

14 Riverside Garden Centre

Bristol Community Garden Centre has developed a company structure, which enables non-members to invest in the business, without compromising the collective decision-making and employee ownership ethos of the Co-operative. Operating for over 18 years, the business has succeeded in ensuring the collective approach to decision-making is not compromised as it grows and develops.

What it Does

Riverside Garden Centre (the Garden Centre) is a garden centre in the Cumberland Basin next to the River Avon in Bristol.

The Co-operative sells “things that grow and things to grow them with”, but not garden furniture or building materials. It also operates a successful café on site.

How it Came About

The Co-operative was formed by a group of people involved in the St Werbergh’s City farm in Bristol. The original rationale behind the formation of the Co-operative in 1986 was two-fold: to run a business that could generate profits to support the City Farm, and to create jobs in a conducive culture and environment. There was a ‘political’ commitment to co-operation and employee self-management.

Over time it became apparent that the garden centre business was not sufficiently profitable to achieve the first objective, but the second objective has been continuously achieved for 18 years.

In setting up the Garden Centre, the founder members faced a difficult problem. Start up capital requirements were £230,000, which they did not have. They were able to raise half the amount through loans from banks and a local co-operative loan fund (Avon and Bristol Co-operative Finance Limited). However, the rest of the finance would need to be raised by equity. This was done

through members, families, friends and associates – 65 people in all.

The problem faced was how to combine the 65 shareholders with around ten employee members in a structure, which ensured employee self-management. Two Companies Limited by Shares were formed: Bristol Community Garden Centre Limited and Southernwood Equity Participation Co-operative Limited. Southernwood Equity Participation Co-operative is a holding company, which owns Bristol Community Garden Centre. However, the members of Bristol Community Garden Centre hold 90 per cent of the voting rights in Southernwood Equity Participation Co-operative, with the remaining ten per cent of the voting rights being held by the external shareholders. Therefore ownership and control rests with the employee members of Bristol Community Garden Centre, which is the trading company and owned by its employees.

Although the arrangement has worked in the case of Riverside Garden Centre, there is a fundamental flaw in the set up of Southernwood Equity Participation Co-operative Limited. Dividend payments from Southernwood Equity Participation Co-operative Limited are not performance linked, but are set at ten per cent. This seemed quite reasonable in the high interest rate days of the 1980s when borrowing costs were high, but looks much less reasonable now. However, another dividend rule states that the ten per cent dividend does not need to be paid until a first dividend is declared, but when it is declared the dividend must be backdated until the first year of the Co-operative’s operation. The practical consequences of this provision are that a dividend has never been declared and is never likely to be. Fortunately, the shareholders did not invest to make a return on their investment!

Facts & Figures

- Organisational Type – Employee Owned Business
- Legal Form – Companies Limited by Shares
- Date Established – 1986
- Location – Bristol
- Number of Members – Ten employee members
- Number of Workers – Ten
- Turnover – £2.8m in financial year ending March 2003



The Garden Centre is now a multi-million pound business, operating from extensive business premises in Bristol.

Governance Structure

Southernwood Equity Participation Co-operative meets annually to approve the accounts and elect the Board of Directors. In Bristol Community Garden Centre all ten employee members are the employee Directors of the Company, and is therefore a collective decision-making governing body, with all members being Directors and all Directors being members.

Participatory Practice

All ten employee members are Directors of the Co-operative. New employee members, following a probationary period, are encouraged to become Directors. The Directors have monthly meetings to make decisions on the Co-operative's operational business. They delegate responsibilities for operating various parts of the business to individuals or teams of employees who then report back at monthly meetings.

In eighteen years of operation there has been a great deal of employee turnover. Of the founder members only one remains. Generally recruiting new co-operative members has not been too difficult. The Garden Centre is well-established with a good reputation and there are usually people watching for vacancies to arise when

the jobs are publicly advertised. The one exception is the office jobs where, because the Co-operative operates an equal pay policy, there has been more difficulty attracting and retaining staff because the Co-operative pays below the usual market rate.

Stakeholder Engagement

There is no external stakeholder involvement, apart from the shareholders in Southernwood Equity Participation Co-operative Limited.

The Co-operative was once active in Avon Co-operative Development Agency, but no longer is. The Co-operative still retains links with the local development agency.

Key to Success

The Co-operative firmly states that its success has been largely due to the commitment of generations of co-operative members over and above the standard level of commitment in a conventional business.

Vision for the Future

The pursuit of excellence and profitability. The Co-operative states:

"Our reputation is built on quality of service at a sensible price. It is that simple really."