



# GROW

# A GROCERY

A guide to starting & growing a  
wholefood co-operative

UNICORN

VEG  
PRICE-CHECK

BEETROOT

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# INTRODUCTION

## Want to

- Help grow a better food system?
- Own your own work?
- Work collectively not competitively?
- Trade in amazing food and get to convey your passion for it every day?
- Work with your head, hands and heart?

## Want to be a co-operative grocer?!

Then this guide is for you.

This guide is designed to help bring more wholefood co-operatives owned and run by their workers into the world, by sharing and spreading the business model tried and tested by Unicorn since 1996. Whether starting a new food shop or expanding an existing co-operative, you may choose to follow this model completely or 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; just a handful of corporations control 80% 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 on how and where to shop. Cheap, exploitative, industrially-produced food still rules.

## **We need more options**

Unicorn Grocery was established to provide a real alternative to the supermarket. 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 one of many alternatives from which to build 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. As economic fortunes change, we envisage 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.

## **So why not?**

So far, we've given you the sell. But the task ahead of you should not be underestimated.

## **Not all of us are founders**

Starting any business is extraordinarily hard work. It's risky, scary, and requires an enormous amount of drive, determination, and an unshakeable belief in the project and your group! Setting up a new enterprise is a vastly different undertaking to working in one.

You will almost certainly need to work your regular paid job throughout much of the planning stage - it's an enormous investment of time and energy; most likely at the expense of a social life or family time. And unlike a traditional entrepreneur, you won't be rewarded at the end with a business you can profit from financially - other than drawing a wage, of course.

## **Not all of us are co-operators**

Working collectively has many rewards, which we hope we illuminate and celebrate throughout this guide. But if you commit to a democratic worker co-op model, you are relinquishing a large element of individual control of the project.

Many operational matters will be delegated to individuals or small groups, depending on how you decide to go about making decisions. However, the vision, policies and major decisions of your enterprise will be shaped by all its members. Collective business decisions require a capacity for compromise, self-awareness, letting go and negotiation beyond what many of us have experienced! For some people, working this way is just too much.

## **Not all of us are grocers!**

Unicorn draws on a vast range of skills to operate successfully. We have members skilled in purchasing & logistics, finance, marketing, HR, IT, governance, green grocery and Health & Safety.

Passion for the vision and values is critical, but must be paired with a genuine desire to be a grocer, and the skills this trade involves. Between its members, the founding group needs to understand the market, be able to source a range of appealing foods, price them sensibly, handle them safely and merchandise them effectively. You need to comprehend employment law and food hygiene, know the difference between mark-up and margin, gross profit and net. You need to be able to balance worker welfare with efficient trading, and responsible sourcing with staying affordable...and to make the difficult decisions these compromises entail.

You also need to want to work in a supermarket! And be happy handling food, delivering customer service, serving on the till, stacking shelves, and cleaning the floor. Repetitive, physical work is at the heart of grocery.



Finally, it's not sexy or fancy. If you're imagining a boutique high-street shop with immaculate shelves, pristine window displays or high-end artisanal treats, this guide is not for you. Grocery is for the masses, for us to buy our weekly shop of low-price basic ingredients.

Being a grocer is a fantastic, honest occupation, and can bring great satisfaction, but it's not for everyone. Is it for you?!

### **Not put off yet?! 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 (see below).

But we do believe that 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. We hope you enjoy it!

## USEFUL LINKS

### **Co-operatives UK start-up resources:**

[Start a new co-op](#)

[Setting up a workers co-op](#)

[Simply Start-up Guide](#)

**Radical Routes** - [How to set up a workers' co-op](#)

**Seeds For Change** [resources \(including guide to setting up a workers' co-operative\)](#)

**Sustain** - [Food Co-ops Toolkit](#)

**Employee Ownership Association** - [Guidance for Employee Buyouts of existing businesses](#)  
(note - an Employee-Owned business is not the same as a workers' co-operative!)

**Co-operative Development Workers/Agencies** (consultancy & support for your start-up)

[Principle Six](#)

[Co-op Culture](#)

[People Support Co-op](#)

[Co-operatives UK Practitioner Directory](#)





## WHO WE ARE

Situated in Chorlton, South Manchester, Unicorn Grocery is one of the biggest and most successful independent wholefood shops in the UK, twice named the nation's 'Best Food Retailer' at the BBC Food and Farming Awards, and placed top in Ethical Consumer's most recent national supermarket ranking.

Unicorn far surpasses the scale, success and market penetration of the average wholefood shop, with a 1,400m<sup>2</sup> premises and £8 million turnover, or £154,000 in a typical week.

► See [Statistics](#) for more details on sales. Over 6,500 transactions go through our tills each week, from a regular customer base of approximately 5,000 people.

### Background

Unicorn Grocery Ltd began trading on a 550m<sup>2</sup> site in September 1996, after over two years of preparation – mostly spent searching for the right premises! 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, Northampton's 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. The Blueprint outlines this model, a neat combination of clear ethics and efficient trading. While Unicorn has grown well 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 health food shop)
- Fresh, wholesome, quality produce
- Direct and bulk buying, alongside minimal handling
- Minimal operating costs
- Large premises (at least 400m2) with half-retail, half-warehouse space
- Accessible location near (not in) a market centre, with parking, lorry access, and non-high street rates
- High average basket, comparable with the multiples
- Sourcing based on clear nutritional and ethical criteria
- Broad range of products with a focus on staple cooking ingredients
- Prices competitive with supermarkets (like for like)
- Value added onsite, where profitable and efficient
- Good relationships with suppliers, e.g., honest trading and prompt payment
- Co-operative ownership striving for 'flat' management structure
- Dedicated staff, with shared principles underpinning all business decisions
- Strong customer loyalty based on trust and clear, consistent ethics
- Welcoming, accessible, friendly image

## **Unicorn's Brand**

- Wholesome
- Fresh
- Accessible & affordable
- Friendly & inclusive
- Fun & playful
- Authentic
- Co-operative
- Values-driven

## **How we want Unicorn to make people feel**

- Inspired to cook and eat well
- Informed about us and the big picture
- Included by us, able to identify with us
- Appreciated by us
- Empowered to eat and act differently
- Supported and encouraged in the choices they make
- and most importantly.....Joyful!

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

We position ourselves against the multiples, aiming to provide our customers with the majority of their weekly shop. Unicorn achieves success through unusually competitive pricing (comparable with supermarkets) and a broad, high-quality product range, with a particular focus on ingredients to cook with. This combination requires a shop of a certain scale, plus car parking. If you are considering a much smaller site, you probably need to investigate an alternative business model.

### **Prices are kept low through a combination of:**

- Focus on basic lines, particularly ingredients; note, basics are significantly less vulnerable to economic downturns
- Minimal handling
- Bulk (e.g., full pallet) purchasing wherever possible, often direct from manufacturers; relies on roughly equal warehouse to shop floor space
- Comparing pricelists and switching between suppliers for key lines as prices fluctuate
- Negotiation; listed prices are just a starting point and bulk buying puts us in a stronger position
- Paying on time, i.e., within 1-2 weeks
- Adding value on site where it can be profitable and competitive
- Minimising office, administrative and meeting costs
- No huge profits to pay shareholders or executive salaries

Customer shopping experiences are crucial, as we rely on repeat custom and word-of-mouth marketing. We want people to find us friendly, and have a nice time in our shop; bad customer experience does a disservice to our mission. In an era of widespread desertion of the high street - clicks over bricks - so-called 'extras' are in fact key to customer satisfaction and loyalty. Just a few examples at Unicorn include sampling, knowledgeable staff (we hope!), free apples for kids, a community notice board and customer events.

- Low operational costs

Surviving in a low-margin industry relies on minimising operational costs, particularly labour (by far our biggest cost). For this reason, in the vast majority of our operations, we avoid 'double-handling.' That is, we handle products as little as possible in their journey from supplier to customer.

The same principle applies to back-office costs (particularly labour, in the form of admin and meeting time), which we aim to keep to a minimum. Efficiency is key, and circles are expected to think creatively in order to operate as economically and effectively as possible. We talk about 'cognitive double-handling;' clear processes and areas of responsibility save time and headspace.

This focus on minimal handling applies differently in trading areas where we can 'add value' and create a 'unique selling proposition' via onsite processing. Processing must add sufficient value, and require little enough labour, to make goods that are profitable and competitive. For example, we have always packed down dried commodities, and as of a few years ago, we also prepare fresh food and baked goods onsite.

