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**Hhohho Fruit And Vegetable Cooperative Society
and
Khulumela Kwenta Cooperative Society**

**Operational Manual: A Quick Reference
Guide**

**Swaziland Commercial Agricultural Production And
Marketing Project**

March, 1996

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A. THE STRUCTURE OF A COOPERATIVE SOCIETY

The general membership is the supreme authority of the society. The members are on top of the organizational structure. They elect the committee to act on their behalf. The committee must develop a mission statement for the society, set objectives, develops policies, select and engage a manager, and supervise the manager.

The manager observes objectives and sets out ways of to achieving them. The committee reviews the options and select the appropriate ones. The committee also has to consult the members for their approval and support.

Once options are approved, the manager and his staff implement them. The committee only checks the actual results against the baseline plans.

The selection and engagement of the staff is the responsibility of the manager.

While members are the owner, they are also customers of the society. They engage management function to serve their needs.

B. CONSIDERATIONS IN ELECTION OF COMMITTEE MEMBERS

The election of committee members is one of the most important responsibilities of the cooperative members. The people elected to the committee will have strong influence on the success or failure of a cooperative society. People should be assessed for the following qualities before election into a committee.

1. Personal characteristics:
 - a. integrity and good character,
 - b. courage to resist pressure from special interest groups and remain fair and impartial,
 - c. good leadership skills,
 - d. ability to analyze and to use good judgment,
 - e. intelligence and good common sense,
 - f. progressive and assertive,
 - g. ability to express ideas clearly,
 - h. loyalty to the cooperative,
 - I. emotional stability,
 - j. Constructiveness, and
 - k. willingness to learn and accept training to become better qualified as a committee member.
2. Business characteristic:
 - a. ability to manage personal business successfully,
 - b. knowledge of cooperative,
 - c. active interest in cooperative affairs as a member.
 - d. ability to organize and lead,
 - e. ability to arrive at good decision,
 - f. ability to evaluate managerial potentials and performance,
 - g. knowledge and understanding of finance, and the ability to read financial reports, and
 - h. ability to effect the business wishes of the general membership even when it may conflict with personal opinion.

C. POLICIES

A standing plan is a guideline for both decision making and for operations that cover repetitive actions. Standing plans consist of policies, procedures, and methods to be followed when running a business.

1. Why have policies:

A policy is a directive from top management (or committee) to managers to act in a specific manner. Cooperatives have to act consistently in certain areas of the business. Policies describe the manner in which the subordinate can achieve the end result.

There are important advantages to having policies and following them, including:

- a. They provide the manager with a source of reference for making day to day decisions.
- b. They save time.
- c. They permit better decision making (combine insight of a number of people).
- d. Reduce friction between actors.

2. Hints on policies:

- a. Policies must be reasonable and applicable.
- b. They should be written down.
- c. They should be reviewed from time to time.
- d. Revisions must be approved by the members.

3. Policies adopted by the cooperative (see policies, Job descriptions and by-laws):

- a. Credit policy
- b. Educational policy
- c. Inventory and stock control policy
- d. Lug box policy
- e. Marketing policy
- f. Office procedural policy
- g. Payment policy
- h. Personnel policy
- I. Produce procedural policy
- j. Purchasing policy
- k. Sales policy
- l. Transport policy

4. Development and implementation of policies:

Policies are developed by the committee, possibly with assistance from the cooperative department, any other consultants, and/or the manager.

The members review the policies in a meeting and approve them for implementation.

The manager is responsible for the implementation of the policies. The members through their committee monitor how the manager performs. The members should also be in a position to check the performance of the committee in enforcing the policies and in carrying out their responsibilities.

If good business policies are established and enforced there is no reason why the end results of the society should not be positive.

D. PACKHOUSE OPERATIONS

The success of any business depends on how the different function of a business are managed and coordinated. The packhouse plays a major role in a fresh produce marketing cooperative, in that it coordinates the production, receives the produce from farmers, sorts and grades, packages, and handles marketing arrangements.

