

## **East End Food Co-operative**

**Date of Incorporation:** March 3, 1975

**Membership:** 3294 (year end 1999)

**Activity:** East End Food Co-operative is a consumer owned, natural food and grocery store

**Location:** Commercial Drive area, East End

### **Historical Context**

The founders of East End Food Co-operative (EEFC) are part of a larger social-environmental justice movement. As activists, they were looking for forms of organisation and society that were more peaceful and equitable than conventional methods. The Trudeau government, the ‘back to the land’ movement and the widespread reaction against the Vietnam War created an environment conducive to co-operative efforts.

Part of the search for the alternative lifestyle that was integral to the ‘back to the land’ movement was the demand for natural foods. The activists who worked during that time saw government make-work<sup>1</sup> projects as an opportunity to further their work. The Trudeau government applied the principles of physical infrastructure to building social infrastructure. As a reaction to the violence of the Vietnam War, the activists also wanted to build a more peaceful society. Together the search for an alternative lifestyle, the reaction to the Vietnam War, and a government environment conducive to social development provided the opportunity and impetus for a system of food buying clubs around the province.

The story of the East End Food Co-operative is delicately intertwined with a system of co-operatives in East Vancouver and across the province. Central to that is the story of CRS Workers Co-operative<sup>2</sup>. CRS Workers Co-operative was central to the establishment of East End Food Co-op as well as 50 other food-buying clubs around the province.

CRS began in 1972 as a resource group, and later became a worker co-op that helped establish co-operative businesses. In addition to organising food co-ops, individuals in CRS helped start Fed Up (a federation of food co-ops operating a warehouse), a bakery, a beekeeping operation, and a small-scale food processing operation. Today, two of those businesses flourish: Horizon Distributors and Uprising Breads Bakery, a Commercial Drive institution.

### **Precursor to East End Food Co-operative**

Before East End was a co-op it was a food-buying club made up of collectives. Collectives were organised within neighbourhoods, shared houses, families, and friends, and each was run autonomously. Collectives collated and submitted their orders for bulk pre-ordering with the other collectives. Responsibility for ordering and sorting the food for the whole club rotated among the various collectives.

All of the work was done on a volunteer basis. By ordering natural foods in bulk, consumers were able to buy otherwise inaccessible natural food at reasonable prices. The food buying clubs were popular because their minimal overhead and management were involved. It was easy. In the rural communities of BC, a truck would arrive at a community hall or church basement where collectives would unload the truck and divvy up the orders.

The founders' experiences with activism and community organisation are associated with certain skills useful to starting co-operatives. Their collective experience brought communication, group decision-making skills and leadership qualities. Through trial and error they learned how to start, manage and operate co-operatives. As the co-ops became more sophisticated, the community activists became more professional. They were able to learn and to stay competitive because of the commitment of volunteers and the federal funding CRS received.

CRS accessed federal funding through programs such as Opportunities for Youth (OFY) and the Local Initiatives Program (LIP). This funding was only available to provide wages for projects. In order to capitalise the co-ops, early organisers 'kicked back' up to 50% of their own wages.

The salary monies provided in the grants were viewed as common property of the 'movement' as represented by CRS. ...The fact that many CRS workers lived together in one house and were committed to minimal consumption made it possible for them to make these contributions which became known as 'kickbacks.' Kickbacks were mainly used to seed new projects and make capital expenditures. (1982, CRS Workers' Co-operative)

CRS used this funding to capitalise their businesses and to provide grants to emerging co-operatives. CRS workers also provided technical assistance to co-ops including East End Food Co-op. On principle, CRS only approached communities after receiving an invitation. All of the food co-ops that CRS worked with were community driven initiatives.

## **East End—The Early Years**

In 1976, after a few years of operating as a loosely knit network of collectives, some members of the group decided that a storefront location was appropriate because of their urban setting. The original store opened under the name 240 Storekeepers. The original owner-members were 12 groups of 20 people. In the beginning, the storefront continued to be managed by the system of collectives and sold food to members only. It was deliberately organised as a non-hierarchical, anarchist model.

The store's hours were limited, and each collective was responsible for operating it one day per month on volunteer labour. A central collective was responsible for co-ordinating this, but the system never

really worked. For example, a member could find herself responsible for placing a produce order when she had not worked in the store for a month and was therefore not familiar with the inventory needs or the current suppliers.

