



Revolver

Annual Report 2011 - 2012



Revolver Co-operative Limited



Industrial & Provident Society

Finalists in Co-operative Innovation 2012

Our People

Directors:	Paul Birch	Richard Bickle
	Olivia Birch	John Boyle

Project Manager:	Christopher Woods
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Interns:	Emma Kocianski	Claire Frays
	Kial Jackson	Balal Mirza

Report

We created Revolver Co-operative as a multi-stakeholder co-operative, with the help of The Phone co-op, Co-operative and Community Finance and Revolver Records.

Our shared vision has been to create a co-operative that bridges the gap between consumer and producer in the delivery of branded Fairtrade commodities aimed at the 18-35 year old conscientious consumer. We believe that, by targeting this particular demographic, we will also be offering products that appeal to older consumers because 'youth' tends to be aspirational downwards! Our means to deliver those commodities has been two fold;

Fairtrade cotton (on a Business to Business ('B2B') basis)

In 2012 we were successful in securing rights from the United Nations secretariat in New York to produce 2012 International Year of the Co-operative Fairtrade polo shirts using the official IYC logo. Our advertising for these shirts, delivered through a partnership with the Co-operative Press, featured prominent Chief Executives and other leading figures from across the Co-operative Movement in the UK such as Peter Marks, Chief Executive of The Co-operative Group, Ben Reid from Midcounties, Martyn Cheadle from Midlands, Vivian Woodell from the Phone Co-op, Ursula Ledbetter from Lincolnshire, and Peter Couchman from the Plunkett Foundation, together with comedian Harry Hill (in co-operation with Liberation Nuts).

These adverts contributed strongly towards supporting the International Year and generated collateral sales of event bags, tee-shirts and apparel worth £25,000, principally to The Co-operative Group – albeit revenues that were credited to the early part of the next financial year's accounts. The partner in supplying our Fairtrade polo shirts was Co-operative Clothing, and we were disappointed that Co-operatives UK instead chose a PLC to supply identical shirts. Nevertheless, overall this project succeeded in building awareness of our brand throughout the Co-operative Movement.



Dame Pauline Green DBE models the Revolver – Fairtrade IYC 2012 Polo

Revolver World Fairtrade Coffee

Our eye-catching packs of retail Roast & Ground coffees had been developed and trialled from an initial launch at the end of Fairtrade Fortnight in 2011 with an initial listing in 32 food stores operated by the Midcounties Co-operative Society, as part of their 'Local Harvest' initiative. During the year in review, this was expanded to over 60 units. Shortly after the year-end the numbers rose again to 100 Midcounties stores and in addition, 7 large Midlands Co-operative branches. At the time of writing, the opportunities are being explored to build on this success by developing uniquely branded products for a number of other independent retail co-operative societies.

During the year, the Board discussed at length the merits and demerits of limiting ourselves to solely trading with other co-operative businesses. After an initial success in securing a supply agreement with Midcounties, we have built a positive relationship with the hot beverage buyer for CRTG (the consumer co-operative sector's buying group). However, in a highly competitive category and with pressure to significantly cut the number of lines in the CRTG ranges, we are now exploring opportunities to supply other multiple retailers in addition to our existing customer-base with smaller local food co-ops and farm shops.

During the year, our range expanded from the initial 2 products illustrated to a range of further packs in plainer packaging, more suited to community retailers, and various catering packs. Since the year-end we have worked hard to launch a new range of single-origin coffees that will form a key part of our efforts to secure new volume customers.



Coffee Production

Our initial 'yellow pack' products were packed and roasted by Lincoln & York in Brigg, North Lincolnshire who required us to invest £7000 up-front in stocks of packaging. By using a single yellow film, we were able to spread this cost over 2 product lines, but it still meant buying 45,000 linear metres of yellow film with a shelf-life of no more than 3 years. We have since discovered that this film isn't compatible with the packing machines used by other UK roasters, but the level of investment required from us has prevented the development of further lines with L&Y.

During the period of the agreement, "green-coffee" rose in price on the World Commodities exchange¹ and our prices increased accordingly. However, when commodity prices fell L&Y maintained our price. We held our prices at retail (£2.99) however, margins have been negligible as a consequence of higher costs and maintained prices.