1. The key activities in the fruit and vegetable packhouse in Swaziland are:
 - a. Identification of market and their needs.
 - b. Recommend crop volume to produce.
 - c. Coordinate the establishment of the production program plan.
 - d. Set marketing strategies in order to meet market needs.
 - e. Procure all resources in order to support the production and marketing function as well as the packhouse.
 - f. Collect, grade, pack and market produce for the member of the society.
 - g. Keep good records to enable the packhouse to pay members without complaint and prepare good financial reports.
 - h. Determine or coordinate establishment of crop estimates for each week so that buyers are informed in time of what is likely to be delivered.
 - i. General management of all the activities and coordinating all the functions of the society.
2. Responsibilities of key players.

The members have supreme authority. They control the activities of the packhouse through their elected committee. The responsibilities of the committee are to:

- a. Make a clear mission statement of the society.
 - b. Set objectives for the packhouse to achieve.
 - c. Set operational and administrative policies for effective and efficient running of the packhouse.
 - d. Supervise the implementation of the policies and strategies to achieve the set objectives.
 - e. Motivate the manager to improve the services of the packhouse all the time.
 - f. Encourage the members to support the packhouse by bringing of the packhouse good quality produce
 - g. Prepare reports to present to members regularly. For detailed responsibilities to the manager please refer to Policies, Job Description and By-laws.
3. Packhouse activity procedures.

Following is the sequence of produce moving from the farm gate, after harvest, to the packshed:

- a. Harvest at farm and farmers put tag on crates with farmer number.
- b. Packhouse collection truck picks up harvested produce from collection point and the field collection book is filled out with one copy for farmer.
- c. Collection truck hauls harvested produce to packhouse.
- d. Guard at gate records incoming quality/farmer/time/date.
- e. Collection trucks delivers harvested produce to receiving door at packhouse. receiver checks information on field collection book.
- f. Harvested produce is checked by receiver for any off quality, size, ripeness and scarring. Receiver unloads onto pallets by farmer number. Receiver then puts tag on received produce that shows farmer/date received and receiver name. This is used for inventory control. First in / first out.

- g. Received produce on pallets is pushed to grading machine.
- h. Produce dumped onto grading machine and ran through grading machine for size.
- i. Graders select by colour and pack into cartons. Full cartons are put onto pallets where the floor foreman stamps grade on size of carton packshed stamp is put onto top of carton.
- J. When pallet is full and the entire pallet is the same grade, then the pallet is pushed into the coolers. Cooler temperature is to be set at 12 degree Celsius for tomatoes and find for most other vegetables.
- k. Floor foreman writes quality and grade of tomatoes put into cartons, onto lower portion of field collection book from receiving.
- l. Floor foreman gives field collection book to clerk. This clerk writes into book the information needed for Inventory Control Book.
- m. Information from Inventory Control Book is used by second clerk to prepare farmer payments.
- n. Bookkeeper takes total deductions for farmer purchases. Deductions are made weekly from farmer payments.
- o. Bookkeeper prepares checks for farmer payments. Cheque are prepared each Friday for produce received two weeks prior to farmer payments.
- p. Two committee members must sign check to be valid.
- q. The farmer payment cheque/payment record/pink copy of field collection book go to farmer at same time.
- r. Farmer collects check at packhouse or check is send to farmer on collection truck.

4. Sequence for receiving supplies for the packshed, from packshed door to point of paying for the goods:

- a. Receiver fills out receiving record completely.
- b. Receiver places receiving record / supply invoice on the managers desk.
- c. Manager checks receiving information / supply invoice information with information on the buyer sheet used to purchase supply items.
- d. Manager then takes supply invoice to clerk to place information onto Inventory Control Book.
- e. Bookkeeper prepares check for payment within terms noted on invoice.
- f. Check signed by two committee members. Check disbursed on Friday for payment.

5. Sequence used to sell fresh produce at packhouse:

- a. Manager calls customers.
- b. Manager and customers agree on quantity, pack size, price, (delivery price F.O.B cash price, charge, direct sale, consignment).
- c. All sales are recorded on receipt book.
- d. Manager writes up invoice.
- e. Gate guard checks outgoing produce with invoice to be sure all requirements are met.
- f. Charge sales are recorded.
- g. Manager is responsible for collection of accounts receivable.
- h. Bank deposits are made in morning for cash from sales.

6. The Bookkeeper makes all bank deposits. The Manager is responsible for moneys to be deposited to bank.

F. PROGRAMMED PRODUCTION

1. Determine crops to be grown and volumes desired.

The first step in developing a production program for the cooperative is to review production and marketing situation, considering the experiences from the past year or season.

