

# HOW TO START YOUR OWN BUYING CLUB<sup>101</sup>

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# Welcome!

Hi!

We are the women behind Manage My Co-op. We are based out of Eugene, Oregon and have written this book with the help of our local co-op as well as several other groups.

Our local group lovingly jokes that one day they tripped and started a co-op. The thing is they are right. It was all a bit of an accident. Over the past two plus years they have gone through many growing pains and learned more than a few lessons along the way. This book is meant as a guide to avoid some of the more common pitfalls we discovered. That isn't to say you won't find your own, but we can help you dodge a few right off the bat.

So congrats! Have fun and enjoy the journey. Please don't hesitate to contact us if you have questions or need support. We love love love baby co-ops and can't wait to watch you grow.

Much love,  
Czarena and Kimmy

# What is a Buying Club?

A buying club is a group of people who come together to buy goods in bulk at a discount. You can buy veggies, meat, toys, clothing, dried goods, or anything you can think of!

These groups can be formal or informal. Contrary to popular belief you do not need hundreds of people. Ours started with just 18 families but we have seen groups started with much smaller numbers.

## Why start a buying club?

There is something magical that happens when a group of people aggregate their demand and take charge of their purchasing power. Benefits include:

- **Social**—Coming together as a community is powerful. When you decide to work with your neighbors, church members, fellow soccer parents, or co-workers you move from being individuals to being a village. And villages care about each other. Sure there will be work to do but it is work that can be done together because you care about where your food comes from and how your products are sourced.
- **Economic**—By buying goods in bulk you will be able to get goods at lower prices. Vendors, producers, farmers, dairies, fishermen, etc are often willing to sell at a similar price to what a grocery store or reseller would pay. Since buying clubs don't have the large overhead or high mark up that grocery stores do you will be saving money.
- **Access**—Want awesome local beef but your local grocer doesn't carry it? Well with a buying club you can buy a whole cow directly from a farmer and divvy it up. No one locally carries that awesome line of organic clothing? Contact the supplier and organize a buy! Things you might not have been able to get before you can now negotiate purchasing them as a group. We have even had farmers raise chickens just for our group because we promised to buy them all.
- **Convenience**—Once your group is established, and you are offering a wide array of foods and goods, you will find yourself visiting the store less and less. Instead you will get to see all your friends once a week when you pick up your order!
- **Support local**

## Managing expectations

One last note about buying clubs. It is our experience that:

- You can have it cheap
- You can have it fast
- You can have good quality

You can often pick two of those. There are exceptions to this rule but if you go in with that expectation it helps immensely.

# Finding Members

If you are thinking of starting a buying club chances are you already have some friends in mind that might join you on this venture. Start there. Over time a well run group will grow but at first there may only be a few members. You can find members in other groups or organizations you might be a part of, such as a parenting groups, church, softball team, co-workers, etc.

We have found also there are two main ways to cultivate a group- one based on savings and one based on community. Saving money is something that happens in buying clubs but we believe it should be more of a by product of a community coming together around common goals (local purchasing, high food values, growing your village) rather than the main objective. Make the goal of your group to be access, community, and local impact and you will foster a group that is committed rather than looking for a bargain. Just our two cents.

## Some member housekeeping:

- **Don't try and do this solo**—Find one or two or more people early on to share the burden. The more the responsibility belongs to everyone the easier it will be for your group to run.
- **Decide on a leadership structure and communicate it**—Who makes decisions? Do members get to vote? Does someone have the final say? Will you hold meetings?
- **Set up a communication platform for your group**—A Facebook, Google, or Yahoo group generally works well. You can also communicate via email. Only let people in your group that are approved to order from you.
- **Set up some simple rules** for your group like be kind, pay on time, and volunteer when you can. Make a plan for dealing with problem members early on!

# Choosing Suppliers

You have members and now you need someone to buy from! Look around at products that you already like to buy or farms you like to visit and ask them about selling to your group.