The need to enact changes became inarguably evident in 1980, when the co-op reported a loss of \$11,500. In June 1981, the Central Collective gave all operative power to a special committee: “The mandate given to this committee was to enact whatever changes are necessary to bring the store into a viable position, or, if this should prove impossible, to close the store.”<sup>3</sup>

The special committee, later named the Executive Committee, reported to the membership and Central Collective once a month between June 1981 and January 1982. Throughout that period, sub-committees of the Executive Committee researched the food market and co-operative management structures, wrote job descriptions, recommended rule changes (which were adopted by special resolution), and made various other recommendations. They were busy! The co-op started to introduce job descriptions, training plans, and inventory controls. Most importantly, the Central Collective was absolved and its responsibilities were divided between a Board of Directors and paid staff.

“It moved, in retrospect, pretty predictably towards a more conventional, co-operative model where the volunteer involvement was at the policy level, the decision-making level, and you weren’t trying to involve the members in the operation of the store.” (Dana Weber)

## **Changes in Organisational Structure—Growing Pains**

The change in organisational structure was not met without resistance. In order to survive, the storefront required lines of accountability and streamlined operations. This meant introducing specialised roles, which necessarily implied differentiated knowledge and hierarchies. The founders were quick to point out that despite the necessity of introducing systems and specialised roles, the early years of collective organising were integral to creating a sense of community within the co-op and the larger community.

“It was a huge learning experience for people. ... It created, along with a lot of other institutions of course, a sense of community here that still exists as a result of that kind of volunteer interaction that happened.” (Dana Weber)

When the store began to operate more professionally, many members resisted. Increasing professionalism meant required new ways of relating, and meant that members had conflicting goals.

## **Growth**

The other early change to East End was allowing non-members to shop. The move to Commercial Drive brought walk-in customers to EEFC. Membership has grown from the original 240 to almost 4000 members. For the fiscal year ending 1999, the co-op reported revenues of \$1.7 million. The co-op generates a small surplus every year. Instead of paying dividends to members the co-op offers member discounts at the cash register. In summer 2001, the co-op was able to extend its member discounts from limited hours 3 days a week to all hours of operation from Monday to Friday. The current manager says the co-op is successful if it is able to continually improve service to its members and break even financially.

Because the definition of success for the co-op is not captured in a statement or measured by conventional social or economic indicators, its direction can be susceptible to changes in directors. When the Board is considering future directions for the co-op, they consult the membership. For example, since growth in sales is restricted by lack of floor space, some of the directors wished to move locations. The board surveyed the membership, who overwhelmingly said ‘If you move the store more than 3 blocks from here, I won’t shop at the EEFC anymore.’

## **Volunteers**

In the late 1970’s, EEFC was a member of Fed Up, a federation of food co-ops who operated a food warehouse that eventually was superseded by Horizon Distributors. The Fed Up warehouse—a half million-dollar business in 1974—was run entirely with volunteer labour provided by the member co-ops. Each co-op provided 2 volunteers on a rotational business. People came to Vancouver from all over BC and would stay at a Vancouver member’s house for one month while working in the warehouse.

“There would be two people coordinating at any given time. They’d be learning the first week; the second week they were without the person they were learning from; and the third week they were teaching the next person.” (Gail Cryer)

At about the same time EEFC started allowing non-members to shop, EEFC dropped the volunteer work requirement for members. Volunteer work is now restricted to the Board of Directors and special committees. At one point, the co-op tried to maintain the volunteer ethic and practice through a creative volunteer program where people could work for food credits. This program was terminated when a volunteer was injured while working and the co-op learned that the Worker’s Compensation Board would not cover volunteer workers. In 1992 all current volunteers were hired on as casual, part-time staff with the exception of one who could not work without losing social assistance income. Founding members reflect on how co-ops can encourage volunteerism as they become more sophisticated:

I think that at twenty-five years old, this co-op is finding itself in the same kind of dilemmas in terms of member involvement and participation and interest that it criticized in the old 40's and 50's co-ops when it started. It just seems inevitable that every organization needs to be invigorated. It needs a kick in the ass occasionally, but it has to be another generation, it can't be the same. (Dana Weber)

