resources, both for the sake of long-term business security and environmental sustainability.

## FINAN(ES)

Money is never the biggest obstacle to a startup – successful participants are harder to find – and a wide variety of financing options exist for fledgling co-operatives. The type of capital available partially depends on legal structure. Choose a mix of financing options to allow flexibility in future business development, i.e. allow enough for initial asset purchase and some working capital (day-to-day costs such as wages), with the option to raise more money at a later stage.

### Loanstock

A registered Industrial and Provident Society may issue loanstock, fixed term bonds that enable the co-operative to raise money from members of the public without relinquishing control. The challenge, of course, is to find people to buy your loanstock bonds! Start with relatives and friends, and build a network of local sympathisers to help with loanstock and other challenges. Brief postcards or online updates can keep supporters abreast of plans and demonstrate the benefits of the proposed shop, and loanstock holders may foster a strong bond with the business.

Offer loanstock bonds for a fixed period of time, at one or a choice of interest rates, e.g. 0–6 per cent. Loanstock holders do not have any control over the business, and will be repaid after banks and other creditors should the business fail. At the end of the fixed period, ensure sufficient cash is available to repay all loanstock, although another loanstock issue would permit current investors to re-invest. See a previous Unicorn [loanstock](#) agreement for sample terms and certificate.

### Member shares or loans

More conventionally, your chosen legal structure may allow members to buy shares, although in a co-operative these will be subject to a limited return to ensure equity. Alternatively, members may make formally drafted loans to the business.



### Bank loans

Initial capital, particularly from founders, encourages other lenders (e.g. social banks such as Triodos or the Co-operative Bank) to consider a loan. Ten-year or longer loans provide time to build a business, while repayment over five years can be too steep. Banks are unlikely to offer more than 70 per cent of startup costs and may well offer much lower amounts. Lending on buildings is a less complex risk than assessing the people skills in a new business. Take care to balance potential interest rates with convenience and flexibility of sources of finance.

### Other sources of funding

Grants are occasionally available but may be more work to obtain than the value of the money. Be creative in where you look for help, Daily Bread in Northampton was renovated by workers as part of a government recession measure. Co-operative and Community Finance (formerly ICOF) loaned money to Unicorn in the early days and provides funding to co-operatives and social enterprises. Also contact Co-operatives UK about ethical lenders and available grants. Registered not-for-profit companies are eligible for more grants than for-profit legal forms; the links to alternatives in 'registering a worker co-operative' in the Policies and principles section provide more information.

### How much?

If Unicorn started with £45,000 (in 1996) then one could assume a comparable business with more refrigeration equipment might need £100,000 in 2010. Much depends, as cashflow projections will show, on the business's ability to increase sales sufficiently quickly. See the draft of Unicorn's original [business plan](#) or more recent [business plan](#) for more ideas.

### Break-even planning

Unicorn's 18-month break-even point fortunately proved a little cautious, but the journey there tested our nerves nonetheless. The 'break-even point' refers to the moment when the business starts to become profitable and recoups startup costs. Financial sources other than sales revenue need to cover costs until this time. Break-even times can be roughly calculated on spreadsheets. However the further into the future one tries to predict, the greater the degree of potential variation. Several scenarios are necessary. External economic factors should be considered in the planning, as should the cost of servicing the loans. Our [Forecasting tool](#) may provide a starting point, but consult a business advisor for help with initial forecasts (also see Unicorn's original [business plan](#) for an example).

### Financial management

Most businesses now use accounting software for recording but also increasingly for forecasting. Businesses frequently fail because they run out of cash to pay suppliers or wages, rather than through being unprofitable. In-house training for numerate and conscientious staff to fulfil finance roles will save on expense.

## Practical resources

Choose a user-friendly accounting package at the start. Bespoke spreadsheets may seem easier, but limit usability to new members in the future. Speak to an accountant and consider factors such as: the level of available support, capacity to grow, initial and future costs (be aware that some reasonably-priced startup packages can become expensive as the business grows), flexibility and reliability of the software company.

To keep abreast of our financial situation, Unicorn schedules a regular routine of finance tasks into the working week and the financial year.



### Stocktaking

The business must have up-to-date management accounts at all times, although the expense of time-intensive manual stocktaking will hamper how accurate assessments can be for much of year. See sample accounts that show the impact of ‘opening’ and ‘closing’ stock levels on gross profit margins.

The computerised stock-monitoring systems used in supermarkets help to assess profitability throughout the year (and automate ordering levels). At Unicorn, the sheer number of suppliers and deliveries, frequent last minute changes, human error and other variables render such a system too inaccurate to be useful and we rely on manual yearly stocktakes.

### A membership responsibility

The owners need to know that cashflow is healthy, trading is profitable, and projected activity is plausible. Trained finance staff must spend time interpreting accounting material to ensure that all members have a reasonable grasp of the financial position and resist the temptation to ‘leave it to the experts.’ Unicorn devotes several fortnightly training sessions each year to reading and interpreting financial statements and indicators, and ensuring widespread familiarity with profit and loss, balance sheets and cashflow forecasts. While every detail of these documents may not be clear to all members, we focus on certain key performance ratios such as gross profit as a percentage of sales and wages as a percentage of sales.

### Investment

Co-operatives may tend towards conservative investment planning; however, calculated, informed risks are essential to growth. Decisions should follow careful analysis of alternative options, break-even points, and external factors (e.g. competition, the wider economy, exchange rates, oil prices). Consider the less obvious financial benefits of a project, especially in terms of USPs or long-term security. For example, a deli counter or on-site bakery may not offer high returns but may draw more business to the shop; purchasing land is no money-spinner but may secure fresh produce supply in an uncertain future.

### RISK MANAGEMENT

Every business should carry out an annual risk assessment. See [Risk Management](#) for a sample Risk Assessment and general guidance from the Charity Commission.

#### Shrinkage

As well as being able to plan for investment and expansion, a business also needs to consider the more difficult task of planning for one of its primary risks – a decrease in sales. In a co-operative, wages are likely to constitute a large portion of expenditure, second only to purchases. To keep hours in line with weekly and seasonal sales patterns, Unicorn engages casual workers for around ten per cent of all labour. In case of an economic downturn, casual hours may be reduced with the least possible adverse effects on staff and the business. Otherwise, good stock management and monitoring of sales form the basis of a secure strategy.