Three months before the first plantings of the new season is to be made, the Manager and Field Agent (if appropriate) review the results of the past production season and the prospects for marketing in the coming season. Steps in doing this are:

- a. Analyze past season results to determine adjustments, if any, needed in crops, varieties or planting schedules.
 - b. Consider markets reports for past years to determine when prices are best for any new crops being considered.
 - c. Discuss crops and volumes with agents who may potentially buy produce.
 - d. Recommend crops and qualities need to the committee and membership.
2. When evaluation of the production and marketing situation is completed and approved the next step is to:
- a. set recommended production for all crops, and
 - b. present the proposed cropping program to the committee and the general membership for approval.
3. Develop the production program to be followed.

The farmer organization manager and field agent will then prepare the plan for production during the coming season, at least 8 weeks before the likely date of first planting, that is, in time to visit prospective growers and obtain seeds or grow seedlings. They will:

- a. Set desired volumes per week for each crop to be programmed, based on information obtained from the review described above.
- b. Determine the area to be planted each week to attain the desired output for each of the crops selected, see Table 1 to help determine areas to be planted.
- c. Determine when planting must begin so that harvest are ready at scheduled times.
- d. Prepare draft schedule for planting, using computer spread sheet. This generates an output spread sheet based on actual planting, using yield estimates.
- e. Use the results to develop plans for handling and marketing the crops.
- f. The farmer organization field agent visits individual farmers to assign actual planting dates for specific individuals.

Table 1. Average yields for selected crops that can be expected in winter and summer seasons and the approximate number of days from field planting to first harvest for both seasons. In the case of the latter four crops listed, the number of days to harvest may vary considerably depending upon the variety that is to be grown.

CROP	Ave. Tonnes/ha (Winter)	Ave. Tonnes/ha (Summer)	No. Weeks from Field Planting to Harvest (Winter)	No. Weeks from Field Planting to Harvest (Summer)
Tomato, Proc.	34	26	13	11
Tomato, Fresh	28	22	13	11
Pepper	13	15	13	11
Onion	20	16	19	18
Cabbage	50	45	10	14
Green Bean	7	6	10	8
Butternut	14	11	13	11
Sweet Corn	37,000 cobs	37,000 cobs	9	7

4. Arrange for necessary inputs.

The cooperative manager and field agent will:

- a. determine seed requirements for each crop,
- b. check input suppliers for availability of seeds for each crop in the required cultivators and compare prices,
- c. order seeds in advance so they are available at the proper time, arrange for payment by individual farmer or preferably through farmer organization,
- d. arrange with a nursery in time for seedling if they are to be used in establishing the crop,
- e. deliver seeds to the nursery in time to allow for adequate seedling growth and development, adjust scheduled for seasonal weather conditions, prepare a list by week of seedling needs for each farmer, leaves copy with nursery and retain copies for the farmer organization manager and field man,
- f. review diseases and insect control requirements for each crop, provide farmers with copies, and
- g. discuss chemicals and fertilizers needs with input suppliers to ensure availability.
- h. coordinate the planting program with area extension worker(s),

5. Follow-up to ensure plantings scheduled are on track for each crop.

The farmer organization field agent will:

- a. inform farmers one week in advance of planting date to make certain they are ready (land preparation, labour, etc.) and are prepared to handle seedlings if involved,
- b. if programmed farmers are unable to plant as scheduled, find replacement farmers to ensure that the correct areas are planted each week,
- c. make certain farmers receive seedlings on the day they arrive from the nursery, arrange for delivery or pick-up by farmer,
- d. handle carefully any seedlings left overnight at packshed, and
- e. keep seedlings in cool area out of sunlight, water if necessary.

6. After planting activities.

Farmers are to be visited regularly to provide assistance if necessary with any production problems. This should be done by a field agent or the local horticultural extension officer. Farmers are to be encouraged to follow recommended production methods (see Vegetable Production Guide). The farmer organization manger will see that the field agent will:

- a. visit farmers periodically to assess progress and to provide assistance in overcoming any problems that may arise,
- b. as season progresses make any necessary adjustment in predicted harvest date(s),
- c. estimate yields three to four weeks before harvest begins and update manager on major differences between current information and the projected harvest yields made earlier,
- d. visit farmers to review harvest plans and arrange for delivery of produce to the packshed, and
- e. coordinate harvest activities with the farmers and the packshed.

