

Business interview – Highland Wholefoods

Highland Wholefoods is a worker co-operative situated in the city of Inverness. Founded in 1989, they have a total of thirteen workers, with two of the original four founding members still with the co-operative. The company is wholly owned by its employees and is democratically run with a non-hierarchical structure. They supply vegetarian, vegan, organic, ethical and environmentally friendly food, drinks and household products to the Highlands, islands and north-east Scotland.

The interview is with Stephen Kelly, one of the founder members of the co-operative. The full interview can be found on the VLE.

Q1. What led you to set up Highland Wholefoods?

I had a need for employment, an interest in social justice, food & drink, its relationship to health & the environment. A small Wholefoods workers co-operative shop in Inverness had ceased trading the previous year and there was a gap in the market. Green City Wholefoods, a worker co-operative in Glasgow, was struggling to profitably supply the Highlands & Islands and provide an acceptable level of customer service there. They were keen to work in partnership with a group of people interested in forming a new worker co-operative wholesale distributor to serve the Highlands, Islands, Moray & Aberdeenshire.

Q2. Had you any experience or knowledge of co-operatives at that point?

Not really but liked the idea.

Q3. Why did you choose a worker co-operative structure rather than a traditional private limited company?

None of the five founding members of Highland Wholefoods had any capital or tangible assets. All were unemployed. The enormous amounts of “pro-bono” help and goodwill would not have been available had the business been for personal profit. The alternative ethos was attractive to the founding members who were keen to prove that there was an alternative to hierarchical top-down and the ‘loads-of-money’ self-centred nature ethos of the Thatcher government.

Q4. What support did you receive during your early years?

There was a co-operative development agency of sorts based in Glasgow called SCDC (Scottish Co-operative Development Committee – mainly funded by local authorities – the then Strathclyde and Fife. The HIDB (pre-cursor to HIE) had someone among their number with a watching brief who helped prepare a business plan.



The Highland Council had a revolving loan fund for new small businesses. The Thatcher government had a scheme for unemployed people to attend a one-week course in running a small business.

Other worker co-operatives across the UK extended credit terms to the new co-operative and also part guaranteed a loan from Mercury Provident Bank (Now Triodos)

Green City Wholefoods Glasgow allowed each of the new co-operative members to spend a week there training. Loans & advice were extended from ICOF (Industrial Common Ownership Fund)

Q5. What problems did you encounter early on in the business?

Early-on there were no great issues; issues arose later on as the business matured.

Q6. What advantages did you derive from being a worker co-operative?

Motivation & goodwill.

Q7. Did being a worker co-operative aid or restrict your growth?

Initially aided and subsequently possibly restricted.

Q8. How important were the co-operative values and principles to the business?

Very important but at the time of founding was not aware of the wider co-operative movement and the formal existence of a set of values & principles that could be related back to The Rochdale Pioneers.

Q9. What are the key things you need to get right to run a successful worker co-operative (shared values or ethos etc)?

Business is business and the way to conduct good business doesn't vary very much regardless of the structure of the business. To run a successful worker co-operative it is necessary to understand the importance of the functions/roles within the co-operative and to separate operations from ownership. This means that the function of the secretary is crucial and that sound governance procedures are in place and maintained and improved on a rolling basis.

Getting the division of labour sorted and recognising the importance of the secretary and giving the secretary time to be up-to-date is crucial in a co-operative. This can be hard to explain when other operational/ front-line parts of the business are overstretched.

Strategic decision making and the function of the board of directors has to be clearly separated from management of the day-to-day running of the business.