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

We aim to cultivate stronger connections between our food, its producers, and all of us who eat. Unicorn educates customers and the wider community on food and trade issues. We hope these efforts help customers to make purchasing decisions, and encourage a more loyal relationship with our shop. Bearing in mind the need to minimise operational costs, we limit these activities by allocating an affordable annual budget within the confines of a low-margin business.



We are transparent, and share an unusually high level of information with our customers, regarding our product range and our business in general. Our customers are our primary form of advertising; most first visit the shop after hearing about us from someone else. We are proud to be a hub in our community, and promote and support activities going on locally and in our 'community of practice.' We offer a depth of food knowledge unusual to a modern supermarket.

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. Direct buying also enables us to cultivate long-term relationships with our producers. Our Growers Fund is one reflection of our desire to improve local supply and improve resilience in vulnerable suppliers.

### **Customer base**

Our core market is local - within 5 miles - and we aim for particularly high market penetration within 2 miles. While many customers come from further than 10 miles, we do not actively seek out this customer base. We serve a broad demographic range, striving to make ourselves accessible to medium- and low-income households. We aim for diversity in our customer base that represents our diverse local population.

We meet the needs of people who cook from scratch, and support customers to move towards this wherever possible. Most of our shoppers are people who like to cook, or those with young families. Our range is entirely plant-based and we appeal particularly to people with specific dietary requirements, but we offer a range to satisfy the bulk of any customer's weekly shop. We rely on repeat custom, and benefit from a very high level of customer loyalty.

### **Wholesome and well-sourced food**

We have created a place where we would like to shop and we are proud to work. Our remit is affordable, tasty, wholesome food with a focus on organic, fair-trade, local and ethical sourcing. We focus on basic ingredients, avoid artificial additives and high levels of 'free' or added sugars. We do not sell animal products, and aim to source organic produce wherever we can find or generate a market. We aim to minimise packaging and do what we can to avoid single-use packaging, whilst bearing in mind the need to keep our operations simple and functional.

Typically, over a quarter of our sales come from fresh fruit and veg (our biggest USP), with another 20% from our packed and unpacked ranges of grains, pulses, dried fruits, spices, nuts and seeds. Roughly two thirds of our sales are certified organic; we are one of the country's leading retailers of organic fresh produce. High volumes and a rapid turnover are key to the freshness for which our produce is known. Other criteria (local, regional, fairly-traded, etc.) are more difficult to measure, but we offer a significant proportion of ethically-sourced lines.

By keeping prices low, we aim to improve access to healthy, sustainable food for those on lower incomes. We take care with our purchasing and pricing decisions, and our marketing, to improve price perception and avoid reinforcing 'high-end' stereotypes.

## Co-operative working

As a workers' co-op, the shop is owned and run by the people who work in it. Unicorn maintains a fairly flat management structure, in which all members earn the same hourly rate and make decisions using a form of consensus. High staff retention and engagement do not happen by accident. Our flat structure, which gives all members a say and a stake in the business, provides higher job satisfaction and member empowerment. Wellbeing and good working relationships are at the forefront of our co-operative, which motivates us to make the business a success and to deliver a different class of customer service and customer loyalty. Unicorn relies on a small amount of non-member labour, in order to deal with the ebbs and flows of trade and buffer against shrinkage. We aim to keep non-member labour at 10-15% of overall hours - higher rates trigger member recruitment.

## USEFUL LINKS

### Grow a Grocery Resources for this section

[Statistics](#)

[Customer survey\\*](#)

### Unicorn web content for this section

[Unicorn Principles of Purpose](#)

### Useful links

[Blueprint for 50 co-ops](#)

[Daily Bread Co-operatives](#)







# 1 PEOPLE

Co-operatives exist for the benefit of their members, placing people firmly at the centre of how they operate. Founding a worker co-op presents an opportunity to take control over our working lives and to create a business that intentionally benefits its workers and its community.

The first stage in setting up a new co-operative is to find a group of interested people with a shared commitment, and establish a working group. Unicorn's initial working group was small, as preparatory work can often be most efficiently achieved by two to four people. A clear, well-crafted vision at the outset enables others to join the group and assist with further development at a later date. ► See Planning for more.

## 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. Attracting people with the right skills is crucial in the early stages, and a working group should determine which areas they can confidently manage, and bring in others to fill identified skill gaps. Necessary skills 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 need to be addressed. In addition, everyone in this initial group needs healthy reserves of diplomacy, determination and graft.

## RECRUITMENT

When the business approaches its opening date, or in the early stages of operation, it is likely that you will need to recruit workers. 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; we have carefully tweaked our recruitment process over the years in order to choose the best candidates.

The [Member Job Description](#)\*, [Teams List](#), and [Overview of Rotas](#) give ideas of skill requirements, e.g., forklift driving, first aid, health and safety, food hygiene, rota management, merchandising, bookkeeping, employment law and trade negotiation. The Training section suggests courses and qualifications, although visiting, working, or volunteering at a similar shop may provide the most useful training. Keep in mind that roles evolve, increase or decrease as the business develops.

### 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. Our common [job description](#)\* and person specification clearly explain the nature and requirements of the job. A well-written job description and person specification ensure that applicants are not disappointed and the recruitment process is fair. Consult [ACAS](#) for details on legal compliance.

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 outperform the competition.

### 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 are free to accept or decline shifts on a weekly basis, enabling them to fit work with us around other commitments. We fix casual wages at 80% of the member rate (due to fewer responsibilities - but still meeting the Living Wage), and we encourage suitable casual workers 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. Casual workers stay at Unicorn for up to one year, and if hours are available we encourage anyone still interested in working at Unicorn beyond this duration to apply for probationary membership.

### Recruitment team and the role of Personnel

Everyone who applies to be a Unicorn member goes through a recruitment process that is fair but also rigorous. A three-person team reads applications, creates a shortlist and conducts the interviews (usually two of the three). Comparing the skills, experience, and knowledge of



people who want to work in a co-operative can be complicated, therefore the application form is longer than in most jobs. Also, a work trial in the shop is crucial for Unicorn, and for the applicant to understand the day-to-day work involved. The Recruitment team includes at least one member of the Personnel Circle to follow rules of confidentiality and fairness on behalf of the co-operative, and to ensure compliance with relevant legal issues.

Our casual workers are a very successful recruitment pool, typically around  $\frac{1}{4}$  to  $\frac{1}{3}$  of our membership began working as casuals (this proportion varies over time). Working in a worker co-op is not for everyone, nor is working in retail, but people who enjoy casual work are already off to a good start. ► See our [Recruitment Guide](#) for more details on job advertising and the recruitment process.

### **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 headspace, 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 the most luck investing in external training to build these skills into our workforce, whilst taking care not to overload current staff. What we cannot offer in wages we try to make up for in – debatably more useful and motivational – training and other benefits.

Efficient recruitment and HR procedures are essential to maintaining a successful workforce. Any successful small business, co-operative or otherwise, begins with good people decisions.

## **PERSONNEL**

A well-defined Personnel function supports a co-operative working culture in which everyone's individual needs are considered. Smaller businesses 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 vital roles.

Consider an example: A member suffers from an ongoing illness and needs time off to attend appointments. The person does not want to discuss it with the whole workforce, but they want to tell someone because they need time off more often, and their illness is affecting their work. Who do they tell? Data protection is fortunately ingrained in law, and everyone has the right to confidentiality. Therefore, at least one member must take on the role of a Personnel person, including a commitment to confidentiality.



## Who can do Personnel?

In the absence of sufficient employees with HR experience, Unicorn has paid for qualifications for several members; [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 encouraged to volunteer. A thick skin, a lot of patience, diplomacy and people-management skills are critical, and an ability to maintain confidentiality is absolutely vital.

## Personnel job description

- Being there for staff, being approachable and having an open ear
- Acting as a mediator, an independent person to resolve even small complaints
- Providing up-to-date legal and procedural advice, familiarity with employment law
- 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 [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, we found an agreed definition as policy to 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, and increases confidence in (and within!) Personnel.

## 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.

Every co-op finds their own way of doing reviews. There is no perfect system and a lot of research on reviews comes from conventional business and hierarchical structures. However, reviews are an important opportunity for members to develop and receive feedback. In smaller co-ops where everyone works together, a review system where everyone reviews everyone else can work well. Once the co-op grows, reducing the number of reviewers makes the process more meaningful and easier to manage.