G. MARKETING PROCEDURE

Markets must be identified before and plantings are made. Strategies and agreement with the market agents should be determined before going ahead with plans. Detailed marketing information can be found in the Marketing Manual. Things that need to be discussed and agreed with potential market agents include:

- a. how will prices for the produce be determined, for example will there be a set price for the season, will consignment be used, will prices be a certain percentage of the weekly price average?
 - b. how will payments will be made? in advance of delivery? two weeks after produce is sold if on consignment? etc.
 - c. how must the produce be packaged?
 - d. how will the produce be delivered to the market? by the buyer? or by the cooperative?
 - e. timing for deliveries - when will the first delivery begin? when will the last delivery be? how many times per week? etc.
 - f. what are the grade standards that are to be meet?
 - g. are there any special characteristic? what varieties are acceptable?
4. Preparation for sales:
- a. are marketing memberships necessary, for example if municipal markets, etc,
 - b. will it be necessary to advertise?
 - c. arrange and conduct any special training that may be needed for packshed workers
5. Implementation of sales:
- a. Local
 - b. Regional
6. Consignments to markets in South Africa:
- a. Contact agency to establish market regulations, inform them of expected time of arrival (Day, time),
 - b. Obtain disease free permit:
 - take samples of produce to be exported to Malkerns Research Station, Malkerns,
 - present for inspection to Permits Office, and
 - State quantity in excess of actual requirements.
 - c. Export Permits:
 - an export permit is required from Namboard permits office, 2nd floor, Bhunu Mall, Manzini. (permits office),
 - a trading license must be presented or,
 - the previous month's permit must be returned,
 - first registration will cost E15.00, and
 - returning previous permit the cost drops to E10.00
 - d. Custom Paper:
 - customs papers are obtainable at the service station at Oshoek for a nominal fee of E2.75 (or their about),
 - the papers have to be completed in six fold,
 - invoices or any other papers proving the value of the load must be produced,
 - beware of custom personnel trying to convince you to part with a few samples,
 - should you have survived - drive with care!
7. Market Prices & Tendencies:
- a. Prices - Phone the following persons and request regularly faxed information:
 - Johannesburg Market 0711 613-2049 speak to Monique van Jaarsveld.
 - Pretoria Market 0712 326-0972 speak to Charles Hamilton or Erika.
 - Durban Market 0731 465-4222 speak to Peter Wilke.
 - b. Following market prices:

- Contact the individual salesman at the various markets, or
- Study the faxed prices from where it can be ascertained whether the prices are rising/falling and how high/low the prices are.

8. Market information:

Swaziland is a small country with a population of approximately one million people and local supplies can easily satisfy the demand.

Some outlets are:

- a. Local fresh produce markets- formal & informal,
- b. retail shop trade,
- c. super market trade,
- d. hotel and catering trade (pre-packs),
- e. vendors,
- f. Durban speculators,
- g. Regional fresh produce markets - Nelspruit, Pretoria, Johannesburg, and Durban.
- h. Mozambique speculators,
- i. Saturday informal markets at S.A. border towns round Swaziland,
- j. Fresh produce distributors, Hectorspruit,
- k. processing plant - Kaapmuiden, and
- l. auction market (local).

9. Customer list.

Swaziland:

Encabeni Fresh Produce Market Market Manager	Phone 84088
R. Gastaldi (Agency) Mariano Barajas, Manager	Phone 84597
Freshpac (Agency) Gielie Vermeulen, Director	Phone 85437
Crop King (Agency) J. Rundell Director	Phone 84613
Philani Fruit & Vegetables Ernest Hlophe, Director	Phone 85319
New Mid-way Wholesalers T. D. Maharaj, Managing Director	Phone 61889

Nelspruit:

Nelpruit Fresh Produce Market Chris Swart Director	Phone 071311-53880
Laeveld Markagente George, Enock (salesman)	Phone 071311-53645

Pretoria:

Pretoria Fresh Produce Market

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Christo Groenewald, General Manager
Charles Hamilton Dep Gen Manager
Price Information Erika

Phone 0712-326-0972

Protea Market Agents

Louis Coetzee, Managing Director 0712-326-8821

Hectorspruit:

Prodcure Lowveld (Pty) Ltd.