As we have learned more about the operations of the UK coffee market, we have formed an excellent working relationship with a second roaster – Masteroast in Peterborough. We are fortunate that Masteroast can deal with small production runs (orders of 15Kg can be delivered "carriage free"²) and they have taken the risk of investing up-front in the films for our newly extended ranges. We pay for everything on a per unit basis and also have access to a much wider choice of standard bags that can be custom labelled to our requirements. This benefits our entire supply channel forwards and converts our fixed costs to variable. This does not mean that we will necessarily abandon production at L&Y however, as we will need to source locally³ to supply Co-operative retail partners in the region.

When we discovered that the new films are actually manufactured in Israel we sought and received a letter of assurance from the company that no production takes place in the occupied Palestinian territories. This is consistent with our high ethical standards in procurement, and in-line with the policies of the main retail co-operative societies in the UK, and with our understanding of international law. We do not deal with the factory directly, but with their Cheshire based agents who have donated around 150 hours of design time to develop these new packs, free of charge to us. Without the help of Plastosac we could not have developed this new range.

¹ International Commodities Exchange for Arabica coffee is New York and for Robusta – London. Revolver only uses Arabica Coffee. Coffee is bought as either "Green" or as "Parchment" (includes a coating) on our behalf by roasters such as Lincoln & York or Masteroast. In turn roaster buy through agents such as Wakefields (importers) or Amajaro (International commodities brokers). The brokers buy from the Cooperatives, who in turn have up to 3000 farmer members delivering into any given cooperative.

² The carriage cost is actually calculated into our factory gate price. We maintain an "open-book" arrangement with Masteroast as we focus everyone on the price the consumer pays and try to find a margin back from that price. This way we maintain our competitiveness and take the view the margin is a secondary consideration if sales are not occurring in the first place.

³ The Co-operative Group's encouragement of local supply agreements, now enables independent retail co-operatives to source within either a 40mile or 50mile limit, dependent upon the societies rules

Our new packaging (below) will be launched in May and it is as colourful as the Spring itself!

What we do is simple, but revolutionary!



The new Revolver World coffee packaging for 2013



Andrew Mitchell MP (C), Mayor; Burt Turner (L) and The Lord Bilston; Denis Turner (L)
Former Minister for International Development
- Co-operative and Labour
At the launch of Revolver World coffee Fairtrade Fortnight 2012

Cathedral Coffee

In the run-up to Fairtrade Fortnight 2012, we were guests at a civic reception in the Lord Mayor's Parlour at Wolverhampton. During the course of the evening we had the opportunity to informally pitch an idea for "Cathedral Coffee" to David Primrose, the Transforming Communities Officer of Lichfield Diocese.

The concept is simple – we work to source and develop a Roast & Ground coffee which carries the unique branding of a particular Cathedral. This can be sold in their gift shop, wholesaled by them to Parishes and potentially served at services and events. The diocese and the Parishes make a margin, as we do, and out of the shared profit 50p per pack is donated to an appeal of the Diocese' choice.



Thanks to the enthusiastic support of Reverend David Primrose, Reverend Philip Swann and The Very Reverend Adrian Dorber (pictured above left), Dean of

Lichfield, we launched Lichfield "Cathedral Coffee" shortly after the year-end and have been delighted that sales are running at about 150 packs per month with 50p per pack supporting an HIV/AIDS education project in Lichfield's partner diocese in Matlosana, South Africa. Building on this success, plans are now underway to roll-out the concept to a number of further cathedrals during 2013 including Manchester, Norwich, Liverpool and Coventry.



Matlosana Sunday school project in South Africa's North-West Province
Together with the Church of England we have raised about £600 so far

Catering and food-service

A lot of time and effort was spent in the early part of the year putting together a bid to get onto the approved suppliers list for TUCO – the buying group for caterers in further and higher education institutions. While we weren't successful this time, part of the bid process involved developing a "Revolver Café" concept which led us into an exploration of the opportunities presented to work with community organisations and like-minded organisations on various café services ranging from supplying coffee with or without machines, up to and including a fully branded coffee shop on an 'ethical franchise' basis.