#### More information on the Unicorn website for this section

[www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

##### Useful Contacts

On the web page see Practical Information: Useful Contacts

##### Loanstock

On the web page see Practical Resources: Loanstock samples

##### Unicorn's business plans

On the web page see Practical Resources: Business Plan 1996 and 2002

##### Forecasting

On the web page see Practical Resources: Forecasting tool

##### Finance tasks

On the web page see Practical Resources: Finance Tasks

##### Accounts

On the web page see Practical Resources: Accounts

##### Risk management

On the web page see Practical Resources: Risk Management

##### Statistics

On the web page see Produce: Statistics

#### Useful links

##### Riverford Study

[www.riverfordenvironment.co.uk](http://www.riverfordenvironment.co.uk)

##### Triodos

[www.triodos.co.uk](http://www.triodos.co.uk)

##### The Co-operative Bank

[www.co-operativebank.co.uk](http://www.co-operativebank.co.uk)

##### Co-operative and Community Finance

[www.co-opandcommunityfinance.coop](http://www.co-opandcommunityfinance.coop)



## 6 PROCEDURES AND PRICING

### TRADING

#### Key points

- Remember, price rules...
- ...followed closely by freshness, quality and ethics.
- Buy as direct as possible.
- Buy in bulk, enabled by correct warehouse to shop ratio (i.e. 1:1).
- Check competition constantly and price with margins as a guide.
- Trade honestly, pay on time and build good relations with suppliers.
- Ensure accessible location and friendly staff.
- Build a consistent, broad range that can satisfy the bulk of a weekly shop.
- Be clear to yourselves as to why you trade, make decisions based on that and let customers know.
- Form a committed working group within the business to oversee pricing, sourcing, buying.
- Use 'new product' or 'promotion' displays in prime selling spaces.
- Add value on-site.
- If you do not have the necessary expertise, then get training.

#### Price rules

In recent years some commentators tried to argue that convenience and presentation mattered more than price. Perhaps they did not do the shopping, and now the economic crisis has renewed the importance of the good value model. Unicorn uses some economies of scale and buys as near to source as possible to achieve market prices, i.e. the same or better than supermarket competition. Price checking is second nature in grocery. In addition to keeping an eye on the supermarket shelves, Unicorn's buyers regularly compare pricelists and switch between primary and secondary suppliers (e.g. for bulk commodities) as prices fluctuate.

## Procedures and pricing

### Buy in bulk

A good negotiator should use 'trade prices' – the listed price in a wholesaler's catalogue – as a reference point from which to arrive at the real price (expressed as a certain percentage off the trade price). These reductions relate most critically to volume; a pallet may cost £45 to transport £200 worth of goods or £2,000, but the servicing costs (invoicing, handling, processing) are diluted on the larger order. In the early days, Unicorn didn't have anything like its current selection – we wheeled pallets of one type of orange juice, beer or baked beans straight onto the shop floor. Focus on the basics, keep prices low, and offer a broad range of goods to satisfy most of any weekly shop.

### Pay on time

Timely payment provides the basis of a trading reputation. Unicorn aims to establish relationships with companies that may endure for many years, to mutual benefit. A supplier may offer further reductions off the trade price for prompt payment (e.g. within seven days).

### Negotiate

Telephones are great for negotiations. Homework beforehand makes for confident negotiations; look at websites for concise background and investigate selling prices elsewhere, rival brands and ingredient details. Initial resistance can be frustrating, but if you need the product then persevere. Do not take written terms or stated discounts at face value – these are a starting point for your negotiations. The mention of a rival brand could be necessary to interest a supplier and crucial to a strong bargaining position. If you have a 'Plan B,' you can walk away, but if you do not, it is difficult to hide that fact. Still, a competitive business must avoid paying above the odds to subsidise low prices for the multiples.

Negotiating power relates to volume, hence the seriousness of the UK supermarket oligopoly. A manufacturer dominated by one or two buyers finds itself in a weak position. This dependency may account for the enthusiasm of many existing Unicorn suppliers, although some of the largest suppliers will now only deal with multiples. We hope 'cheap food' ploys such as retrospective discounts or funded promotions will be regulated or illegal in the future (see Joanna Blythman's *Shopped* for some background on supermarket trading practices).

See the [Veg Trading Guide](#) for some useful details that apply to all areas of trading.

## PRICING

In pricing your products, standard margins (approximating the desired gross profit) are only useful for USPs that cannot be found elsewhere. Unicorn's concept of 'good value' pricing also takes into account prices in the supermarket, prices for similar products on our shelves, and the quality of the product.

Where products are directly comparable to those sold by our competitors (supermarkets), Unicorn's buying team generally squeezes margins or negotiates better deals rather than losing sales or creating the perception we are expensive. We research 'known-value items' (products that people expect to buy for a certain price) and price these goods especially carefully. Bread, for instance, is a grocery basic and high prices would simply send customers elsewhere.

Unicorn chooses to sell a few higher-priced specialist or hard-to-find lines, but lots of expensive goods affect customer perception of the shop as a whole. It does not take many bottles of pure vanilla essence or fancy olive oil for a first-time shopper to walk out in disgust!

### VEG

Unicorn's all-organic fresh fruit and vegetable section is one of our primary USPs, cultivated over years of experience with the world of growing.

#### UK suppliers

As far as possible, Unicorn buys directly from farms. Most fresh produce still comes from the east of the country in Norfolk, Yorkshire and especially Lincolnshire. To the west, milder coastal land, e.g. Cornwall or Pembrokeshire, yields a good winter supply. Herefordshire and Devon also offer a good density of growers.

To find growers, try the certifying bodies, grower events or trade magazines listed in 'Useful links' at the end of this section. Speak to local farmers, pop into farm shops, visit your nearest box scheme – and always look for labels with farm names, producer certification numbers or, better still, phone numbers.

Organic wholesalers (found in most major urban wholesale markets) are useful when volumes are small. The bigger organic box schemes may also supply wholesale (e.g. Riverford, Woodlands Farm, Organic Pantry, Boxfresh).

#### European growing

Unicorn relies heavily on Europe for much of its range, and has met its best European wholesalers at Biofach and through UK wholesalers. As with the UK, know the particular strengths of different European climatic areas.