Our structure does not offer promotions or pay rises, but we do encourage personal growth and professional development. Annual reviews play an important role in achieving both. See the [Reviews](#) appendix for an outline of Unicorn's review and membership decision system, and sample review forms.

## Disciplinary and grievance procedures

If you have solid policies and an open, honest and supportive work culture, these procedures will hopefully be rarely required. Still, good practice is vital for a fair workplace, and in order to avoid expensive legal costs! Please refer to [ACAS](#) 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 [employee contracts](#)\* for 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! If you think the matter could be serious, find a good solicitor.
- Become a [Co-operatives UK](#) member and access their advice services.
- Consult with an external HR support service, such as [People Support Co-op](#) (founded by two Unicorn members) who specialise in co-ops and community businesses.
- Join the [Federation of Small Businesses](#) who offer advice and insurance.
- Join [CIPD](#) and leave a note on the online forum for less urgent matters.
- Ask other co-ops how they do things, e.g., job descriptions or interviews. Do not discuss confidential issues. Make general enquiries but do not use names.
- Information in this guide should be up-to-date as of 2022, but always check for compliance with current guidelines and legislation.

## 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 (Co-operative Values and Principles, Principles of Purpose, history, policies, what it means to be a co-operative member, consensus and consent decision-making)
- Training in core areas of the shop (customer care, packing, store room, 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](#) in the appendices. For casual workers, health and safety, plus 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. Our Training sessions include information on new, out of stock or delisted lines, in order to keep the whole membership up to date. The main topic may draw from our [yearly programme](#) or not, delivered by an internal or external speaker. Our Training Circle covers a broad range of topics throughout the year to support ongoing learning and development, including advocating for inclusivity and diversity. We encourage participation and contributions from all members, and probationary members all deliver a 'Product of the Fortnight' presentation, based on a product of their choice.

## Further training

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

To help maintain consistency in procedures, we aim to keep all up-to-date internal training documents (post-induction) in an accessible, central training file. In most cases it is a member responsibility to identify the need (or desire) and request further (or re-) training; alternatively the annual member review may highlight 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 relevant [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.

## USEFUL LINKS

Grow a Grocery Resources for this section

[Job Description Member & Casual\\*](#)

[Teams list](#)

[Rotas](#)

[Personnel Policies\\*](#)

[Member & Casual and Job Description\\*](#)

[Member & Probationer Terms and Conditions\\*](#)

[Personnel policies\\* or Benefit policies\\*](#)

[Structure Policies\\*](#)

[Reviews and membership system](#)

[Recruitment Process](#)

[Induction programme](#)

[Further Training](#)

### Useful links

[Chartered Institute of Personnel and Development](#)

[ACAS](#)

[Federation of Small Businesses](#)





## 2 PLANNING

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

### STARTING OUT

A shared vision and a strong collective understanding of what you're aiming to create and achieve together is a crucial first step in the planning process. Spending time pinning this down at the beginning can save a lot of difficulty later. Your working group will need to develop a vision and a mission you can all support. For Unicorn's founders, a vision for a fairer food and farming system underpinned their mission to create the kind of place where they wanted to shop: A grocery selling an affordable, wide range of wholesome food, sourced with care by motivated worker- owners with a shared social and environmental agenda. Our five Principles of Purpose emerged from this process, and continue to drive and inform everything we do.

### TIMESCALE

Once the bigger picture vision and mission are in place, the next step is a realistic set of aims and an action plan to achieve those aims. The following timeline gives an indication of the different stages of setting up a new shop, assuming an 18-month period before opening. Familiarise yourself with the ups and downs of others' experiences, e.g., the Unicorn [Prehistory](#) and [Chronology](#)\* ... Or get in touch with newer shops and ask!

#### First:

- Establish a working group and define your collective vision. As soon as a small team exists, assign key roles (e.g., premises, finances, legal requirements, stock). Meetings increase in frequency as the collective workload rises.

### By three months:

- Consider suitable locations and the target market.
- Talk through, set out and finalise your aims within three months. Early clarity is important. New people join and add to the vision, not reinvent it.
- Develop a statement of purpose and necessary policies; ideas in box below.
- Define who you are and what story you want to tell in your first publicity materials. Launch summary document (e.g., a [Prospectus](#)) at three months and gather expressions of interest from potential investors as soon as possible.

### By four months:

- Find a suitable company structure and register. The [Do-ocracy Handbook](#) and [Simply Legal](#) are great resources for understanding your options, alongside Co-ops UK's [Start a new co-op step-by-step guide](#).
- If you decide to register as a Co-operative or Community Benefit Society, Co-ops UK's registration service provides an easy route with access to support.
- Search Co-ops UK's Co-op Directory to find similar businesses in your region.
- Contact your local co-operative development agency or national co-op hub '[The Hive](#)' for financial/other advice, and [Locality](#) for funding ideas.
- Continue search for premises. The right site is crucial; it can take years to find.
- Open a bank account (consider ethical options, e.g., Triodos, the Co-op).
- Write your [business plan](#) (including forecasts). Start with guides listed at the end of this section and examples online. Consult an accountant regarding financial elements. Revise as required.

### By six months:

- Assemble capital: work on a [share offer](#) and approach lenders from six months.
- Narrow down your search for premises. This can be time consuming and exasperating (like house buying), with the greatest ability to affect timescale and planning.

### By fifteen months:

- Locate a building. Unicorn did not sign a lease until 6 weeks before opening!
- Fit out premises and buy equipment. Develop rough plans at 12 months; refine at 15 months. Be on site 3-4 weeks before opening. Put up 'Coming Soon' sign!
- Build your product range and supplier contacts. Your opening offer should be comprehensive.
- Set up procedures and bureaucracy. Ensure contracts, HR knowledge, health and safety, food safety and other legal requirements are in place.
- Recruit for staff or officially employ members of the working group. You will need contracts of employment from day one of working in your new shop.

### By eighteen months:

- Undergo training and refine roles.
- Engage marketing and publicity. How are you different? Put leaflets through doors and advertise in the neighbourhood from 16 months.
- Test systems and equipment (e.g., tills, fire alarm) in the last weeks.



## 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, start researching suitable locations and carry out market research to determine if Unicorn's model fits your target area, potential customer base, and existing competition. The [Radical Routes guide](#) and resources from the US-based [Food Co-op Initiative](#) include basic information on market research and business planning.

For several decades, a market for wholefoods and organic produce was a given in many areas due to the lack of supply elsewhere. Today's shops must be more savvy with USPs (unique selling propositions), with more 'ethical' products in supermarkets, 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'

Unicorn's start-up market research suggested that 5-10% of consumers qualified as 'green' (regularly seeking sustainable products), and another 60% or more qualified as 'light green' (occasionally seeking). Over the years we have seen how a cost of living crisis can affect consumer choices, reaffirming that price is key. However, it is also great to see growing awareness of how consumption impacts the planet. We have witnessed the usual ebb and flow of trends, but recently we see real traction in increased awareness around conscious consumption - there are certainly more consumers who qualify as 'green' today. Unicorn works to appeal to a cross-section of the (mainly suburban) public, and avoids being seen as niche. 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, and car parking for weekly shoppers. Selling to a food literate 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. Sawtell suggested a population density of 500,000 people within 20 miles as a minimum. ► See Premises section for more details.

## Supermarket competitors

Unicorn knew from the start that it wanted head-to-head positioning with the multiples, and supermarkets would provide our most direct competition.

However, now that most supermarkets have a large number of wholefood lines, many of Unicorn's early USPs are gone, and price competition is fiercer than ever. A significant minority still prefer anywhere but a supermarket, but far more will shop wherever they consider their requirements best met. Unicorn is down the road from Morrison's and a Tesco

Express... but with the right products at the right price, sold by trusted people in a convenient place, we can appeal to everyone.

## PERMITS AND LICENCES

Refer to GOV.uk or your local authority to ensure your prospective shop complies with all relevant legislation.