Co-operatives United Manchester
L-R Candice Bowers, Hannah Birch, Jonny England

During the year under review we ran successful pop-up cafés as part of the Co-operative Congress exhibition in Birmingham in June 2012 and the Coventry & Warwickshire CDA exhibition in Coventry in September. Shortly after the year-end we also ran 3 cafes as part of the Co-operatives United exhibition in Manchester. The pop-up cafés are another way of promoting the brand⁴

We have explored various opportunities for partnering with other co-operative, voluntary and community organisations on running cafes. We have a good relationship with Ex-Cell Solutions – a Co-operative Development Agency working with prisoners and ex-offenders – and are working on a joint bid with them to operate the café at Manchester Cathedral at the time of writing.

During the year we received a £4,500 grant from the Co-operative Enterprise Hub, with the mission of encouraging the development of community café's and these projects are delivering the outputs we committed to in that regard. It is our intention to continue to encourage the development of third sector café's with a view to monetising revenues for charity, not-for-profit and faith communities.

⁴ The Revolver trademark is run by Revolver Music Ltd and FM Revolver Records Ltd. The trademark was extended during the year to include categories including Coffee, Drinking chocolate, Tea, Cider and Beer and confectionary though an agreement was made with trademark agents not to develop gum. The Record Company has in the year made a complaint to the European Trademarks Agency in respect to a device mark held by Revolver Entertainment. This doesn't threaten the "Revolver ® registration mark, other than the potential for confusion. Revolver Entertainment have in unconnected events been reported to have closed the doors at their London offices. The European Trademarks Agency will adjudicate over our complaint in July 2013.

Promotional activity

We have been pleased with the relationship we developed during 2012 with the Co-operative News, and have continued this into 2013 with a commitment to taking an advert in each issue for the year ahead.

Location: 9° 40' N, 84° 2' W

Temperature: 38°C

Elevation: 1,800m

Here: the PERFECT conditions to produce the finest Super High Crown, 100% arabica, Fairtrade certified coffee in the world!

Revolver

Honest Jim puts principles before populism in gay vote

By Susan Press

PRINCIPLES... Jim Dobbin with P Martin Saunders at the Caritas Social Action Network Parliamentary reception, which is the social action arm of the Catholic Church in England and Wales

Support

Revolver The Co-operative of cooperatives!

Our members produce the coffee, our members drink the coffee. Join today.

Fairtrade arabica coffees from Costa Rica, Cuba, Colombia, Ecuador, Kenya, Ethiopia, Tanzania, Uganda, Sumatra...

Find us in branches of the Midcounties and Midlands Co-operatives. Telephone: 044 3982 345 or visit www.Revolver.co.uk

Revolver coffee advertising in The News.

The purpose of these ads is raise awareness, gather support, encourage membership and re-enforce our commitment to co-operation. Our adverts have a common theme, they have close-ups of people in production and consumption. As our advertising continues we intend to expand into other magazines and other means of promotion.

To drive in-store sales in the Midcounties, and now Midlands, stores where our coffees are listed, we have undertaken a regular programme⁵ of in-store promotions during the key trading periods of the year – namely, the run-up to Christmas and Fairtrade Fortnight. During these promotions, we attend store, offer free samples of freshly-served coffee and give customers 25p-off-coupons to motivate consumer purchase there and then. This form of promotion is expensive, but during the year we became Midcounties' third best-selling fresh coffee brand after Taylors and Café Direct. This promotional activity culminated in a major activity for us, shortly after the year-end in October 2012 when in partnership with The Co-operative Group we ran the Café in Co-operative Living at Co-operatives United and two further cafes in partnership with the ICA. This generated £8,000 in revenues and £11,000 in costs, but opened up opportunities to develop new relationships across the movement, such as with coffee co-operatives from Costa Rica.

⁵ We have now conducted over 200 in-store promotions. Taken place in the 20% off promotions run by Group and ran a "2 for £4.99" promotion in Midland.