#### Trading and pricing

The [Veg Trading Guide](#) covers trading, negotiation and ordering in the world of fruit and vegetable supply – although much of this guide applies to all areas of trading. The Pricing section offers some ideas, and as ever use margins only as a starting point. Try to educate customers about growing realities when they do not tally with retail expectations. However, be realistic; no matter how much sympathy you evoke for growers following summer floods, no one wants to buy rotten overpriced onions.

#### Ethical considerations

Aside from an outright refusal to purchase any air-freighted or non-organic produce, Unicorn's veg buyers juggle an ethical minefield in sourcing fresh food. For example, for the carbon footprint of our fruit and vegetable section, local is not always better. Gas-heated tunnels in the UK cause their own environmental damage and ship freighting can be more efficient than lorry freighting (see the [Riverford study](#)). In addition, buying from desertified areas with water shortages remains a problem.

As for social considerations, we favour grower co-operatives not just to promote co-operative business but also because more money will end up with the grower. We often have little concrete information on labour conditions, but Unicorn avoids buying from countries with a poor social record.

#### Organic certification

Unicorn complies with Soil Association guidelines on the sale of organic produce, as described in the [Soil Association Standards Guide](#).

#### Storage and presentation

Our shop entrance leads customers straight into the fresh produce section, and our stringent quality control standards ensure we make a good first impression. See the [Veg Storage and Presentation](#) guide for information on how we achieve a bountiful, fresh display, and the draft [Veg Aftercare](#) leaflet for further tips.



### PACKING

Like Daily Bread, Unicorn relies on the simple but clever system of repacking bulk foods on site into small retail-sized bags. Unicorn's packed goods range represents our core range of basic cooking ingredients, and provides a basis for the Unicorn 'brand' (basic, wholesome, informative, good value). Packing also provides a much sought-after grocery opportunity for 'added value' – turning relatively low-cost commodities into higher-value products. Especially in the case of mixes such as breakfast cereals, Unicorn mix recipes have so far proved better quality and value than the competition and are often very profitable.

#### Advantages to on-site packing

This system adds value, provides local wages, minimises the cost of purchases (as lower value bulk is turned into higher value as required), helps create our brand identity and significantly helps with the grocery bane of variations in customer flow. Seasonal planning is obvious, but fluctuations throughout the week or day can be drastic as well. With the packing room as a 'labour buffer', workers always have a productive task to return to in quieter moments on the shop floor.

#### Alternatives

These advantages must balance against the management of another specialist area that requires expertise, equipment, training and commitment. The more specialities under one roof, the greater the complexity of the overall enterprise, but the greater the potential attraction to customers if all are done well. Bags can be packed off-site, but this means double-handling, potential evaporation of tight margins, and no 'labour buffer'. Many suppliers offer pre-bagged foodstuffs at competitive prices, but a pre-bagged supply may offer less flexibility, e.g. in responding to fluctuations in demand, requests for different bag sizes, or the potential for mixes.

#### How to do it

The Unicorn packing room operates according to a strict set of procedures to maximise efficiency (see Packing Guide). We closely monitor the packing rate (the time it takes to set up, pack, clean down and put out packed goods) to ensure it remains around 40 bags per hour for our margins to be profitable. As with other products, any standard margins are a starting point to be checked against similar products in our shop and competition (see the Procedures and pricing section).

#### Organic

In order to label some of our packed goods as organic, we comply with Soil Association requirements. The all-important daily Packing list details what products need stocking on the shop floor (by type, bag size and quantity) and records what products are ultimately packed, including how many, by whom, and the delivery date for organic goods. Each organic bag label on the shelves contains a 'packed' date, leading to a delivery date on the packing list, which points to a delivery note from the original organic supplier and proves organic provenance. For more details, see the Soil Association Standards Guide.

### **More information on the Unicorn website for this section** [www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

#### **Veg Sourcing and Trading guide**

On the web page see Procedures and Pricing: Veg Trading

#### **Veg Storage and Presentation guide**

On the web page see Procedures and Pricing: Veg Storage and Presentation

#### **Veg Aftercare**

On the web page see Procedures and Pricing: Veg Aftercare

#### **Margins**

On the web page see Procedures and Pricing: Margins

#### **Packing Guide**

On the web page see Procedures and Pricing: Packing Guide

#### **Packing list**

On the web page see Procedures and Pricing: Packing list sample

#### **Rotas**

On the web page see People: Rotas

#### **European growing**

On the web page see Procedures and Pricing: Veg Europe

### **Useful links**

#### **Soil Association**

[www.soilassociation.org](http://www.soilassociation.org)

#### **Organic Farming Magazine**

(see under the 'Farmers and growers' section of the Soil Association website)

#### **Organic Farmers and Growers**

[www.organicfarmers.org.uk](http://www.organicfarmers.org.uk)

#### **Department for Environment, Food and Rural Affairs**

[www.defra.gov.uk/foodfarm/growing/organic/standards/certbodies/approved.htm](http://www.defra.gov.uk/foodfarm/growing/organic/standards/certbodies/approved.htm)

#### **NFU**

[www.nfuonline.com](http://www.nfuonline.com)

#### **Organic Growers Alliance**

[www.organicgrowersalliance.co.uk](http://www.organicgrowersalliance.co.uk)

#### **Farmers Guardian**

[www.farmersguardian.com](http://www.farmersguardian.com)

#### **Woodlands Farm**

[www.woodlandsfarm.co.uk](http://www.woodlandsfarm.co.uk)

#### **Organic Pantry**

[www.theorganicpantry.co.uk](http://www.theorganicpantry.co.uk)

#### **Boxfresh**

[www.boxfreshorganics.co.uk](http://www.boxfreshorganics.co.uk)

#### **Biofach**

[www.biofach.de/en](http://www.biofach.de/en)

#### **Riverford Study**

[www.riverfordenvironment.co.uk](http://www.riverfordenvironment.co.uk)



## 7 PROMOTION AND PUBLICITY

### EDUCATION AND MARKETING

With a great product (tasty, wholesome food at affordable prices) and respect for your customers, there is no need for a hard sell. A recommendation from a friend is infinitely more effective than an advert, and Unicorn largely relies on word of mouth to establish a reputation for great food. Our sales levels depend on regular return visits, not occasional ones, and thus the positive experience of each customer is paramount. Worker-owners should all be on board with the same message and display a motivation and sincerity that impresses the public – no robot shelf stackers here!