Some areas to consider include:

- **Planning permission:**  
See [www.gov.uk/planning-permission-england-wales](http://www.gov.uk/planning-permission-england-wales).
- **Public liability, buildings and any other insurance:**  
See <https://www.coop.co.uk/insurance/business-insurance>.
- **Alcohol licence (for the premises and for a named person):**  
See [www.gov.uk/personal-licence-to-sell-alcohol](http://www.gov.uk/personal-licence-to-sell-alcohol).
- **Trading Standards:**  
See [www.tradingstandards.uk/commercial-services](http://www.tradingstandards.uk/commercial-services).
- **Taxes, accounts and business rates:**  
See 'Business and Self Employed' at [www.gov.uk/browse/business](http://www.gov.uk/browse/business).
- **Payroll, Health and Safety, Contracts, Pensions, Leave:**  
See 'Employing People' at [www.gov.uk/browse/business](http://www.gov.uk/browse/business).
- **Organic certification:**  
See 'Certification' at [www.soilassociation.org](http://www.soilassociation.org).
- **Data Protection and GDPR:**  
See <https://ico.org.uk/for-organisations/>.
- **Waste packaging obligations:**  
See [www.gov.uk/packaging-waste-producer-supplier-responsibilities/producers](http://www.gov.uk/packaging-waste-producer-supplier-responsibilities/producers).
- **Registering food premises, food hygiene and trading standards:**  
See Sustain's Food Co-operatives Toolkit at [www.sustainweb.org/foodcoopstoolkit/permits](http://www.sustainweb.org/foodcoopstoolkit/permits) and government rules for 'Business and Self Employed' at [www.gov.uk/browse/business](http://www.gov.uk/browse/business).



## USEFUL LINKS

### Grow a Grocery Resources for this section

[Chronology\\*](#) and [Prehistory](#)

[Prospectus 1996\\*](#)

[Business Plan 1996\\*](#)

[Member & Probationer Terms and Conditions\\*](#)

### Useful links

[Co-operatives UK](#)

[Community Share Offers](#)

[The Hive co-operative enterprise hub](#)

[Locality](#)

[Radical Routes guide, including business planning](#)

[Food Co-op Initiative resources, including forecasting](#)

[Do-ocracy Handbook](#)

[Simply Legal guide](#)



### 3 PRODUCE

Unicorn is a wholefood grocery, providing and promoting affordable, wholesome food and a more sustainable form of trade. Where feasible, our products are organic (all fresh fruit and vegetables, alcohol and bread, plus much more ; equating to 2/3 of sales in total), fairly-traded (all historic cash crops like tea or coffee), local, regional or otherwise ethically-sourced. Our buyers constantly evaluate products for affordability and ethics; we try to trade as sustainably as possible while still accessing 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!) fair-trade 'plus' lines like Zapatista coffee or Zaytoun olive oil, and everything in between. Generally, we focus on selling basic grocery lines at realistic prices.

#### WHAT WE SELL

Unicorn's Principles of Purpose include guidelines regarding the products on our shelves, including a few clear lines in support of our aim for more wholesome, sustainable food. We do not stock products derived from animals, and we focus on foods which have undergone minimal processing. Although we promote alternatives, we never focus on what we do not sell. Unicorn has never marketed itself as a 'vegan' store, which would have turned away the majority of our customers before they set foot inside. Nor are we a health food shop; we do not stock supplements or natural remedies. We sell fresh and wholesome ingredients at affordable prices.



## PRODUCT RANGE

From our opening stock of 400 lines (see [Early Pricelist](#)), we now stock more than 3,000 lines from over 200 [suppliers](#). The shop is split into departments and groups of types of products. Sales percentages are approximate. ► See [Statistics](#) and [Timeless Top Sellers](#)\* for sales information, or see [website](#) produce pages for current pricelists.

- Branded ‘ambient’ (food that can be stored at room temperature) grocery lines, plus household, bodycare and babycare (30%)
- Organic fresh fruit and vegetables (31%)
- Packed goods (16%)
- Chilled foods (10%)
- Deli and bread (7%)
- Unicorn Kitchen (3%)
- Organic alcohol (3%)

### 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 tropical fruits and the widest range of squashes and pumpkins (over 20 varieties) you will find in autumn.

We buy directly from growers, over 90% for our UK fruit and vegetables, much of which arrives within one or two days of harvesting. However, a full year-round offer – a requirement for a good level of market penetration – 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 (see their [Veg Trading Guide](#)). To ensure a good-value, delicious and fresh produce section, we rely on correct [storage methods](#), rotation, tasting (especially fruit), and reducing prices to shift sub-par produce. In addition, with a high-quality offer and no need to differentiate between organic and non-organic, we can sell our fresh produce unpackaged. Customers 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 Unicorn’s ‘own brand’ packaging, we offer all the essential ingredients to make a complete meal (around 130 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. From 2019 we started to sell commodities unpacked from hoppers, and we hope to expand this offer and further reduce packaging. At the same time, we are taking careful steps to make sure it is practical and popular for customers. Making unpacked commercially feasible and an easy option for customers - convenience is still a popular word! - is central.

## **Bread**

Our bread range distinguishes us from the industrially-produced standard, containing no additives or preservatives, just ingredients you would use at home. Craft bakers making Real Bread are not ten-a-penny, and they must be local to ensure all-important freshness. Unicorn bolsters its range by working closely with regional bakeries, and midweek fresh bread deliveries correspond with some of our busiest times. Fresh bread is a great product and a useful pull factor for mid-week trading lulls.

## **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.

More and more, we offer alternatives to plastic-packed products, including completely unpackaged products, innovations like laundry sheets in cardboard, and a small amount of returnable packaging.

## **Alcohol**

Our organic wines, beers and spirits are made without animal products in the clarifying process. We order directly from a wide range of breweries, from basic ales and lagers through to rich imperial stouts and modern IPAs. In addition we have interesting seasonal specials, gluten-free beers and low/no alcohol options. We also carry a good range of ciders and perries. Unicorn’s licensee (▶ See Permits) carefully chooses tasty, good value wines and spirits from UK organic alcohol wholesalers.

## **Delicatessen and Unicorn Kitchen**

Our deli counter always offered pulling power with top sellers like houmous and olives, plus spicy snacks and pasties for the lunch crowd. In recent years, we have improved profitability and customer value with our innovative ‘Unicorn Kitchen’ range of prepared foods for sale both in the deli and the chiller. We started simply with sandwiches and hot soups, and then built a range of salads, snacks and treats. Onsite fresh food prep provides the two standbys of grocery glory: USPs (something unique) and added value (something profitable). In addition, the flexibility of fresh food prep helps us to promote seasonal and wholesome eating, while making use of gluts or ‘use soon’ produce. As with all in-house production, we keep a close

eye on labour needs: What can bring some commercial control to a business can also become a drain, and it takes effort to keep it simple and stay clear on the aims. The pulling power of a deli can improve long-term resilience and customer experience, so it doesn’t need to bring great returns, but it should more than cover its costs.

## **Chilled and Frozen**

In addition to top-selling houmous, 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 offer with locally made

cheeses and yoghurts. We also offer an evolving range of wholesome prepared foods, some of which are made in-house in our commercial kitchen (► see above). We watch the development of new specialty products carefully, and avoid stocking lines that challenge our reputation for good value, wholesome food.

Unicorn's freezer stocks a range of organic frozen fruit and veg lines, plus burgers, ice cream and more. Our Unicorn Kitchen frozen dinners provide time-poor customers with wholesome and tasty meals. In considering frozen food, we keep in mind the impact of long-haul chilled transport and the value of the pound against the euro (many frozen ranges come from Europe), plus our commitment to freshly-cooked meals and seasonal food. However, a freezer can also help bridge the annual 'hungry gap' - the early spring lull in UK veg supply - and offer customer convenience.

## SOURCING

### Suppliers

Unicorn relies heavily on the cost savings of buying direct, and currently deals with around 160 suppliers and growers. However, smaller businesses will not be able to meet minimum order requirements for many primary producers. Wholesalers may sometimes offer better discounts and bulk purchasing options, and can usually minimise administration and invoicing costs. For a reasonable grocery offer, a start-up may want to aim for around 25 suppliers. Our [Wholesalers](#) appendix provides some initial information, or see a more comprehensive list of [Unicorn's Suppliers](#)\*.

### 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 prioritise ones that do. We also attempt to avoid the worst offenders in global trade, e.g., discontinuing lines when small manufacturers are bought out by objectionable corporations.

### 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 lines or sources 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); we have to work hard to ignore the noise and track down good products. The food business requires 'foodies,' with the eyes and ears of the whole workforce in other people's shops, kitchens and conversations.