Board, Membership and Staffing

The founder Directors of Revolver Co-operative were Paul Birch, Richard Bickle and Olivia Birch. The Board later co-opted John Boyle to serve until the 2013 AGM in recognition of his knowledge and expertise relating to Fairtrade, working with young people and his knowledge of the Co-operative Movement. The current Directors will retire at 2013 Annual Members' Meeting and offer themselves for re-election alongside any other candidates nominated by members in accordance with the rules.



John Boyle and Paul Birch (centre right) at Cadbury launch of Fairtrade chocolate

As a multi-stakeholder co-operative, membership is open to all the people we work with from the developing world producers and their co-operatives, through to the ultimate end consumer. At the year-end we had members including individual and organisational customers, and people who work in the business on a voluntary or paid basis. Thanks to links made at Co-operatives United and on a subsequent visit to Costa Rica, since the year-end we have recruited our first developing world producer co-operative in the form of CoopeTarrazu – Costa Rica's oldest and



Recent photograph of farmers at CoopeTarrazu

-largest co-operative. Undertaking a major membership drive will also feature prominently in activities throughout 2013.



Chris Woods at the Midland Atherstone store With customers

Christopher Woods was recruited at the beginning of the year under review as the society's sole full-time employee. During the year he undertook a range of duties including acting as designer, project manager, credit controller, marketing officer, membership administrator, and web manager. Following the year end, Chris has left us to take up an exciting new post with the BBC with which we wish him well and, at time of writing, the Board are in the process of planning a recruitment exercise.

In addition to Chris, the society has been fortunate to have the chance to share the services of a number of interns working for Revolver Records, with whom we share an office, and we have also had a team of casual staff who have helped deliver in-store promotions. All this has been supported by Board members who have necessarily had a hands-on, if unpaid, role in the day-to-day management of the society.

Financial and operational context

The Revolver Co-operative operating model is a simple one. Our business is based on leveraging our skills in marketing and relationship building to grow the market for Fairtrade commodities – particularly amongst younger and more quality-conscious consumers.

We deliberately avoid investing directly in manufacturing capacity and other capital-intensive aspects of the industries in which we operate, but rather select partners who we believe share our values and with whom we work to deliver for our customers and members. This means that our financial resources are focused on product-development, marketing and customer-relations activities as opposed to production per se.

We believe that this contains our central costs and makes us a relatively 'lean' business. The key to delivering profitability therefore is to drive enough sales to cover these core expenses and then use further surpluses for the benefit our members and their communities. Bearing this in mind, our products can be divided into two groups. Firstly there are those lines (such as the coffees we sell through the Midcounties and Midlands Co-operative Societies, and the tee-shirts we produced for volunteers at Co-operatives United) where we are aiming for a high-volume, low-margin operation. A lot of effort has been expended to build on these initial relationships and secure further volume customers – especially for retail packs of coffee.

The second group of products are those that are higher margin, but lower volume. This includes the future roll-out of uniquely branded products like Cathedral Coffee, premium coffees supplied to independent retailers, and the short-runs of merchandise like the delegate bags we supplied for Co-operatives United.

We have made a bold commitment to set-aside 25% of our surplus to contribute towards producer communities. We did not want to fall into the trap of not making a surplus therefore being let-off our commitment by a technicality. In order therefore to comply with the spirit of the commitment, we came together with Village Water, a small charity based in Shrewsbury.



Village Water operate predominantly in Zambia but are expanding to other African countries in 2013

Last year Village Water raised £650,000 to build water and sanitation resources in villages across Zambia. During the year we contributed 45p from every kilo of coffee roasted (around 10p per pack) paid when we had each batch roasted, rather than after it was sold. The sum of 45p provides around 600 litres of clean water and this project contributes towards saving lives in Africa.

Ideally our programmes would put back into the same ground, that taken in the production of commodities. To get going we have contributed to village Water and the charity is now looking to another country in Africa where it can play a part. We hope to influence the charity towards providing support in one of the poorest countries and one from which we draw commodities such as Tanzania, Uganda or Ethiopia.