### A presence in the community

Door-to-door flyers can be useful, especially in the early days, but in 13 years we have spent little on conventional advertising. We use other methods to construct a presence in the community, which are more meaningful than putting a flyer through a door. A branded jute bag on the arm of someone you know or tasting food at a community event carries more weight than a poster or an advert.

### Media

Unicorn has benefited from the attentions of the BBC, the *Guardian*, the *Manchester Evening News* and other local and national media outlets. However, as in the running of the shop, we aim to keep our message consistent and we do not make any claims that we cannot substantiate with our trading practices. In addition, we only seek media attention when we have something of value to say. Be prepared for new customers after such attention; nothing is worse than spoiling a good recommendation or disappointing a first-time shopper!

### Customer feedback

We rely on customer feedback, via our Comments Book or the occasional customer survey, to monitor our reputation and public perceptions. Knowing our customer is as important as knowing our 'offer'; good customer information (e.g. how people travel to the shop, what they buy, queuing times, what they buy elsewhere etc.) helps us keep existing customers and attract new ones. With shop floor work as a vital part of our member responsibilities, we have an intrinsic understanding of our customers. "Look after your customer or someone else will!"

### Ground rules

Unicorn never preaches or bombards people with overcomplicated information. Instead, we use humour, colourful displays, thoughtful price comparisons and practical suggestions. We stay positive, and focus on what we do rather than what we don't (see 'What we sell' in the Produce section for more). On the hotly contested debates surrounding food, nutrition and ethics, Unicorn stays on topic and carefully avoids wild or inaccurate claims that damage customer trust.

### First impressions

The last survey suggested that five percent of customers are new each week, and a good first impression is critical – a welcoming entrance, a fresh, bountiful looking fruit and vegetable display, good lighting and smells, fully stocked shelves, competitive prices, positive displays, a clean shop and small queues. Look with ‘customer eyes’ in designing the shop layout and merchandising (signage and labels). Customer service is just as important; most customers do not speak to anyone aside from the till clerk, so these (and any other) interactions must be positive and friendly.

### Team roles

Although the education and marketing team itself is small, every co-operative member participates by suggesting ideas, taking on projects, or just getting our message across on the shop floor. The team oversees all activities that promote who we are and what we do, both in the shop and in the community:

- designing our brand, including the look and feel of the shop
- creating merchandise (bags, pinnies, etc)
- promoting products and how to use them
- providing information on eating well and special diets
- promoting good value
- keeping the shop floor accessible, fun and interesting
- letting customers know what we’re up to
- supporting community events and campaigns
- building good media relations, to use when we have something to say (not just for self promotion)
- strengthening relationships with customers by promoting our message little by little (the ‘drip drip’ approach)
- keeping consistency and clarity between what we do and what we say.

### How do we do it?

Each year the team outlines the priorities for the next 12 months (based on the current economic climate, relevant popular campaigns, industry trends and member visions) and creates a plan for how to address those priorities using a number of techniques:

- reusable bag designs and other merchandise
- stalls at community events
- price comparisons with local supermarkets
- in-store boards and displays
- information leaflets
- events and speakers
- customer newsletters
- product information (signs, labels, leaflets)
- food demonstrations and recipes in the shop
- school visits
- talks to local groups
- participation in local campaigns
- supporting (by donating produce or money) local projects or events
- community notice board
- website.



### Education and marketing

Marketing comes with education at Unicorn. By increasing community awareness of food and the food system, we show how we differ from the norm. The impact of volatile weather and banana price wars are stories to build a picture for customers – a grocery shop is global trade under a microscope. We have built a different kind of relationship with our customers, with loyalty based on an understanding of our mission.

**More information on the Unicorn website for this section**  
[www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

#### Customer survey

On the web page see Promotion: Customer survey

#### Useful links

##### Education and marketing leaflets

[www.unicorn-grocery.co.uk/principles.php](http://www.unicorn-grocery.co.uk/principles.php)



## 8 POLICIES AND PRINCIPLES

### PRINCIPLES OF PURPOSE

Unicorn is based on a set of founding Principles of Purpose, originally derived from the Daily Bread Co-operative. This document is not an afterthought – it has always guided the direction of our business, informed our decisions, and clearly set out for customers our intentions and values in a time of commercial insincerity and distrust. As so many discredited company mission statements make the format virtually redundant, a good set of principles says only what you intend to carry out and stick to through thick and thin. Respect is gained slowly but can be quickly lost.

#### 1 Secure employment

We aim to provide secure employment for our members. We seek above all to provide a livelihood for ourselves with some control over our working environment. We accept the responsibilities and rewards of this challenge.

#### 2 Equal opportunities

We aim to reserve some employment for members with a learning disability. We believe that all should have an equal opportunity to undertake paid work. Ignorance and prejudice should not be an obstacle to this. The ability to carry out a minimum of eight hours useful work per week entitles a worker to apply for membership. The respect and income derived from a job are important to many people in our society which is one which values paid work highly.

#### 3 Wholesome healthy consumption

We aim to trade in wholesome foodstuffs and household goods of non-animal origin. We trade in foodstuffs which have undergone minimal processing, in contrast to the steady trend towards a highly processed diet in this country. Specific product guidelines include the avoidance of added sugar, salt and animal derivatives. We strive to sell products of organic standard and maximum nutritional value whenever we can find or generate a market. Providing food educational materials helps fulfill this aim.

#### 4 Fair and sustainable trade

We aim to trade in a manner which supports a sustainable world environment and economy. We trade preferentially in products which follow the 'Fairtrade' ethos and alert our customers to the problems of cash crop agriculture. We are concerned that much of world trade is to the disadvantage of poorer nations with a consequence for people's health and lives. We operate a fund from which to support projects addressing

## Policies and principles

and challenging this imbalance. Four per cent of our wage costs are contributed to this fund. We trade in products which in themselves and in their packaging produce minimum impact on the environment because we are concerned at the current large scale disposal of inorganic waste. Wherever possible we lobby for the use of reusable packaging (e.g. glass containers of standard size).