But I wonder if at that point there was a way the co-op could have made a decision to say, "What other ways can we direct and consciously encourage the volunteer energy. It's not appropriate or efficient to have people running the store. But we have this ethic, how do we not lose it, how do we redirect it in some way that's maybe totally unrelated to store operations?" (Dana Weber)

## **Management**

Solid business management is critical to the success of any store. The manager of a co-op food store must have all the abilities and knowledge needed to run a food store, and in addition have superior communication skills to keep the board abreast of member and staff concerns. Until recently the co-op experienced massive turnover in managers. In some ways, the co-op is still learning through trial and error. The skills and experience the board looks for in a manager change as different board members come and go. The co-op does not have a system for recruiting and training board members to ensure continuity within the co-op.

## **FCL management services**

EEFC is a member of Federated Co-op Limited (FCL). FCL is an established co-op, located in Saskatchewan, providing central wholesaling, manufacturing and administrative services to more than 300 co-operatives across western Canada and northwestern Ontario. FCL sells a variety of goods and services ranging from petroleum, food and general merchandise to crop supplies and feed. Its services range from Board training to manager recruitment.

EEFC buys some products from FCL and occasionally employs the services of FCL. FCL has been criticized for not understanding their clientele and local culture. The manager describes one such case:

The Board of course had no experience with negotiating a contract, so initially they hired a human resources guy from FCL, a guy from Saskatoon. It's one of the services that their membership provides, and it was a bad idea. It increased this antagonistic relationship, because he didn't understand the history of this place, and the dynamic of the neighbourhood, and all these sorts of things. And the Board, they wanted to do the right thing and give a fair contract to the staff, but at the same time, they felt that they weren't equipped. (Jason Rennie)

Each staff member used to have a personal contract with the store. Wages were based strictly on seniority and staff were disgruntled by the wage differentials between coworkers doing essentially the

same job. Staff approached a union and negotiations between the union, the board and the manager began.

The Human Resources advisor from FCL represented the EEFC board in the negotiations with the union. Throughout the negotiations, the relationship between the staff, management, board and union became so antagonistic that EEFC eventually dropped the advisor's service and finished the contract themselves.

## **Staff**

Most of EEFC's staff have been working there for a long period of time. For many customers, part of the appeal of shopping at EEFC is the personal relationship customers have with the staff. The current manager believes the personal relationship between customers and staff is one of the main reasons for EEFC's continued existence.

Many of the staff did not have much co-op knowledge or experience when they were initially hired. Eventually, most staff do become members and all but one of the current staff are members of the co-op. At least five of the current staff have been the staff representative on the board. The staff representative cannot participate on issues such as wage increases, but is otherwise an active member. The manager comments on the importance of the staff representative:

“I think it's a great idea. I report to the Board in monthly meetings, but I'm not everywhere. I don't necessarily have the same concerns from the members that a staff member on the Board does. So, it makes for a more responsive Board and a better store.” (Jason Rennie)

Member-customers approach the staff to inquire about certain food products and request special orders. Many of the current members are as concerned about the politics of food as the founding members were. The staff are a crucial link to the members' concerns. They hold a great deal of responsibility for the co-op's success.

## **Board of Directors**

The Board of Directors meets monthly to discuss policies and procedures and to be updated on the operations of the store. Currently the Board is working on a written purchasing policy for the store. The store has maintained purchasing practices that continue to reflect the historical roots of the store, as the politics of our food become more complicated. For example, the store does not sell tobacco, but does carry a large selection of organic whole foods and products, natural foods, and environmentally friendly cleaning products, and preferentially buys locally. The co-op wishes to formalise its purchasing policy to give clear direction to management, and to provide a document to inform both current and

potential members.

The co-op has three committees: finance, product education and policy. The committees include board and non-board members. The committees are a direct link to the membership. The product information committee produces information which is published in the newsletter, on the shelf, and as pamphlets. For example, you may be reaching for Post Cereal and find a sign that says: “*Post Cereals are owned by the trans-national, Phillip Morris Inc., the world’s largest cigarette manufacturer. Please consider buying a better alternative, such as cereal made by a locally-owned company, on these shelves or in the bulk section.*” This is followed by information about the company and alternative products that are available. The co-op also has a colour code system that identifies locally produced, purchased and/or processed products. The committees are a direct link between the board and the general membership.