Renier van Rensburg, Manager Phone 071313-4241

Johannesburg:

Johannesburg Fresh Produce Market

Daan Spengler, Director Phone 0711-613-2051

Monique van Jaarsveld, Public Relations Officer
Phone 0711-613-2049

FCA Market Agent

Pieter Nel, Director Phone 0711-613-8611

Pack House

Joe Mostert Manager Phone 0711-613-6054

Dapper Agencies (Pty) Ltd

George Mazam, Managing Director
A/Hours Phone 0711-942-1640

Mia van Niekerk Vegetable Saleslady

Phone 0711-613-4021

Fresh Cut (Pty) Sanrio Fruits

Mario Nortje, Director Phone 0711-613-3665

Freshmark

Dr Johann van Deventer Business Development Manager
Phone 0711-613-6053

Durban:

Durban Fresh Produce Market

Kobus Rademeyer, Executive Director
Phone 0731-465-1691

Peter Wilke Public Relations Officer
Phone 0731-465-1691

Duiker Market Agents (Pty) Ltd.

Johan de Bruin Managing Director
Phone 0731-465-1212

Peter & Co. Market Agents

Joe Peter, Managing Director Phone 0731-465-3032

Chippie Lubbe Vegetable Salesman

Phone 0731-466-3791

AA Market Agents

Kevin Aboud, Managing Director

Model Market Agents
Flipie Swart, Managing Director Phone 0731-

Freshmark (Pty) Ltd.
Lee Smith, Manager Phone 0731-902-4260

Phoenix Farm Produce Market
Jay Sookoo, Director Phone 0731-507-58610

B.L. Boodhoo & Sons cc
Suren Bisnath, Manager
Phone 0731-465-6550 After hours Phone 0731-84-7406

G. ACCOUNTING AND RECORD KEEPING

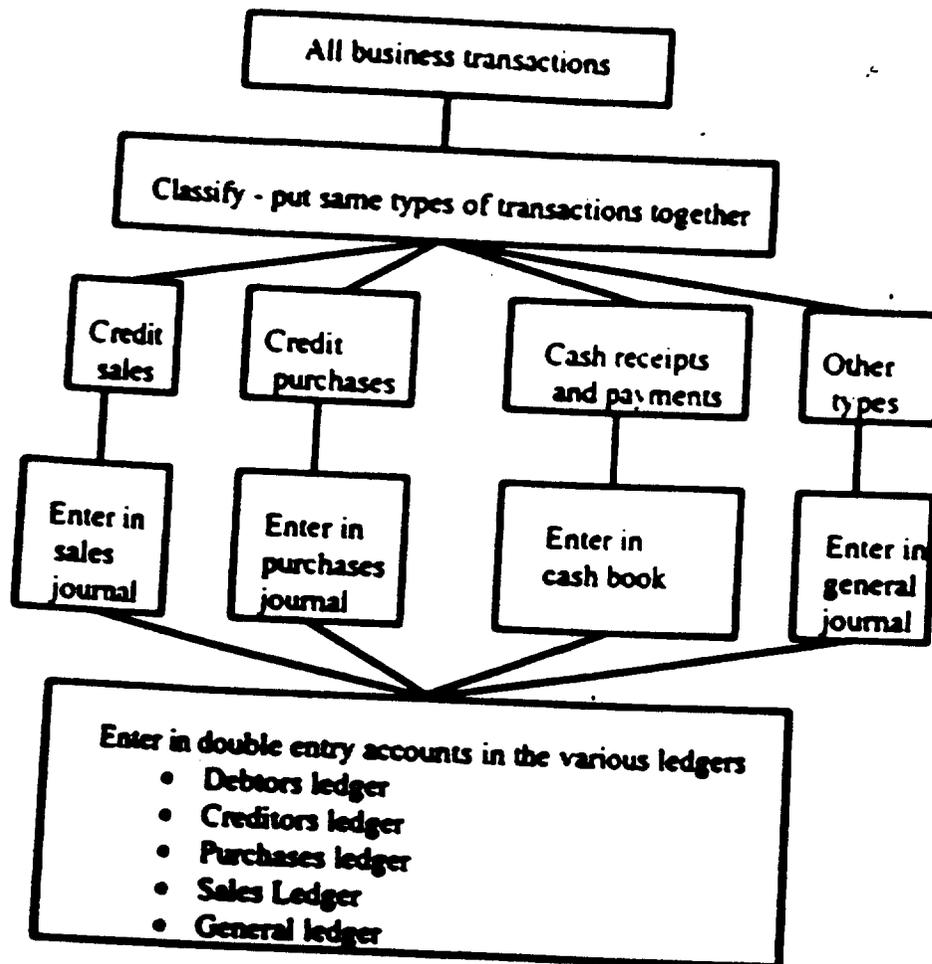
The Farmer Organization Fresh Produce Business Operating Procedures Manual has detailed information and illustration as to the usage, purpose, function and flow of accounts, books, ledger and journals. (For more information see Record Keeping Manual)