### What to look for

Original ideas are few but a successful grocery should add a twist to the expected offer. Our remit is food that tastes 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 do not sell.



## Fill gaps

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

## Keep an ear to the ground

We visit supermarkets 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 offer 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 offering the right choices that counts.

### USEFUL LINKS

#### Grow a Grocery Resources for this section

[Early Pricelist](#)

[Statistics](#)

[Timeless Top Sellers\\*](#)

[Wholesalers](#)

[Supplier List\\*](#)

[Veg Trading](#)

[Veg Europe](#)

[Veg Storage and Presentation](#)

[Veg Aftercare](#)

#### Unicorn web content for this section

[Unicorn sugar information](#)

[Unicorn wholegrains information](#)

Unicorn pricelists and product lines - at [www.unicorn-grocery.coop/our-produce/](http://www.unicorn-grocery.coop/our-produce/) see each department page

#### Useful links

[Ethical Consumer](#)

[Real bread](#)

[Faith in Nature](#)

[Bio-D](#)

[Biofach trade show](#)

[Natural Products trade show](#)



## 4 PREMISES

Property has not become any cheaper or easier to acquire over the years so we expect finding the right site to be an increasingly challenging task. While it is a massive effort, don't compromise early. If you want to use our trading model you really need to find a suitable site. It is impossible to overstate the importance of the right premises in the right neighbourhood!

### 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 and 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. Economically diverse areas are good. By building a following, you can help shape a neighbourhood and strengthen its community, although it may take time.



## FINDING A SITE

Once you choose an area, the right premises may prove trickier to find. Site availability delayed Daily Bread and Unicorn as much as it delays the multiples. 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 access (for lorries and customers), and the proximity of residential neighbourhoods and other shops. The new shop should be in the heart of a community, with plenty of passing foot traffic.

### Premises

The parameters listed below will help narrow your search.

- Building size above 400m<sup>2</sup> (Unicorn began around 500m<sup>2</sup> and more than doubled in size, see [Floorplans](#)), including:
  - 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; our rest room & green roof deck took 10 years!
- Retail and storage space, including cold store - ground floor is **imperative**
- Accessibility (an architect may offer free initial opinions)
- Adjacent car park remains critical, decreasingly we hope
- Good visibility and easy foot access (pedestrian custom can be underrated)
- A forklift-friendly building is essential to our pallet-based purchasing model
- Access by articulated lorries, which still deliver most food due to fuel efficiency

## 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, 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 Permits section for more information.

### Grow a Grocery Resources for this section

[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.

Of course, the internet offers a good starting point for researching prices and availability (including second-hand), but online purchasing may not be ideal for products that require customer support. With machinery or till equipment in particular, a reliable, nearby company who can provide training and support is especially important. Local providers usually offer better service and flexibility, if not better prices; speak to other shopkeepers for ideas.

### Functional points to bear in mind

- Lorry and customer access
- Level concrete floors that pallet trucks can negotiate
- Sunshine (heat and light) and window glazing
- Shop/warehouse temperature (ideally below 20°C all year)
- 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 briskly)
- Visibility in shop (for security, overview of customers and shop needs)
- Aisles big enough for trolleys to pass each other

### Aesthetic considerations

- Wood is preferable to plastic wherever possible
- Tiles or linoleum (not vinyl!) are retail floors
- Light the goods, not the ceiling; daylight is best (but consider what products get direct sun)
- What looks good through the window: representative, colourful, not too expensive or dull
- Simple, clear, consistent signage and logos; blackboards for fresh or changing information
- 'Eye level is buy level,' and not too high with the shelves for an open, pleasant feeling (use drawers below for restocking throughout the day)
- End caps (the ends of shelf runs) offer prime selling space
- Clean windows, floors and shelves, frequent 'refreshment' of painting and finish

### Basic equipment list for 400m<sup>2</sup> shop

- Pallet trucks X2
- Forklift, minimum one tonne lift and not just the cheapest option (lease for reliability from a supplier with good reputation)
- Store Racking
- Cold Storage, minimum 10m<sup>2</sup> with external heat exchanger

- Display Fridge, 3m long with external exchanger
- Shopping trolleys and baskets
- Trolleys X2-4, for picking and packing
- Till checkout stands and packing area

## **IT and communications**

- Tills with linked scales and scanners, X2-3  
Modern tills are EPOS – electronic point of sale – systems, which include capacity for sales reports, pricelists, shelf tags, picking lists, packing lists, etc. Choose a system that can scan, weigh and offer touch menus for non-barcoded or loose items. Find a recommended local supplier to install and train key staff, and also to provide rapid onsite support in the settling-in period.
- Card machine for each till, X2-3
- Computers, X2-3 including one for EPOS database
- Printer, X1-2 with ability to print colour, plus laminator
- Database software if needed for bag labels or general flexibility
- Shelf Tag Printer (or computer printer if lower volume)
- Bookkeeping software
- Back-up programme
- Broadband service and phone lines
- Fire and security alarm system with police response

## **Packing Equipment**

- Bag Label Printer (or computer printer if lower volume)
- Stainless steel tables X2
- Weighing Scales X3, up to 10kg
- Mixing Tubs X5, food grade

## **Deli Unit**

- Optional but requiring sinks, worktops, and serve-over or self-service fridges
- Programmable scales that produce price-embedded barcodes
- A soup kettle, pie warmer, or cooker may be something to work towards

## **Organising the site**

Consider functional, aesthetic and practical issues when deciding how to lay out your shop, store room, offices and tills. Good customer flow means two trolleys can pass each other, with more in popular areas (for us the fruit and veg and till areas). Identify, minimise and manage pinch points. ► [See our historical and current floorplans.](#)

At Unicorn we carefully organise shelves by category so customers can find and compare products easily. Consider the ‘customer journey’ through the shop as you group together and position sections, e.g., cooking ingredients, cereals, spreads, nonfoods, snacks, drinks. When deciding how many faces of a product, think about:

- ‘Eye level buy level’
- How fast it sells (Price is key!)
- How fast you want it to sell (Is it 'better' option, e.g., low packaging, local, organic? Does it have a good margin?)
- Practicalities like the width/height of the product

Ideally fit a busy day's sales on the shelves, although some days might need extra restocking. Full cases can work if the product inside is still easy to see and access, and can save 'double handling' time and money for popular items.

Our warehouse is divided into sections that match the shop, with products in roughly the same order as per the 'picking list' for that section. There are some exceptions for fast-selling lines, which we may store on the pallet to avoid double-handling.

## ENVIRONMENTAL FOOTPRINT

Beyond our focus on products and suppliers with a lower environmental impact than the norm (e.g., organic, local, plant-based, etc.), Unicorn works to minimise its 'footprint.' We have always used measures such as:

- Recycling, reusing and composting waste wherever possible
- Considering packaging options carefully; see our [packaging page](#), [Riverford Study](#), or [Useful Contacts](#) for more information
- Purchasing electricity from a renewable supplier
- Contributing self-imposed 'carbon tax' to tree-planting scheme (currently 0.07% of sales)

### **When we could afford it, we added:**

- Improvements to the building's thermal envelope to reduce heating needs
- Photovoltaic and water-heating solar panels
- A green roof to minimise water run-off and improve local biodiversity

We hope that any new retailer would consider ways to minimise the environmental impact of the business and dependency on non-renewable resources. We continually investigate new 'green' options as technology and circumstances change.

## FINANCES

Many finance opportunities exist for fledgling co-operatives, depending on legal structure and profit-sharing rules. A mix of financing options allows flexibility in future business development. Ideally, you can acquire enough cash 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 Co-operative and Community Benefit 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%). Loanstock holders do not have any business control, and are repaid after banks and other creditors should the business fail. At the end of the fixed period, ensure cash is available to repay all loanstock, although another loanstock issue could permit current investors to re-



invest. See a previous Unicorn [Loanstock](#) agreement for sample terms and certificate, although contemporary examples may be more useful!

### 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 seed 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% of start-up 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 may be available if you are creative in where you look for help. Daily Bread workers in Northampton renovated their shop 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. [SolidFund](#) is the national worker co-op solidarity fund. Also, contact Co-operatives UK regarding ethical lenders and available grants. [Locality](#) is another resource for funding information. Registered not-for-profit companies are eligible for more grants than for-profit legal forms; the links to alternatives in the 'Registering a worker co-operative' section provide more information.