Be prepared to explain what a buying club is, but please, don't sell short your group. If you present as being small or disorganized, it can make wholesalers hesitant to partner with you. Focus instead on your enthusiasm and your momentum. Instill your hope and confidence in your new partner. You're going to grow and be a great force in your community. They would be lucky to work with you.

## Specifics to ask or glean from your potential vendors

- **Is there a MOQ (minimum order requirement)?** It can be a weight requirement (as in must be over 200 lbs), a dollar amount (must order at least \$500), or an item count (must be over 200 items). Generally they allow you to order any amount over the MOQ but confirm this is the case.
- **Are there case size requirement?** As in you have to buy almond butter by the box of twelve jars. Sometimes they let you mix similar items to meet these requirements and occasionally allow ½ cases. There is often a split fee involved to do so though.
- **Do you deliver?** What is the delivery schedule, if applicable?
- **What are the turn around times?** For delivery, you need to know when the ordering deadline is. For other orders, you'll want to know if it's going to take them 1 day to ship, or 2 weeks.
- **Are there delivery or shipping fees?**
- **Do they charge sales tax?**

Once you have a supplier who is willing to work with you it is time to run your first order!

# How to Run an Order

Now comes the nitty gritty- how do you actually offer the wonderful goods you have found from the wholesalers to your members. There are several steps:

## First set an order schedule.

You need to decide:

- What day the order will open
- When drop/fill will happen if you need it
- When it will close
- When payments are due (more on payments next!)
- When it will be delivered
- Where delivery, sorting, and pick up will be
- When it will be sorted
- When pick up can happen

## Set up your buy on Manage My Co-op

If you don't already have a group fill out the registration form on the homepage and click "I host buys" (if you already have an account, go to the Groups page and request a group).

- Once your account is set up go to your group and select "start a new order"
- Add items you want to your order (see our how to open a buy guide here [LINK](#))
- Open your order and tell your members to go order!
- Have a drop/fill period (if you need one)
- Close your order
- Place the order with the wholesaler/distributor
- Get ready for distribution! (next section)

## What is this drop/fill business?

Often when ordering wholesale your group will need to meet minimum ordering requirements. It can be a minimum dollar amount ordered, you have to order so many items, or you have to order so many cases. You will need to ask your members to add (fill) or drop items in order to make the order go through. The best way to do this is

- Communicate when the buy opens what ordering requirements are ("We have to buy the chocolate in cases of 6" or "We have to order at least \$500")
- Let your members know when drop/fill will happen
- When drop/fill happens post a list of what you need added to the order. You can easily see what items need to be added to by clicking on "unfilled items" under categories.
- Encourage and champion getting the order finished!

# Payments and Bookkeeping

Getting money in to pay for your orders is critical. Luckily there are very easy ways to make this happen and keep track of it.

Get a bank account for your organization. Do not try to run things through personal accounts. Separating things from the start is critical and will make bookkeeping easier.

## Choose a payment platform

There are several payment platforms that you can choose:

### PayPal

- You can send invoices to your members but note paypal will charge a fee
- Your members can pay as "friends and family" and there is no fee attached
- Members can pay with either a balance they keep in PayPal, with a direct withdraw from their bank account, or with a credit card (fees apply)

### Square Cash

- You can send invoices and as long as it is Square Cash there is no fee attached to the transaction
- Members have to use a debit card to pay
- Square Cash limits your number of free transactions a month

### Dwolla

- Transactions are free
- Members have to link a bank account and keep a balance in Dwolla to pay or sign up for Dwolla credit

## Track your payments

Tracking payments in Manage My Co-op is easy! From the invoices page of an order you can:

- Mark that a member has paid and the amount that they paid
- Adjust what items were delivered to a member (maybe you were short some pears or the scarf they picked wasn't delivered)
- Accounts will automatically reflect payments, adjustments, and charges.
- Payments can also be entered directly on each member's account. This is great if you are running multiple orders and they pay several order at one.