1. Accounts, Books, Ledgers, Journals to be Kept:
 - a. produce delivery (receivable) (field agent collection record) books for deliveries of farmers produce,
 - b. receipt (cash sales) books,
 - c. invoice (credit sales) books,
 - d. payment voucher book - used to provide details of any payments.
 - e. cheque book,
 - f. cash analysis book - two are used, columns are maintained for cash, bank (current account), and such expense and income ledger accounts columns as are necessary for efficient accounting and management,
 1. income cash analysis book,
 2. expense cash analysis book,
 - g. sales journal - a chronological record of all credit sales,
 - h. purchase journal - a chronological record of all credit purchases,
 - i. creditor accounts (accounts payable) ledger - a separate ledge account is to be set-up for each individual creditor to whom the co-op owes money,
 - j. debtor accounts (accounts receivable) ledger- a separate ledger account is to be set-up for each individual debtor who owes the co-op money,
 - k. order book - to document orders placed by the society,
 - l. checking account journal - this is currently done in the cash book using the bank column,
 - m. inventory book - inventory accounts of all items that are traded or otherwise received or depleted on a regular basis,
 - n. stock cards - maintained for all assets held by the co-op.
 - o. accounts ledger - debtor and creditors accounts are maintained for each co-op member, in addition to good bookkeeping practice, individual co-op member accounts are required by law,
 - p. lug box account ledger - separate lug box accounts are to be maintained for each member, customer, and any other entire to whom lug boxes are loaned, as well as a pack shed lug box account,
 - q. sales (income accounts) ledger - a separate expense income account is maintained for each income account set in the cash book,
 - r. purchases (expense account) ledger - a separate expense account is maintained for each expense account in the cash book,

- s. share register - a listing of each member and the amount of shares owned as well other pertinent information, name, address, beneficiary, etc. required by co-op law,
- t. general ledger - contains accounts which do not belong in other ledgers,
 - 1. asset accounts - a separate account is for each maintained for each asset owned by the society, that is not recorded in the income account ledger,
 - 2. liability accounts - a separate account is maintained for each liability owed by the society, that is not recorded in the expense account ledger, and
- u. wages and salaries book - a listing of all employees, hours worked, overtime, salary payments, etc., required by the Department of Labour.

Note: All transactions are to be accompanied by proper documentation such as petty cash vouchers, delivery notes, invoices, credit notes, etc. In cases, where there is no accompanying documentation, the accounting staff of the co-op creates original documentation, by writing for examples receipt for cash received, or a delivery slip for farmers produce received, or an invoice for goods supplied on credit, etc.. These must be filled and retained by the co-op (usually for at least three years) as supporting documentation and actual proof of each transaction posted to the books.

DIAGRAM OF ACCOUNTS



2. Reports and statements to be generated.

a. daily cash control report:

- member's payment record
- weekly sales analysis
- creditor (accounts payable) report
- debtor (receivable accounts) report
- trading profit and loss statement
- trial balance
- balance sheet
- other reports

b. Features to be incorporated into the accounting package:

- simplicity, while providing adequate detail to provide information needs of the societies committee, management, and members.
- provide data needed to produce such reports as required by members and management for the efficient and transparent operation of the societies affairs.
- insure that farmers are paid correctly, accurately, and on time for goods delivered to the co-operative.
- ensure that buyers accounts are credited for produce received and debited for payments made, track timelessness of payments.
- be designed with ability to expand to accommodate future growth of association.
- provide proper control of cash and material assets.
- computer adaptable with paper backup.
- protection of data, through duplication, triplication.
- meet legal requirements embodied in the co-op by- laws and the laws of the Kingdom of Swaziland.