### How much?

Unicorn started with £45,000 (in 1996), and we estimated with inflation that a comparable business with more refrigeration equipment might need £200,000-£250,000 in 2021. Much depends, as [forecasts](#) will show, on the ability to grow sales sufficiently quickly.

► See Unicorn's [Original Business Plan](#).

### Break-even planning

Unicorn's eighteen-month 'break-even point' fortunately proved a little cautious, but the journey there tested our nerves nonetheless. This point refers to the moment when the business recoups start-up costs and starts to become profitable. Financial sources other than sales revenue need to cover costs until this time. Spreadsheets can roughly calculate break-even times, however the further into the future, the greater the degree of potential variation.

Several scenarios are necessary for this reason. Consider external economical factors in addition to internal factors like the cost of servicing the loans. Our [Forecasting Tool](#) or Unicorn's [Original Business Plan](#) may help you begin, but consult a business advisor for assistance with initial forecasts.

### Financial management

The initial workgroup will need a certain amount of financial know-how, and the [Finance Induction Pack](#) provides a start. In-house training for numerate and conscientious staff to fulfil finance roles will save on expense. Accurate, up-to-date forecasts are vital, using accounting software or another method. Forecasts must include a buffer, as businesses frequently fail because they run out of cash to pay suppliers or wages - rather than through being unprofitable.

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 (some start-up packages 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 financial year.



### Stock management

The business must have up-to-date management accounts at all times, although the expense of a time-intensive manual stocktake hampers the accuracy of assessments for most of the year. [Sample Accounts](#)\* show the impact on gross profit of 'opening' and 'closing' stock levels.

The computerised stock monitoring systems used in supermarkets may help to assess profitability throughout the year and automate ordering levels. At Unicorn so far, 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. We rely on manual ordering and yearly stocktakes, which means we don't know our exact gross profit for most of the year but we are able to make fairly close predictions. We always check off each delivery as it arrives and match delivery notes to invoices before payment.

### A membership responsibility

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 Forecasts. ► See our [Accounts Appendix](#) and [Forecasting Tool](#). While every detail may not be clear to all members, we focus on certain

key performance ratios such as gross profit and wages as a percentage of sales. ► See [Statistics](#) and the [Finance Induction Pack](#) for more.

## Investment

Co-operatives tend towards conservative investment planning, but 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 onsite 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](#) appendix.

## Shrinkage

As well as planning for expansion, a business must plan for a decrease in sales. In a co-operative, wages 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 10% of required labour. In case of a 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.

## USEFUL LINKS

### Grow a Grocery Resources for this section

[Useful Contacts](#)  
[Loanstock samples\\*](#)  
[Business Plan 1996 and 2002\\*](#)  
[Forecasting Tool](#)  
[Finance Induction Pack](#)  
[Finance Tasks](#)  
[Accounts\\*](#)  
[Risk Management](#)  
[Statistics](#)

### Unicorn web content for this section

[Packaging](#)

### Useful links

[SolidFund](#)  
[Riverford Study](#)  
[Triodos Bank](#)  
[The Co-operative Bank](#)  
[Locality funding options](#)





# 6 PROCEDURES AND PRICING



In addition to the Trading, Pricing, Veg and Packing sections, see the [Rotas](#) appendix.

## 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 an accessible location and friendly staff.
- Build a consistent, broad range that can satisfy the bulk of a weekly shop.
- Be clear why you trade, make decisions based on that and let customers know.
- Form a committed working group to oversee pricing, sourcing and buying.
- Use 'new product' or 'promotion' displays in prime selling spaces.
- Add value on site (see Packing section below).
- 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! But every recession renews the importance of the good value model. Unicorn uses some economy 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 supermarket shelves, Unicorn's buyers regularly compare pricelists and switch between primary and secondary suppliers (e.g., for bulk commodities) as prices fluctuate.

### Buy in bulk

A good negotiator should use 'trade prices' – the listed price in a wholesaler catalogue – as a reference point from which to arrive at the real price, which is usually 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 basics, keep prices low, and offer a broad range of goods to satisfy most of a weekly shop.

### Pay on time

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

### Negotiate

Telephones remain a great negotiation tool. 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 not, it is difficult to hide that fact. Still, competitive businesses must avoid paying above the odds to subsidise low prices for the multiples.

Leverage or 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 book 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, e.g., bread is a grocery basic and high prices would just send customers elsewhere.

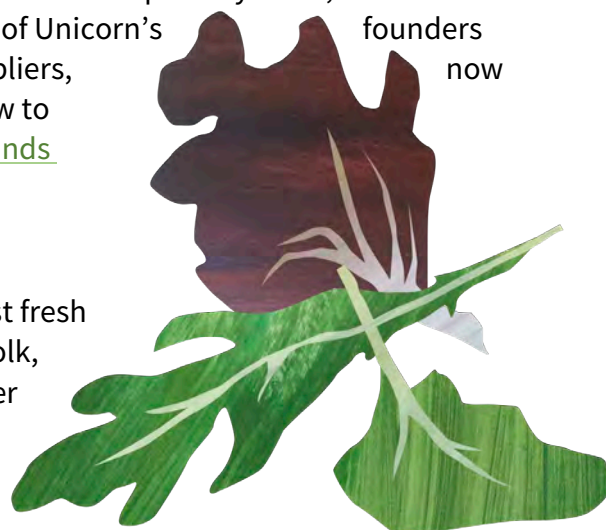
Unicorn chooses to sell a few higher-priced specialist or hard-to-find lines, but lots of expensive goods affect customer perception of the whole shop – it does not take many fancy high-priced bottles for a first-time shopper to walk out in disgust!

## 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. One of Unicorn’s founders also started one of our oldest, most local vegetable suppliers, trading as [Glebelands Organic Produce](#). For more on how to reduce the distance from field to fork, ► see the [Glebelands Market Garden Model](#).

### 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 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 urban wholesale markets) are useful when volumes are small. The bigger organic box schemes may also supply wholesale. ► See ‘Useful links’ below.

### **European growing**

Unicorn relies heavily on Europe for much of its range, and we find our best European wholesalers at [Biofach](#) and through UK wholesalers. As with the UK, it is useful to know the particular strengths of different European climatic areas, as summarised in [the European Growing](#) appendix.

### **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 during summer floods, no one wants rotten overpriced onions.

### **Ethical considerations**

Aside from an outright refusal to purchase any airfreight or non-organic produce, Unicorn’s Veg buyers juggle an ethical minefield in sourcing fresh food. Regarding the carbon footprint of our fruit and vegetable section, local is not always better. For example, gas-heated tunnels in the UK cause their own environmental damage; ship-freight can be more efficient than lorry freight; and buying from desertified areas with water shortages remains problematic.

As for social considerations, we favour grower co-operatives partly 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 regarding 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 our [Veg Aftercare webpage](#) for further tips.



## PACKING

Like Daily Bread, Unicorn relies on the simple but clever system of repacking bulk foods onsite into small retail-sized bags. Unicorn's [packed goods range](#) represents our core offer of basic cooking ingredients, and provides a basis for the Unicorn 'brand:' Basic, wholesome, informative, good value. Packing also provides a much-sought 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 also very profitable.



### Advantages to onsite packing

This system adds value, provides local wages, minimises the cost of purchases (as lower value bulk turns 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 specialties under one roof, the greater the complexity of the overall enterprise, but the greater the potential attraction to customers if all are done well. Self-service bins or hoppers can work in certain shops, but may not appeal to all mainstream shoppers rushing through their weekly shop. There certainly seems a growing appetite for 'unpacked' options but making it work on scale is still a challenge. Bags can be packed off-site, but this means double-handling, potential evaporation of tight margins, and no 'labour

buffer.' Many suppliers offer well-priced pre-bagged foodstuffs, but this offers less flexibility, e.g., regarding 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 in order to maximise efficiency, as described in the [Packing Guide](#). We closely monitor the packing rate to ensure it remains around 40 bags per hour for our margins to be profitable (including time to set up, pack, clean down and put out packed goods). With the more recent addition of a



packing machine, we sometimes reach around 55 bags per hour. As with other products, any standard [margins](#) are a starting point to be checked against similar products in our shop and competition. ► See 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 up 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](#).