Before you place an order make sure all of your payments have been received. This will ensure you have the money to pay your supplier. Pay your supplier promptly as that will ensure a good working relationship!

# Cultivating Volunteers

## A few tips when it comes to volunteers

Likely you yourself are a volunteer. Starting and running a buying club is a lot of work and you will need a lot of help.

- **First and foremost make needs known**
- **Request help early and often**
- **Keep a publicly accessible document** (Google Docs works great) of what the needs are along with tasks and time commitments
- **Be very clear in your request as to what the task is**—Specificity helps people know if they can do it or not
- **Keep time commitments to a minimum**—Often even 15 minutes helping to sort an order can make a big difference
- **Ensure your volunteers know the expectations**—If they have to sort something make it clear how to do it so that you don't have to undo it later. Point out pitfalls from the onset (like "hey these two types of apples look similar! Make sure you get the right one!").
- **Thank and spoil volunteers**—If you get extra of something delivered share it with volunteers. Bring in special treats for days when there might be a long or time consuming sort.

# Distribution

## Distribution considerations

Now that you have an awesome group, run a buy, and have a delivery scheduled you need to figure out distribution! There are several things to take into consideration:

- Where is distribution taking place?
  - At first a home is often sufficient. Schools, workplaces, or community centers also work well.
  - You will need space to spread out, do inventory, and pack orders.
  - Consider delivery access when deciding on your location.
  - If your location has space so you can store things, have fridges, all the better!
- How many people are you distributing to?
- Are you distributing in person or by mail?
- How much needs to be sorted?

## Things you may need at distribution

- Scales
- Ziplock bags of various sizes to sort items into
- Sharpies and pens
- Scissors
- Staplers
- Tape
- Fridges, freezers, and/or coolers if you are doing cold foods

## How to make distribution go smoothly

- If you need volunteers/use volunteers schedule them as far in advance as you can
- Communicate with your members on when you will receive the order, expect to have it sorted, and it will be available for pick up or will be mailed out
- Print your packing sheets. Manage My Co-op has these ready for you under invoices!
- Receive order
- Inventory the order
- Sort the order or show your volunteers how to sort the order, double checking as you go
  - **If you are not mailing orders**—You will want to bag or box each members' order and label it clearly with first and last name. Pick tickets should be stapled to the outside or included in the package. For single items taping the pick ticket to the item is a great alternative if it won't harm the item.
- Get those items into the hands of your members!

# Fees

## Costs involved in running a buying club

Running a buying club takes time and money. We strongly encourage that you charge a fee to help support your organization. Things that will cost you money include:

- **Supplies for the co-op**—You will need to buy things like ziplock bags, scales, tape, scissors, pens and markers
- **Spoilage and spillage**—You might run across a rotten apple in a box or spill some rice while sorting. Honey jars have been known to meet their demise on the floor. All common occurrences but someone has to cover that expense.
- **Space and utilities**—Eventually you might want to have a dedicated co-op space and you will have to cover rent

## Fees you can charge:

- **Membership fee**—Some groups charge a flat fee to join. This can range from \$10-200 and can be annual or lifetime. This type fee can be a great idea if you are just getting started as it gives you some starting capital in your bank account.
- **Ordering fee**—Most groups affix a percentage fee to every order. This ranges from 2-30% depending on the group. We have found 5-10% to still offer the members significant savings while bringing in enough money to cover day to day expenses.

## A note about Manage My Co-op

- Setting your fees on Manage My co-op is easy
- Fees can be set on the group level
- Fees can also be set for each buy—this is useful for shipping or buy specific expenses

# In Closing

We hope this has been helpful. Our biggest pieces of advice are:

- **Start small**—Find a few friends, find a local farmer, and give it a go. Have no expectations and take it one step at a time
- **Ask us all the questions!** We are here for you!



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