### 5 Solidarity in co-operation

We aim to support like minded ventures, co-operatives or otherwise. We acknowledge both competition and co-operation as fundamental to human nature. We seek to encourage co-operation by operating a fund to support projects which share our vision of community and society in the United Kingdom. One per cent of our wage costs are contributed to this fund. We promote co-operative structures and spirit through all our trading, social and educational activities. Solidarity requires occasional boycotting of goods, services and companies and the promotion of such boycotts.

### Donations

As responsible traders, our Principles pledge to support like-minded projects in the UK and in the Global South. We donate an amount proportional (five per cent) to our annual wage bill rather than a percentage of profits, which means this fund is less affected by sales fluctuations. Thoughtful donations can also motivate co-operative members and Unicorn solicits feedback on achievements from recipients of larger bids.

Four-fifths of the fund is designated for projects in poorer countries, where global trade most affects communities and the environment. We aim to develop reliable, long-term relationships with charities rather than one-off gifts, and now commit in advance to giving specified annual sums for some organisations. Any member may propose a donation at a members meeting, although in Unicorn's larger devolved structure, smaller amounts may be agreed at the fortnightly 'Forum' meeting (up to £500) or by the Education and Marketing team (up to £50).

## REGISTERING A WORKER CO-OPERATIVE

Unicorn Grocery Ltd is both a worker co-operative and a registered industrial and provident society (IPS). The guide below provides an introduction to the formal structures of our business.

### Industrial and provident society

While 'worker co-operative' is Unicorn's organisational structure, this classification has no legal standing. Of several possible legal forms (see below for links to the various alternatives), we are an IPS.

Daily Bread was one of the first worker co-operatives to register as an IPS, a model with a proud 19th century heritage (see Rochdale Pioneers). The absolute structure is not critical, although the IPS model reinforces principles such as ownership (legally and motivationally) by participants, limited liability, an asset lock, a social agenda, and a commitment to wider society.

Every IPS registers with the Financial Services Authority (FSA) and receives limited liability status (unless it is a charity) under the Industrial and Provident Societies Act of 1965. Other types of limited liability company register with Companies House rather than the FSA; however a limited liability IPS must still register its name with Companies House. The FSA provides full information on IPS registration on its website.

Co-operatives UK offers IPS model rules that comply with FSA regulations, or consult Business Link. Unicorn's 'White Rules' limit member shares (and liability) to £1, paid by each employee to become an official member.

### Worker co-operative

As a worker co-operative, Unicorn Grocery is controlled, directed and owned by its workforce. After a successful probationary period, a worker becomes a member and director of the company. All members are directors and all directors are workers.

## Policies and principles



Unicorn maintains a flat structure based on consensus decision-making and the sharing of shop floor-based and administrative tasks. In addition, Unicorn employs casual workers who are neither members nor directors (see the Recruitment section for more information on the nature of and reason for casual staff).

### International Co-operative Alliance

Worker co-operatives are autonomous businesses and membership is free and voluntary, as defined by the International Co-operative Alliance (ICA). The ICA has established an internationally-recognised set of values and principles, initially laid out by the Rochdale Pioneers in 1844, adopted by the ICA in 1937 and revised in 1966. Co-operatives will fail or struggle if these values are not taken to heart.

### Co-operatives UK

In addition to providing model rules for a co-operative seeking to register as an IPS, Co-operatives UK provides invaluable information and advice for any co-operative.

## WHY A WORKER CO-OPERATIVE?

As directors, all employees work for the benefit of the business and engage fully in its successes and failures. Every member has an insight into the business needs, operations and finances – and should act accordingly. Our till workers understand our pricing policy, our IT specialists know what works in practice. If a customer asks a questions on the shop floor, we can answer not just how something is, but why it is so! Does it work perfectly all the time? Probably not. But we are proud of our business, and with the ideas, energy and inspiration of dozens of fully engaged members, we stay a step ahead of the competition.

Some challenges of co-operative working:

- individual identification with collective outcomes
- maintaining sense of ownership and pride (saying ‘we’ not ‘they’)
- equitable level of commitments (who stays late?)
- freedom and support to be heard at members meetings
- structure as membership increases
- raising and maintaining a capital-intensive business
- use of dividends and stakeholding
- career development, retention of long-serving staff
- being good employees and employers (do we look after ourselves?)
- providing a living wage for our local area
- balancing conventional workplace tendency towards rank and hierarchy with ability to value a wide range of skills, mutual respect, collaborative coexistence
- awareness among all members of Principles of Purpose, financial position, wider co-operative context and food retail competition.

### Alternatives and Useful links

Other structures may offer vehicles to achieve the same results. The following links provide summaries of options and plenty of technical information:

- **Making Local Food Work**  
[www.makinglocalfoodwork.co.uk](http://www.makinglocalfoodwork.co.uk)
- **Co-operatives UK Start-up guide**  
[www.uk.coop/resources/documents/starting-co-operative](http://www.uk.coop/resources/documents/starting-co-operative)
- **Co-operatives UK and Select-A-Structure tool**  
[www.selectastructure.uk.coop](http://www.selectastructure.uk.coop)
- **Other Co-operatives UK guides: Simply Legal and Worker Co-operative Code of Governance**  
[www.uk.coop/community/resources/co-operativesuk](http://www.uk.coop/community/resources/co-operativesuk)
- **Sustain Food Co-ops Toolkit**  
[www.sustainweb.org/foodcoops](http://www.sustainweb.org/foodcoops) and [www.foodcoops.org](http://www.foodcoops.org)

Legal and organisational structures matter less than principles, honesty and good-quality products. While many Unicorn customers only vaguely understand our organisation, most possess a clear idea of what they expect from us in our trading and ethics.

## GOVERNANCE AND CO-OPERATIVE STRUCTURE

For the first eight years, Unicorn's membership did not exceed 15 members, a family-sized group that enables a high level of transparency, active involvement and efficient communication channels. As trade and size of premises increased, Unicorn decided to accept a larger membership – composing around 90 per cent of the labour required to run the shop – and a representative flat structure.

### Co-operative working

All co-operative members are workers and company directors, with equal responsibility for the decisions that govern our business, from long-term strategy, to budgets and recruitment, to procedures that run the shop from day to day. Regular group training sessions and opportunities for external training contribute to personal development among our members. These aspects of Unicorn's structure, in combination with our Principles of Purpose, incorporate the seven principles laid out by the [International Co-operative Alliance](#).