At the time of writing we are in exciting preliminary discussions with a retail partner to promote and sell East African coffees from which a contribution will be made to support the co-operatives involved in producing the coffee, and the communities where the growers live. This is an opportunity to make a real difference to the lives of some of the poorest⁶

⁶ Coffee farmers in the Kagera Coffee Union (KCU) are amongst the lowest paid labourers in the world, surviving with an average family of six on an annual salary of just \$320.00. We met with the Tanzania cooperative at Manchester Central and they asked for our help. We hope our new project with a high profile retail co-operative will result in much needed aid to the region and the sale of the KCU Tanzania Arabica coffee throughout their stores.

people in the world, and to make real and tangible links between producers and consumers across the globe. We hope to be able to announce further details shortly.



Picking through the dried “green coffee” in Ethiopia

In the year we raised £250.00 for the LUCIA charity (Lives Uplifted in Africa) – a charity run by the librarians of The University of Birmingham. LUCIA has just built a school library at a cost of £15,000 in Addis Ababa. When we launch our new range of Ethiopia Coffee, we hope to be able to contribute towards the cause of poverty reduction in the Yirgacheffe region, our new origin.

Call My Wine Bluff



2013 got off to an unforgettable start thanks to an exclusive evening of wonderful wine, fabulous food and top-class celebrity entertainment.

Call My Wine Bluff 2013 took place on Thursday 18 April 2013 at London's prestigious Plaisterers' Hall. The event sold out and raised a staggering £163,000 for some of the world's poorest people.

The evening was hosted by Nicholas Parsons, accompanied by a celebrity panel including Phillip Schofield, Ed Byrne, Hugh Dennis and Arabella Weir.

Raising vital funds for ActionAid's work fighting poverty around the world, this high-spirited take on the classic TV game-show saw our celebrity panelists try to dupe guests and each other into believing a fictional story behind the wine being tasted.

ActionAid has been given a very exciting opportunity this year. We are delighted to announce that this year's Call My Wine Bluff is part of the **Ready for Anything** appeal. This means that all donations made at this event will be matched pound for pound by the UK government, so your contribution will go even further to help people survive the next disaster.

Call My Wine Bluff has raised over £625,000 to support children and communities who face poverty and injustice. [Find out more about previous Call My Wine Bluff events.](#)

act:onaid

About us
What you can do
Sponsor a child
Schools
News and views



Revolver contributed 250 coffee packs for the Action Aid event on 18th April 2013 – which raised £625,000.00 – and will have the same sum matched by the UK Government to relieve suffering.



Meanwhile back in the Studio in Manchester. L – R Peter Marks CEO of The Co-operative Group and Paul Birch. Revolver released the “Angel Square” single for Peter (Drums) and the band. The project raised £60,000 for MENCAP

Financial review

As might be expected in the early stages of a new start-up business, the operating loss for the year in review was £4500. The Board are encouraged that during the months since the end of the financial year, the society’s turnover has exceeded that recorded in the whole of the previous year, and the growth trend is continuing. The initial trading period could not have been completed without the loans provided by Co-operative & Community Finance and the Phone Co-op. However, there is an on-going need to raise further working capital to take Revolver Co-operative to a projected break-even point half way through 2014 and to this end, a membership and shares drive will be launched during the summer of 2013.

Meet our speakers

Vivian Woodell



Vivian Woodell CEO The Phone Co-op

Biography

Vivian Woodell is the founder and Chief Executive of The Phone Co-op, one of the UK's most innovative and most successful new co-operative enterprises. Since 1998, The Phone Co-op, which is owned and controlled by its consumer members, has built a profitable business with 23,000 telephone and Internet customers, nearly 70 employees, and an annual turnover of £10 million (EUR 12.7m, US\$ 16m).

Vivian is also an elected director of The Midcounties Co-operative, one of the UK's largest independent retail co-operatives, where he also served as President for 8 years.

Prior to starting The Phone Co-op, Vivian had no background in telecoms, but had worked extensively in the co-operative movement. His earlier roles include: Executive Director of the Social Economy Consortium, which managed

Co-operative and Social Economy development projects in Central and Eastern Europe, and Project Manager with the European Social Economy Information Network, ARIÉS. In the past he has served as a board member of CECOP and a member of the executive of CICOPA.