## USEFUL LINKS

### Grow a Grocery Resources for this section

[Veg Trading](#)

[Veg Europe](#)

[Veg Storage and Presentation](#)

[Veg Aftercare](#)

[Packing Guide](#)

[Packing list sample](#)

[Margins\\*](#)

[Rotas](#)

### Useful links

[Glebelands Market Garden Model](#) (look under Food Retail for original toolkit)







## 7 PROMOTION AND PUBLICITY

### EDUCATION AND MARKETING

With a great product (tasty, wholesome food at affordable prices) and respect for customers, there is no need for a hard sell. A recommendation from a friend is infinitely more effective than an advert, and Unicorn has largely relied on word of mouth to establish and grow our reputation. Our sales levels depend on regular return visits, not occasional ones, so a positive customer experience 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 our decades of trading we have spent little on conventional advertising. We use other methods to build a presence in the community that are more meaningful than a flyer through the door. A branded reusable bag on the arm of a friend, or tasting food at a community event, carries more weight than a poster or an advert.

#### **Social media**

Social media content should reflect People, Produce and Principles. We aim to use social media in the same way as other communication channels, namely to:

- Communicate practical info about the shop (products, availability, events).
- Help customers get the most from our offer (discover new products, learn how to use ingredients, etc).
- Deepen customer understanding about our products and how we trade (seasonality, what to do with ingredients, producer information)
- Inform our customers and community about wider but connected issues (organics, co-ops, food sovereignty)
- Support and promote like-minded initiatives (local events, campaigns, enterprises).

All these communications are designed to increase loyalty and deepen the relationship we have with our customers. Connection keeps customers coming to the shop, retains a good average basket and builds ‘word of mouth’ marketing.



Unicorn's social media channels are not primarily used as direct sales tools. Special offers and promotions are much more effective at point of sale. This approach is also less intrusive for customers - too many 'sales' messages on a social media feed can feel very corporate and annoying.

## **Press**

Unicorn has benefited from the attention of the BBC, Guardian, Manchester Evening News and other media. As in the running of the shop, we keep our message consistent and do not make claims we cannot substantiate with trading practices. In addition, we only seek press attention when we have something valuable 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 (in person, on our socials, and via customer surveys) to monitor our reputation and public perceptions. Knowing our customer is as important as knowing our offer. Good 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, not what we don't. On hotly contested debates around food, nutrition and ethics, we stay on topic and avoid inaccurate claims that damage trust.

## **First impressions**

With new customers visiting the shop each week, a good first impression is critical: A welcoming entrance, fresh and bountiful looking fruit and veg, 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.

## **Education and Marketing circle**

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 changing weather patterns or Brexit 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. We promote our message little by little (the 'drip drip' approach) and retain consistency and clarity between what we do and what we say.

Although the Education and Marketing circle 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 circle oversees all activities that promote who we are and what we do, both in the shop and in the community:

- Look and feel (including shop fit-out and exterior)
- Merchandise (workwear, bags, tea towels)
- Product information (at point of sale, on social media and elsewhere)
- Website
- Social media
- Design and overview of shop signage
- Blackboards, displays and posters
- Price comparisons against competitors (i.e., using an online comparison site)
- Recipes and information leaflets
- Press and public relations
- Dealing with reputational issues (in liaison with the Customer Care circle)
- Adverts
- Customer newsletter
- 'Good Stuff' range (promoting products with especially good provenance)
- School visits
- Co-op visits, promotion and support
- Student research requests
- Campaigns
- Talks to community groups/students
- Events - e.g., Meet the Producers, Co-ops Fortnight event (June), birthday celebrations, Apple Day (Oct), Wine tasting (Dec).
- Kids area
- Archiving Unicorn's history
- Community engagement and community noticeboard
- Customer survey
- Consumer-facing accreditation schemes (e.g., Living Wage, Fair Tax Mark)
- Own brand product label design
- Recruitment
- Gift cards
- Community donations
- Sampling (by suppliers or organised in-house)
- Day to day 'care-taking' of Unicorn's brand and market positioning (liaising with other teams or circles as needed)

## USEFUL LINKS

Grow a Grocery Resources for this section

[Customer Survey\\*](#)





## 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 our intentions in a time of commercial insincerity and distrust. Many companies discredit their own mission statements by changing focus or never intending to achieve their stated aims. However, a good set of principles says only what you intend to carry out, and what you will 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 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 20 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. Provision of food educational materials help in 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 'Fair Trade' 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 and challenging this imbalance. 4% 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. 1% of our wage costs are contributed to this fund. We promote co-operative structures and spirit through all our trading, social and educational activities.

#### **Donations**

As responsible traders, our Principles pledge to support like-minded projects in the UK and the Global South. Each year, we set aside an amount equal to 5% of our total wage bill to support local and international projects. We base the fund on wages rather than profits because it is a core commitment; we account for donations as a business cost before calculating profit. In addition, a wage-based calculation best reflects our growth as a business, and when our wages grow, we pass on this benefit to projects we support. This fund is an active form of solidarity with grassroots initiatives and communities around the world who share our hope for a more just, sustainable world.

We designate four-fifths of the fund to projects in the Global South, where inequitable impacts of global trade, extractive industry and unsustainable agriculture most affect communities. This '4% Fund' supports small- to medium-scale organisations, particularly those that are 'bottom-up' – i.e., led by communities in which they operate. Increasingly, we are developing long-term links with these projects. Our UK-based '1% fund' supports anything from sustainable food initiatives, co-operative ventures, environmental activism, projects supporting refugees and asylum seekers, to community growing schemes. Larger donations are agreed by the full membership in a General Meeting, and smaller amounts are decided in our fortnightly Forum meeting. We encourage all members to suggest projects, including campaigns and projects which we support as individuals..



#### **REGISTERING A WORKER CO-OPERATIVE**

Unicorn Grocery Ltd is both a worker co-operative and a registered society under the Co-operative and Community Benefit Societies Act. The guide below provides an introduction to the formal structures of our business.

### **Co-operative and Community Benefit 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 regarding the various alternatives), we are a Registered Society under the Co-operative and Community Benefit Societies Act. This structure replaced our original form as an Industrial and Provident Society (IPS), a model with a proud nineteenth-century heritage (see [Rochdale Pioneers](#)). The legal structure is not critical, although the model we chose reinforces principles such as ownership by participants, limited liability, an asset lock, a social agenda, and a commitment to wider society.

► For further details on legal structure, see the [Co-operatives UK ‘Simply Legal’](#) toolkit on possible legal forms and model company rules for co-operatives, and their [guide](#).

### **Worker co-operative**

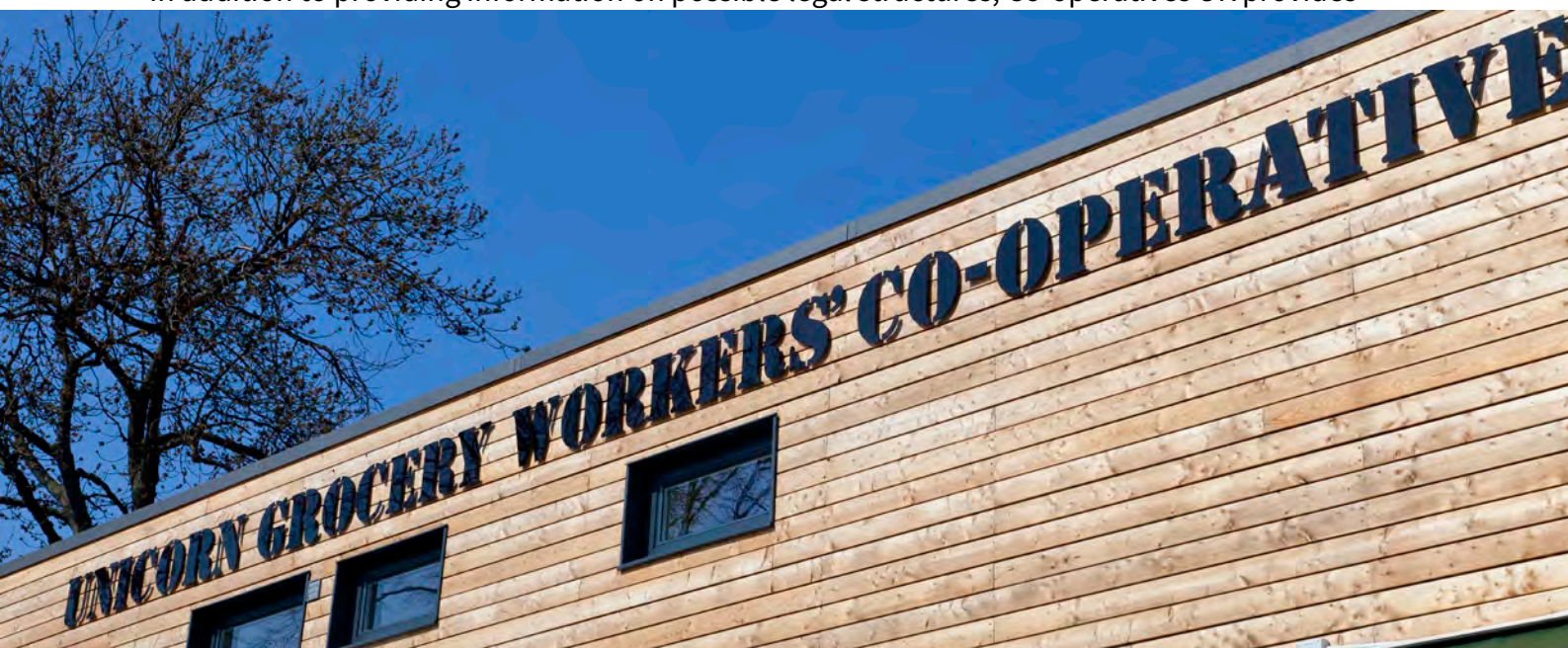
As a worker co-operative, Unicorn Grocery is controlled, directed and owned by its workforce. After a successful probationary period, a worker becomes a member and director of the company. All members are directors and all directors are workers. Unicorn seeks to maintain as flat a structure as possible (see Governance) based on consent and [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 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 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, and most recently in 1995. Co-operatives must take these values to heart in order to thrive