### Flat Structure

As a 15-member (and smaller) co-operative, Unicorn's membership met formally each week, and informal discussions helped to run the business between meetings.

In Unicorn's larger incarnation, a complicated rota governs regular meetings of the twenty teams and subteams that manage different areas of the business. These 'spokes' link to the rest of the business through a fortnightly regular Forum meeting (the 'hub'), and quarterly to the members meeting (the 'wheel' itself). Thus, the structure balances the specialised knowledge of teams, the ability to act quickly in operational matters, and scrutiny by the entire membership. (See [Devolved Structure](#) and [Teams List](#) appendices for more details.)

### Flat pay

A diverse range of skills is vital in any co-operative. We know that the insight and energy of a new recruit is as valuable as the experience gained from long service. By offering a flat rate of pay, Unicorn encourages an equal sense of ownership and worth in all members.

### Consensus decision-making

From 4 members to 40, we have always made decisions as a collective. Before the expansion, consensus decision-making was almost always an easy, efficient method. In the larger co-operative, consensus requires more preparatory work and can be more difficult to achieve, but the advantages are still well worth it. If one member

## Policies and principles



(or two, in the case of the larger group) objects to a given proposal, that proposal is ‘blocked’ and withdrawn or carried forward to a workshop for interested parties. In most cases the workshop produces an amended or alternate proposal; in the rare case that this proposal does not find consensus at the members meeting following the workshop, a vote takes place.

As you may imagine, this method requires enormous respect, and occasionally, commercial decisions may require a fair degree of patience. More often, the process of reaching consensus – clear information in advance, questions, discussion, amendments, and even objections, ‘blocks’ and workshops – helps us to make strong, well-founded decisions upheld by a unified and active membership. (See [Consensus Decision-making](#) for a detailed guide, and [Structure Policies](#) for the original policy designed by [Radical Routes](#))

### Core tasks

Unicorn takes the term ‘worker co-operative’ seriously and everyone contributes to the day-to-day running of the business, e.g. working on the till, serving at the deli, unloading deliveries. Each member spends at least two hours in the packing room and a half-hour cleaning each fortnight, in addition to numerous other shop- and store-based duties.

### Business structure: a human-sized group

In the early stages, a small working group (two or three people) provided most of the impetus for devising a business plan, finding premises, raising funds and setting up the fledgling shop. Five members signed the founding documents, and the membership grew and developed as trade increased. As emphasised in the *Blueprint for 50 Co-ops*, 15 people is the limit for frequent (e.g. fortnightly or weekly) member-director meetings, a high level of efficient transparency and easy social cohesion. Until 2004, hour-long members meetings took place each fortnight to review progress, take operational decisions and implement strategy.

A few teams developed organically as Unicorn grew and it became useful for people with specialised roles to meet and share tasks, both to relieve stress and ensure cover in case of absence. These informal teams included personnel, deli and education and marketing, and they generally did not meet separately; all business came directly to the entire membership at the fortnightly members meeting.

On alternate weeks, the training session developed and spread knowledge about products and practices within the membership. In addition to the weekly meetings, a members away day took place yearly for the purpose of bigger discussions and ‘visioning’ – away from the pressures of the shop.



### A larger co-operative structure

In 2003 Unicorn's landlord moved to sell our premises, and we had to choose to buy the building (and expand) or move. The site purchase brought a sudden increase in trade levels, and the membership chose to expand rather than shift to a more conventional dependency on casual labour and shop assistants. Thus in 2004, Unicorn adopted a devolved structure and became a very different organisation.

Basic principles such as efficiency, accountability and engagement remain at the centre of the co-operative. (See [Expansion](#) for a longer exploration of the benefits and challenges of expansion.) As before, individual members must take responsibility for being connected, active directors. To make this task as easy as possible, we regularly review our business structure and continually work to improve methods for good governance.

### Tools for good governance

See [Governance Tools](#) and other information at the end of this section on:

- ongoing business strategy
- suggested reading and [Reviews](#)
- [Meetings](#)
- policy lists (refer to example policies on [Structure](#), [Regulations and Finance](#), [Personnel](#) and [Benefits](#))
- reporting and [Communication systems](#) (including sample [Diaries](#), [Rotas](#), [Task Checklists](#), weekly [newsletters](#), and [Agenda/Minutes template](#))
- budgets.

### A work in progress

A flat structure – especially rare in larger organisations – is a great aspiration but does not guarantee success. We can only worry about policy decisions if we sell enough baked beans to pay for them. Hierarchies of age, experience, knowledge and expertise may be unavoidable; as long as they are transparent, open to change and defer to the collective, they will not challenge the flat structure. If a structure reflects the participants' aspirations, the Principles of Purpose, and the working realities, it is the right one.

**More information on the Unicorn website for this section**  
[www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

**White Rules, Consensus decision-making, Structure Policies**

On the web page see Policies and Principles

**Devolved structure, Expansion Pros & Cons**

On the web page see Policies and Principles

**Governance Tools, Meetings, Agenda/Minutes template**

On the web page see Policies and Principles

**Communication systems, Diaries, Staff newsletter**

On the web page see Policies and Principles

**Teams List**

On the web page see People: Teams List

**Reviews**

On the web page see Progress: Reviews and membership system

**Regulations and finance**

On the web page see Practical Resources: Regs & Finance policies

**Personnel policies, Benefits policies**

On the web page see Progress

**Rotas**

On the web page see People: Rotas

**Diaries, Agenda/Minutes template, Staff newsletter**

On the web page see Policies and Principles

**Task Checklists**

On the web page see Procedures and Pricing

**Business Plans**

On the web page see Practical Resources: Business Plan 1996 and 2002

### Useful links

**Rochdale Pioneers**

[http://en.wikipedia.org/wiki/Rochdale\\_Society\\_of\\_Equitable\\_Pioneers](http://en.wikipedia.org/wiki/Rochdale_Society_of_Equitable_Pioneers)

**FSA registration for IPS**

[www.fsa.gov.uk/pages/doing/small\\_firms/msr/societies/index.shtml](http://www.fsa.gov.uk/pages/doing/small_firms/msr/societies/index.shtml)

**Co-operatives UK guides: Start-up guide, Select-A-Structure, Simply Legal and Worker Co-operative Code of Governance**

[www.uk.coop/community/resources/co-operativesuk](http://www.uk.coop/community/resources/co-operativesuk)

