



# Trade Associations



## Workbook for Participants

This programme is designed to provide guidance for people interested to work together in establishing and running their own Trading Association

### BACKGROUND

From earliest times people have found mutual benefit in working and trading together towards a common goal.



**In groups of 2 to 4 Discuss**

**What groups you know of that work together successfully?**

**Why do you think they are successful?**

**Share what you have discussed with whole group**



**A Trading Association is any group of people who work together as a single organization for a particular purpose'**

Trading Associations have potential for growth and increasing member and community benefit.

Successful trading associations may consider becoming a Cooperative. There is a separate introductory programme for starting Co-operatives.

Franchises are based on the replication of a small successful model business or trade, which enable others to trade successfully. We have a number of model profiles on our website, which could be replicated:

( <http://www.aidfortrade.info/profiles> )

For more detail on the background and differences in these group structures see: [https://en.wikipedia.org/wiki/Collective\\_business\\_system](https://en.wikipedia.org/wiki/Collective_business_system) )

## Features of Trade Associations

### Objective:

Trading Associations can help generate more sustainable income for its members than can be achieved by working alone. Working together as a team brings great advantages



Coming together is the beginning. Keeping together is progress. Working together is success.

- Henry Ford



Teamwork occurs when diverse abilities and insights join together to work toward a common goal.



## Benefits:

To provide opportunities for

- Trading empowerment, growth of personal and family income
- Bringing together a range of skills and experience for more effective trading
- Helping each other
- Group buying at lower costs (eg seeds)
- Bulk selling opportunities



- Sharing experience, tools
- Exchange views, serve as a platform for discussions and to represent the interests of its members
- Receive further training together

## Structure

- A Trade Association is a democratic structure for the mutual benefit of all members, based on their contribution
- Usually informal and may be beneficially linked with a Savings and Loan Association or Workstart Self Help Group
- There may be a legal obligation to register as a Trade Association



- Brings together different skills, experiences to focus on agreed, crops, products or services with an agreed means and route to selling together



Different skills help the whole

## Functions of Trade Associations

1. To coordinate production of crops, goods, or provision of a service that can be sold profitably on a collective basis, to benefit all members on a sustainable basis
2. To seek advantageous bulk purchase of seed or materials
3. Identify suitable markets and the means to reach them
4. To provide market information to members with regard to customer preferences, expectations, market opportunities etc.
5. Providing information relating to new business opportunities.
6. Seeking and providing advice on technical matters and legal issues.
7. To serve as a forum where members can plan activities together
8. Ensuring that members do not indulge in unfair trade practices and that all activities are conducted with high integrity.
9. Undertaking advertisements to promote the industry.
10. To encourage ethical behaviour and integrity.



11. To conduct market research and provide information to members.
12. To send representatives to serve on various local or regional committees or networks
13. To be concerned for the environment, disposal of waste etc
14. To help each other and the community, especially those in need

### Advantages of Trade Associations

The following are advantages of trade associations:

1. It protects and promotes the interests of its members.
2. Provides easier access to funding if needed
3. The association serves as a forum for members to interact with each other.
4. Depending on the numbers involved, a Trade Association can help both their income activities and their community by influencing local authorities
5. Trade associations can work together to innovate new products, or services that can benefit all the members.
6. Trade associations can conduct market research on consumer preferences and expectations. They can sponsor delegations of members to visit suppliers and bigger customers, attend conferences and even visit possibly visit foreign countries to find out the market potential.
7. They play an important role in settling conflicts and disputes among members. They can use the services of members who enjoy a good reputation to settle disputes between members.



8. Trade associations prevent members from indulging in unfair trade practices. They ensure that members do not engage in cut-throat competition and promote the orderly development of the association.

### Starting a Trading Association

If sufficient numbers, perhaps a minimum of ten people, have a plan or idea they agree to develop together for income generation and would like to establish a Trade Association, they might proceed by:

1. **Establish a steering committee** with an elected Chairman to lead the planning process. The committee needs to establish the objectives of the association, what, where and how products or services will be sold together for mutual benefit. Notes of meetings and any agreed actions should be recorded

2. **Decide how and what the trade association will do.**

Draft a constitution, to be agreed by all members, outlining the activities for income generation, procedures and frequency for meetings, and the roles of the officers to be appointed.

3. **When established, members should elect officers**

For perhaps an agreed one or two year term: which should be a Chairperson, and a Secretary or Administrator to keep records and plan meetings. Other individuals or teams could be appointed to manage key activities such as buying, selling and development and managing finances

4. **Choose a Name and/or a Brand Name** that is easy to promote and customers will understand and remember

5. **Identifying members goods** It will be important that the crops or goods of each member can be identified, either by a record of weight or by a signed label, or assigned number. This will ensure traceability and responsibility



Signed jars of honey (Albania)



# Trade Associations



## 4. Managing Money

It is recommended that a bank account be established, with two signatories needed for taking out money to a maximum sum above which all members should give approval

### Examples of successful trade associations

#### ALBANIA



Shkrel Mountain District Farmers Association, Albania helped by Aid for Trade to start in 2005. 200 families now selling honey, herbs, cheese and vegetable produce together



Herbs

Sewn goods

Honey

Cheeses

Chestnuts (Export)

#### ROMANIA



In Romania, help was given to establish Farmers Associations. Early and late crops with high market value were grown under plastic. Surplus crops collected, checked for quality, weighed, then sold on the Associations own market stall. When sold, members received payment for the produce they had supplied



## What contributes to the success of a trading association?

- Shared interest, interdependency and trust
- Good teamwork and communication
- High value products of good consistent quality
- Reliable organisation and services
- Easy access to markets and customers
- Potential to Increased quantities, or services for sale
- Production driven by market demand/ customer need,
- Produce better quality/new products,
- Members commitment to the association and each other,
- Support association activities and community engagement.
- Build economies of scale,
- Gather and disseminate market information to members,
- Good communication within the organisation and outside,
- Nurture partnerships.