### **Co-operatives UK**

In addition to providing information on possible legal structures, Co-operatives UK provides



invaluable resources and advice for any co-operative.

► For example, see the [Worker Co-operative Code of Governance](#), based on the ICA principles.

## 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 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 question on the shop floor, we can answer not just how something is, but why it is so! Co-operative working has its challenges, but with pride in our shop, and the ideas and inspiration of dozens of fully engaged members, we stay a step ahead of the competition.

### Some advantages of co-operative working

- Motivation and commitment to see your business thrive
- Mutual support and solidarity
- Opportunities to learn and develop ideas collectively
- Satisfaction and pride in being part of a business that puts people before profit
- Meaningful work

### 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
- 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 further information

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

- [Co-operatives UK start-up resources](#)
- [Sustain Food Co-operatives Toolkit](#)
- [Do-ocracy Handbook](#)



Legal and organisational structures matter less than principles, honesty and a good offer – 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 fifteen members, a family-sized group that enabled high levels of transparency, active involvement and efficient communication. As trade and size of premises increased, Unicorn decided to accept a larger membership, ideally 90% of the labour required, 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 setting the procedures that determine how we run the shop each day. Regular group training sessions and opportunities for external training contribute to personal development among our members (► see Training section). 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.

### **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, fifteen 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 for holidays and other leave. These informal teams included Personnel, Deli and Education and Marketing, although they generally still brought most business directly to the entire membership at the fortnightly meeting.

On alternate weeks, the Training session developed and spread knowledge about products and practices within the membership. In addition to the weekly meetings, an annual Away Day took place for bigger discussions, 'visioning' and strategising 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](#) appendix for a longer exploration of the benefits and challenges of expansion. As before, individual members must take responsibility for being connected, pro-active directors. To make this task as easy as possible, we regularly review our business structure and continually work to improve tools and methods for good governance.

## Devolved structure

As a fifteen-member (and smaller) co-operative, fortnightly meetings of all members worked well. In Unicorn's larger incarnation from 2004, a complicated rota governed regular meetings of the 20+ teams and subteams that managed different areas of the business. These 'spokes' linked to the rest of the business through a fortnightly Forum meeting (the 'hub'), the quarterly general meeting (the 'wheel' itself).

## Sociocratic structure

With further growth and many teams exceeding the 15-member threshold which prompted the original move to a devolved structure in 2004, the co-op embarked on a restructure using sociocratic principles in 2018. Large teams select up to nine of their members to form a central 'circle' to coordinate the work of the team. All circle members are team members and share the operational workload. Circles are clustered into three departments:

- Operations
- Governance Support and Internal Communications
- Sales, Purchasing and Logistics

Circles are semi-autonomous working groups entrusted to coordinate the work for their area of the business (drawing on regular feedback from the full team), within a collectively agreed overarching strategic plan. The full membership continues to make large, strategic decisions collectively in the General Meeting. Thus, a sociocratic structure balances the specialised knowledge of teams and the ability to act quickly in operational matters with scrutiny by the entire membership. ► See [Structure](#) appendix.



## Flat pay

A diverse range of skills is vital in any co-operative, and we do not value certain types of work (e.g., administrative) over others (e.g., manual). We also know that the insight and energy of a new recruit is as important as 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 four members to over 70, we have always made large decisions as a collective. With higher numbers involved, General Meeting consensus requires more careful preparation and facilitation. We currently practice proposal-led consensus (technically consensus-minus two) where three members are required to block a proposal for it to be withdrawn or proceed to a workshop for interested parties. In most cases the workshop produces an amended or alternate proposal; in the rare case that a proposal does not find consensus following a workshop, a vote takes place.

As you may imagine, consensus decisions require 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 – leads to strong, well-founded decisions upheld by a unified and active membership. ► See [Consensus Decision-Making](#) for details, and [Structure Policies](#)\* for the original policy from Radical Routes.

## Consent decision-making

For many years we practised an informal consensus process in our team meetings. With the

transition to sociocratic working in 2018 we introduced a formalised process of consent decision-making into our circles, which has supported a more effective system for participatory decision-making in smaller groups. ► See [Consensus Decision-Making](#) appendix for more details.

### 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. All members undertake a variety of shop or store-based duties on a daily basis, alongside any administrative tasks.

### Tools for good governance

► See [Governance Tools](#) and other appendices listed in ‘Useful links,’ for information on ongoing business strategy, reviews, meetings, policy lists, communication and 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.







## CONCLUSION

The grocery industry remains characterised by the increasing presence of a few multiples. Dwindling choices on the high street will, to some extent, get customers interested in an alternative – but a new grocery cannot rely on this trend alone. The key is a good offer. 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, onsite 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 beans, sweeping floors, etcetera. No shopkeeper can escape the realities of running a business, or difficult decisions and compromises. Hard work and boring tasks are not banished when a co-operative is formed, but the rewards that come with co-operative working – looking after a business you have a real stake in, as close to your principles as possible – make it all worthwhile. Like many of us, you might find that sometimes working hard is its own reward, and there is plenty to enjoy about useful, physical labour.

We're proud to have proved that Unicorn can compete with national chains and provide a genuine alternative to the supermarket, and we're now more or less the size of one. We demonstrate what a worker-owned business with values can achieve... and not despite our principles, but because of them.

The mechanics of selling groceries remain achievable and, as Roger Sawtell said before the turn of the millenium, 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!



## USEFUL LINKS

### Grow a Grocery Resources for this section

[Management Structure](#)

[Teams List](#)

[Consensus](#)

[Structure Policies\\*](#)

[Worker Co-op Rules \(Unicorn's governing document\)](#)

[Consensus Decision Making Guide](#)

[Governance Tools](#)

[Meeting Guidelines](#)

[Management structure](#)

[Expansion – Challenges + Benefits](#)

[Communication systems](#)

[Staff newsletter](#)

[Diary](#)

[Agenda & Minutes documents](#)

[Structure Policies\\*](#)

[Regs & Finance policies\\*](#)

[Reviews and membership system](#)

[Personnel policies\\*](#)

[Benefits policies\\*](#)

[Rotas](#)

[Staff newsletter](#)

[Diary](#)

[Agenda & Minutes documents](#)

[Task checklist](#)

[Business Plan 1996\\*](#)

[Business Plan 2002\\*](#)

### Useful links

[The Handbook of Handbooks for Decentralised Organising](#)

[Co-operative Assistance Network policies](#) (A comprehensive set of working policies with a co-operative focus)

[Gini Handbook](#) (good on decision-making, communication skills, personal growth, and feedback)

[Rochdale Pioneers](#)

[Co-operatives UK SimplyLegal](#)

[Structure guide](#)

[International Co-operative Alliance](#)

[Worker Co-operative Code of Governance](#)

[Radical Routes](#)





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