**Business Link**

[www.businesslink.gov.uk](http://www.businesslink.gov.uk)

**International Co-operative Alliance**

[www.ica.coop](http://www.ica.coop)

**Radical Routes**

[www.radicalroutes.org.uk](http://www.radicalroutes.org.uk)



## 9 PERMITS AND LICENCES

Refer to Business Link (see the ‘Starting up’ section of [www.businesslink.gov.uk](http://www.businesslink.gov.uk)) or your local authority to ensure your prospective shop complies with all relevant legislation. Some areas to consider include:

- **Planning permission**  
[www.planningportal.gov.uk](http://www.planningportal.gov.uk)
- **Public liability, buildings and any other insurance**  
See the ‘Business’ section of [www.cooperativeinsurance.co.uk](http://www.cooperativeinsurance.co.uk)
- **Alcohol license** (for the premises and for a named person)  
Via the Business Link website (shortened link) <http://bit.ly/9BXWCp>
- **Trading standards**  
See ‘Help and advice’ at [www.tradingstandards.gov.uk](http://www.tradingstandards.gov.uk)
- **Taxes and payroll**  
See ‘Taxes, returns and payroll’ at [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
- **Organic certification**  
See ‘Certification’ at [www.soilassociation.org](http://www.soilassociation.org)
- **Waste packaging obligations**  
Via the Business Link website (shortened link) <http://bit.ly/9gy2Jv>
- **Registering food premises, food hygiene and trading standards**  
Sustain’s food co-operatives toolkit also provides good information on these: [www.sustainweb.org/foodcoopstoolkit/permits/](http://www.sustainweb.org/foodcoopstoolkit/permits/)



## 10 PROGRESS

### PERSONNEL

Personnel, or human resources, may be one of the least popular and underrated jobs in a co-operative. Smaller business may think a personnel person or team is unnecessary, but a dedicated team removes the need for everyone to know confidential information and provides accountability for certain vital roles.

#### Why bother?

Consider an example: someone's partner is ill. The person does not want to discuss it with the whole workforce, but s/he wants to mention it to someone because s/he needs time off more often and will not have the same level of concentration. Who does s/he tell?

- No one? This is not good for the person affected.
- Just a close friend? If the friend defends the person, everyone just thinks it is out of friendship.
- Everyone? But s/he does not want to discuss private issues with everyone, or to be asked about the partner's health every day. S/he just wants to get on with the job.
- If, in this case, only the personnel person knew, the member of staff would have an advocate who had agreed to be confidential and fair.

#### Who can do personnel?

Confidentiality is the most important aspect of the job. In the absence of sufficient employees with personnel experience, Unicorn has paid for qualifications for several members (Chartered Institute of Personnel and Development [CIPD] courses are pricey but they approve other institutions who offer less expensive options). Personnel will be easier for some people than for others, and interested parties should be invited to volunteer. A thick skin, a lot of patience, diplomacy and people management skills are critical.

#### Personnel job description

- being there for staff; be approachable and have an open ear
- acting as a mediator; even the smallest complaints may be best resolved by an independent person
- providing up-to-date legal and procedural advice, familiarity with current employment law

## Progress

- ensuring all staff, including those with different needs, are treated fairly and procedures are consistent
- looking after staffing levels, skill gaps, internal or external recruitment
- encouraging staff development and overseeing reviews (see below)
- maintaining up-to-date job descriptions, employment contracts, and personnel-related policies
- managing absence, holidays, pensions, other employment benefits
- overseeing disciplinary and grievance procedures (see below)
- ...and so many other roles! See Structure policies for personnel's role at Unicorn; an agreed definition of the role as policy may be useful.

Try to anticipate personnel issues, rather than reacting as problems arise and wishing you had planned your response or formulated a policy in advance. In Unicorn's experience, the formal training on legal aspects is worth the investment – it is cheaper than an employment tribunal.

### Reviews and membership

In a co-operative, no single boss or manager keeps track of an individual's performance – everyone must participate. For probationary members, the reviews serve to evaluate suitability for membership, and feed into the decision of the membership committee.

For members, the purpose is less clear. Our structure does not offer promotions or pay rises, but reviews offer a chance to commend a job well done, identify the need for change or areas for improvement, and encourage development and training.

See the Reviews for an outline of Unicorn's review and membership decision system, and sample review forms.

### Disciplinary and grievance procedures

Fortunately these procedures are rarely required, but good practice is vital for a fair workplace – and in order to avoid expensive legal costs! Please refer to ACAS (Advisory, Conciliation and Arbitration Service) for legal requirements. In the absence of a hierarchical management system, Unicorn elects committees annually to carry out these procedures when they arise. (See Personnel policies and member and probationer terms and conditions for details on current procedures.)

### Troubleshooting

- Institute good informal and formal mediation and support systems for staff, or use external services. Catch problems (and potential problems) as early as possible!
- Become a Co-operatives UK member, they offer free legal advice.
- Do not discuss confidential issues. Make general enquiries; if you ask friends or other businesses, be vague and never use any names.
- If you think the matter could be serious, find a good solicitor.
- Become a member of the Federation of Small Businesses who offer advice and insurance.
- If one of the personnel team is a member of CIPD and the matter is less urgent, leave a note on the online forum.
- Ask other co-operatives how they do things, e.g. ask for a copy of their job description or tips about the interview process.
- Information in this guide should be up to date as of 2010, but always check for compliance with current guidelines and legislation.

### RECRUITMENT

Unicorn's success relies on member co-operation, and membership requires serious commitment, energy, capability and drive. Recruitment is costly and training is time consuming, and we have carefully tweaked our recruitment process over the years in order to choose the best candidates.

#### Job description

Any recruitment search begins by identifying gaps in hours, people and skills. Unicorn recruits for only two possible posts, Casual Worker and Co-operative Member, although most people also have team roles written into their contract. Our common [job description](#) provides a standard for annual reviews, and alongside the person specification clearly explains the nature and requirements of the job. A well-written job description and person specification ensure the applicant is not disappointed and the recruitment process is fair. Consult ACAS for details on legal compliance.