## **Member Participation**

According to the store’s brochure, to become a full voting member of EEFC you are required to purchase 2 shares up-front and 8 shares in total. Each share is \$10. After purchasing 2 shares, your patronage rebate is used to pay off your outstanding shares. However, in practice the co-op has always allowed full participation in the co-op as long as 2 shares are purchased at the time of application.

In February 2002, the co-op completed an intensive 6-month process to revise the rules. A Rules Committee was formed in order to update the rules so that they can accurately reflect the policy and practice of the co-op and can be more transparent to members. The board held a meeting to present the proposed changes and enable member input. If the rules are accepted in April 2002 at the Annual general Meeting, the rule regarding share purchase requirements will simply state that members must buy two shares at application.

The co-op attempts to maintain links to the membership through several media. On the bulletin board of the store, the co-op displays the minutes of board meetings, posts notices inviting member involvement in the website or product education committee, holds general meetings, and produces a newsletter.

The policy of this co-op is to make decision-making transparent; thus, members are empowered to enforce the board’s accountability to the members.

## **Update by Ron Stewart<sup>4</sup>**

EEFC has operated for 25 years because our members, long term and recent, are also involved in similar endeavours [referring to first paragraph of this case study] and have put back into this base. Our employees also represent these values. The co-op supports the local community first. Product labelling, GMO guidelines, fair compensation, organic products, and respectful work conditions are consistent

themes of the co-op's practices.

Over the past year, the current Board has been updating our rules to better reflect how the co-op functions. Rather than accept the standard model, directors have considered details, implementation and long-term development as a socially responsible business. Our open workshop in November improved these proposals. Early in 2002, these rules will be presented to a Special General Meeting for voting by members.

## Future Directions

As both the federal and BC governments are in the process of debating bills requiring mandatory labelling of genetically modified foods, EEFC is doing its best to keep members informed about their food. This fall the House of Commons will be considering Bill C-287, a private members' bill on the mandatory labelling of genetically modified foods. In April 2001, an exposure bill, Bill 18, was tabled in the BC legislature, which sets out a general framework to be debated for mandatory labelling.

According to the poll<sup>5</sup> conducted for The Council of Canadians by Environics Research Group, three-quarters (75%) of Canadians familiar with GE foods are worried about their safety and almost all (95%) want GE foods labelled as such. A similarly high number (95%) want consumers to be able to buy non-GE foods, and over two-thirds (71%) would even be willing to pay more to get them. (Press Release: Council of Canadians March 31, 2000<sup>6</sup>)

Overwhelmingly, Canadians are demanding trustworthy information and sources of safe food. Just as EEFC was a place to turn to in the 1970's for natural foods, it will hopefully be a place to turn to for GE free foods in the 21<sup>st</sup> century. EEFC also strives to actively educate customers about the politics of their food. The product and education committee has recently undertaken the task of approaching members to learn how many of them wish to see GMO foods labelled in their store.

## Endnotes

<sup>1</sup> In the 1970's, BC's economy was more heavily dependent on resource extraction and as a result, the unemployment rates fluctuated seasonally and the government provided funding for make-work projects to counteract the fluctuations.

<sup>2</sup> Before CRS was a worker's co-operative it was known as Consumer Resource Society. When it incorporated as a co-op, it kept the initials, but not the old name.

<sup>3</sup> In *A report on a study by the "Executive Committee" on the operation of The East End Storefront Co-operative*. January 10, 1982.

<sup>4</sup> Published in Winter 2002 *Common Interest*, CCEC Credit Union's newsletter

<sup>5</sup> The telephone poll, which surveyed 902 Canadians between December 22, 1999 and January 16, 2000, is accurate within 3.3 percentage points, 19 times out of 20. <http://www.canadians.org/campaigns/campaigns-genfoodpub-poll.html>

<sup>6</sup> <http://www.canadians.org/campaigns/campaigns-genfoodmedia000331.html>

## Case Study Information

This case study was developed for a report entitled *Situating Co-operatives in British Columbia – 2000 - 2001*, which was prepared for the Province of B.C. (Ministry of Community Development, Co-operatives and Volunteers) by the British Columbia Institute for Co-operative Studies, University of Victoria. To obtain the information for the case study BCICS and the co-op entered into a partnership agreement. BCICS is grateful to the co-op members for their contributions and time. The case study is published with the approval of the co-operative.

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