About the Phone Co-op



The Phone Co-op is the only telecommunications co-operative in the UK. Whereas in the Americas, telecommunications co-ops have been well-established as local infrastructure owners and service providers for around a century, the industry didn't evolve in this way in Europe. The introduction of competition in the market for telecommunications services in the UK created the opportunity for The Phone Co-op, which was launched with just £35,000 in 1998. Since then it has grown every year, and now has 23,000 customers (business and residential), nearly 70 employees, and an annual turnover of £10 million (EUR 12.7m, US\$ 16m).

With a strong emphasis on ethical trading and providing an alternative to the investor-driven competition, The Phone Co-op has a reputation for good customer service, and gains many of its customers through referrals from existing customers. In addition, it has built up a network of agents and over 200 affinity partners (mainly charities and other co-operatives), who benefit from a share of revenue. The Phone Co-op has also completed 11 acquisitions of smaller service providers. Acquisitions are an increasingly important route to growth in a rapidly consolidating marketplace. All of these acquisitions have been achieved without recourse to borrowing, and were financed by member capital and retained profits.

Meet our speakers

Nick Matthews



Nick Matthew (Centre) with CRTG's Duncan Bowdler (left), CRTG's Stuart Wooding (front right) and Revolver's Paul Birch & Richard Bickle back right. West Midlands Co-operative Enterprise. Botanical Gardens Birmingham 31st October 2012

Nick Matthews

Chair; UK Society for Co-operative Studies

Nick Matthews teaches in the Business School at the University of Coventry, in economics, social enterprises and co-operatives. He has a B.A.(Hons) in Social Science, a Post-Graduate Certificate in Industrial Relations, a Post Graduate Certification in Education and an M.A. in Third World Studies. He is a Fellow of the Higher Education Academy and was elected a Fellow of the Royal Society for the Encouragement of Arts, Manufactures and Commerce in 2006.

He writes a regular column on co-operatives for the *Morning Star* and is a regular reviewer for several journals including the *Journal for Co-operative Studies*. He is a member of the Co-operative Party and a Board Member of the Arts Centre at the University of Warwick.

Nick Matthews is the Chair of the UK Society for Co-operative Studies. He holds the same post at West Midlands Co-operative Council, and he is also a Director of Co-operatives UK and the Heart of England Co-operative Society. He is a member of the Religious Society of Friends (Quakers), a member of Quaker Communications Central Committee and a Treasurer of Sibford the Quaker School.

Meet our directors

Paul John Birch is Managing Director of Revolver Records, former Chair of the British Record Industries International committee. He was a director of BPI, PPL and IFPI. Revolver has released 3500 albums. He attended Kellogg, Ivey, Aston and Wolverhampton Business schools and lectures on Marketing and innovation. He has advised both the Government and the Intellectual Property Office on Phonographic copyright is an Expert witness and sat on the DCMS committee on Barriers to growth for SME's. He is secretary of the North American Alumni Association and sat on the Birmingham-Chicago sister city committee. He is a J.P and former Chair of Victim support.



Richard Bickle is researcher for a number of clients including the Wales Council for Voluntary Action, Chelmsford Star Co-operative Society and the Co-operative College. He has also been employed by the Cardiff Institute for Co-operative Studies delivering contract research for clients including the Welsh Assembly Government.

He currently serves on the Member Relations Committee of the Midlands Cooperative Society, is Secretary of the UK Society for Co-operative Studies (an Educational Charity), a Trustee of the Fellowship of Reconciliation, Secretary of Birmingham Friends of the Earth Limited (a Community Benefit Society running an environment centre in Digbeth), and is co-founder and Secretary of the Birmingham Co-operative Film Society. He is currently a member of the Board of Co-operatives West Midlands and served on the Co-operatives UK Board from 2003-2007.

Olivia Birch is a director of The Midcounties Co-operative, sits on the Member relations Committee, Audit committee and the Co-op Party representative on the board. She is a Deputy Chair of Governors of Tettenhall Wood Special School, a former member of The Independent Monitoring Board of Brinsford Young Offenders Prison. She is company secretary of Revolver Records and was Marketing manager for Unisys – the giant US technology company.



John Boyle is former Member relations officer at The Midlands Co-operative Society. Chair of Fairtrade Association Birmingham.