#### Casual labour

Unicorn employs casual workers to assist in the day-to-day running of the shop. Although we do not guarantee a minimum number of hours per week, casual workers accept or decline shifts on a weekly basis. We fix casual wages at 75–80 per cent of the member rate (due to fewer responsibilities), and we encourage suitable casuals to apply for membership. The arrangement is mutually beneficial: Unicorn provides low-skilled work for people who cannot commit to regular hours, while a flexible 'bank' of casual labour allows us to adjust wage costs as sales fluctuate. (Note, employees gain protected employment status at 12 months. After a successful work trial, our casuals receive 10-month fixed-term contracts at zero hours per week.)

#### Recruitment team and the role of Personnel

At Unicorn, a team of at least three people reads applications, creates a shortlist and conducts interviews. Comparing the skills, experience, and knowledge of people who want to work in a co-operative can be complicated; someone who has studied physics may be as suitable as someone who has worked in retail. The recruitment team aims to act confidentially and fairly on behalf of the co-operative, and includes a personnel-trained member familiar with relevant legal issues. See the [Recruitment guide](#) for details.

#### Internal Recruitment

In case of skill gaps, Unicorn first looks to existing staff before spending a lot of time and money recruiting externally. Does anyone have extra 'admin' time, or want to increase his or her hours? Have we overlooked anyone with certain skills, or the desire and potential to acquire those skills?

#### Benefits

People with skills in IT, finance and personnel are particularly difficult to attract to a relatively low-paid grocery job. Some people are not motivated by money, but Unicorn has had most luck investing in external training to build these skills into our workforce (whilst not overloading current staff). What we cannot offer in wages we try to make up for in training and other – debatably more useful and motivational – benefits.



## TRAINING

Unicorn's training philosophy focuses on enabling existing staff to develop and pass along skills, rather than buying in high-paid consultants. The programme includes induction training (comprehensive for probationary members, task-focused for casuals), weekly training sessions for (and by!) all members and probationers, and external training. A designated person or team may oversee training, but all members contribute to its execution.

### Induction

Following recruitment, Unicorn offers a seven-month probationary contract to successful candidates, after which a membership committee decides whether or not to offer the individual membership (see [Reviews](#) for more).

Induction training can be a steep learning curve, and all members of staff are responsible for teaching skills and assessing the new probationary member. Although induction appears less formal in a smaller business, it is likely to include many of the same elements. Consider a handbook of the following:

- overview of staff procedures (contracts, wages, benefits, etc.)
- ethics and history (Principles of Purpose, history, policies, what it means to be a co-operative member, consensus decision-making)
- training in core areas of the shop (customer care, packing, storeroom, shop floor, etc.)
- visits (e.g. to suppliers, or supermarket competitors)
- probationer 'projects' or 'tests' (e.g. price and margin checking).

See the full probationer [Induction programme](#) for more information. For casual workers, health and safety and training in the core tasks (packing, till work, customer care, shop floor, cleaning) comprise a briefer induction.

### Regular training sessions

Fortnightly training sessions offer a chance to share knowledge, host speakers, establish (or reiterate) standard procedure, and meet face to face (or in the case of the larger organisation, in two halves).

Each session includes a chance to approve prospective new products, updates on changed, out of stock or delisted lines, a brief 'product of the fortnight' presentation, security updates and other items that need verbal reinforcement. The main topic may be drawn from a [yearly programme](#), with participation and contributions from all.

### Further training

Career development in a flat organisation translates to new challenges, such as changing teams or roles, visiting suppliers or similar business, attending trade fairs, or undergoing courses.

To help maintain consistency in procedures, file all up-to-date internal training documents (post-induction) in an accessible, central place, e.g. a training file or team folders. In most cases it is a member's responsibility to identify the need (or desire) and request further (or re-) training; alternatively the annual member review may highlight in-house training needs.

External training, while more costly, usually will enrich the business directly (see Further Training for ideas). Unicorn's investments in sending people to product fairs or Personnel courses have been repaid many times. Depending on financial constraints and relevance, Unicorn offers different levels of support (see Benefits policies).

Everyone agrees that training is important, but the day-to-day running of the shop often seems to get in the way. By building a good organisational culture that does not rely on key individuals, Unicorn uses training to maintain operational consistency and offer staff the prospect of personal development.

### More information on the Unicorn website for this section [www.unicorn-grocery.co.uk/grow-a-grocery.php](http://www.unicorn-grocery.co.uk/grow-a-grocery.php)

#### Job descriptions

On the web page see Progress: Member & Casual and Job Description

#### Contracts

On the web page see Progress: Member & Probationer Terms and Conditions

#### Personnel policies

On the web page see Progress: Personnel policies

#### Employment benefits

On the web page see Progress: Benefits policies

#### Structure policies

On the web page see Policies and principles: Structure Policies

#### Reviews

On the web page see Progress: Reviews and membership system

#### Recruitment guide

On the web page see Progress: Recruitment guide

#### Induction programme

On the web page see Progress: Induction programme

#### Yearly training programme

On the web page see Progress: Further Training

### Useful links

#### Chartered Institute of Personnel and Development

[www.cipd.org.uk/training](http://www.cipd.org.uk/training)

#### ACAS

[www.acas.org.uk](http://www.acas.org.uk)



## CONCLUSION

The grocery industry remains characterised by the increasing presence of a few major multiples. The dwindling choices on the high street will, to some extent, create customers interested in an alternative – but a new grocery cannot rely on this trend alone. The key is a good offer, and, despite the multiples' unrivalled buying power, there is still a gap in the market for a business strategy based on strong ethics, direct buying, minimal handling, on-site packing and all-round honest trading.

A lot of what we do differs little from the day-to-day running of any conventional grocery store: stacking the beans, sweeping the floor, etc. No shopkeeper can completely escape the realities of running a business and the difficult decisions and compromises that sometimes have to be made. Hard work and boring tasks are not banished when a co-operative is formed, but the rewards that come with this – of running your own business, as much to your principles as possible – make it all seem worth it.

The mechanics of selling groceries remain achievable and, as Roger Sawtell said 20 years ago, entirely graspable. There is room for a Unicorn-type store in every city in the UK, at least. It is up to us to grab hold of food supply as nineteenth century co-operators did – both out of a need for food security and a belief in social justice and stable, sustainable economies. Co-operative, socially-minded entrepreneurs have ample cause to act and take up the market. We hope this guide helps you to do so!