

International Notes

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INTEGRATION IN SWEDISH CO-OPERATION. That important aspect of Co-operative integration, denoted by collaboration between retail consumers' co-operatives and their wholesale federations, has been systematically studied and pursued in Sweden for the last 15 years. The methods adopted and their results are described by John Sallborg, a director of Kooperativa Förbundet, in an article recently published in 'Co-op', the monthly management review of the Swiss Consumers' Co-operative Movement. The notes which follow were taken from this article.

The three most important areas of collaboration are: department stores and shops, investment and capital procurement and staffing and organisational problems. Some of the most striking concrete results have been in the sphere of goods supply. During the last decade collaboration has evolved in the direction of a division of functions, the Wholesale Society K.F. assuming the main responsibility for purchasing and the retail societies concentrating their attention on selling and its associated business problems. Compared with the days when every retail society was solely responsible for the goods assortment offered to its members, this radical division of functions has made a great contribution to the Consumers' Co-operative Movement's continued success. But Swedish Co-operators are also keenly aware that this division can lead to rigidity, especially when the functions are performed by two separate organisations.

Co-ordinating Influences

The necessary co-ordinating and conciliating influences are exercised in the first place by K.F.'s Council of 30 managers, the majority representing the big regional societies. This body keeps the main lines of inter-working constantly under review and determines such questions as the rates of trading margin for the coming year. Then there are the Sectional Councils, which are consultative bodies, specialised according to the class of commodity, linking the buying department of K.F. with the department stores, which, as is well-known, have been developed largely as a national chain. They comprise four department store managers and four representatives of K.F., two from the buying department and two from its retailing sector. Besides financial questions, these councils discuss the profitability or unprofitability of various kinds of business and exchange experience on the sales front. Here again, trouble is taken to ensure that these councils do not become too set in their working methods, but are constantly kept aware of the need for changes and adjustments in the societies' trading relations with the Central Wholesale. Besides these constitutional devices, informal relations and contacts between the purchasing side and the selling side are encouraged and close attention paid to the working of internal information arrangements and the need for re-training.

In the sphere of information the use of computers is of growing importance as an aid to the construction of more closely integrated working systems and the more effective exploitation of opportunities. This leads inevitably to the extension of K.F.'s functions as a central buying organisation, for only such an organisation is capable of utilising to the full and in the best interests of the societies the fund of information which the computers assemble and evaluate. In ten years the cost of a single computer operation has fallen to one thousandth of the initial figure. Computers are also used in the search for the most promising lines of development, such as the sale of soft furnishings, at present expanding very rapidly. Mechanisation and automation of goods supply to shops and department stores are facilitated by the more accurate computer calculations of quantities needing to be ordered.

INTEGRATION ON THE INTERNATIONAL PLANE

The extension of the European Common Market by the acceptance of four additional member countries and the likelihood of mutual arrangements for freer trade between E.E.C. and E.F.T.A. foreshadow wider opportunities for Co-operative integration on the international plane. The consolidation of the two I.C.A. Auxiliary Committees for wholesale and retail trade respectively, together with the trade research bureau originally established by the Scandinavian Wholesale Society NAF, to form a new instrument for commercial and technical collaboration, Intercoop, with headquarters in Hamburg, placed the whole International Co-operative Movement in a position to take advantage of these opportunities.

Intercoop's membership embraces thirty central Co-operative organisations for wholesaling, production, export and import trade in twenty countries. Its West European membership alone represents approximately 5,600 consumers' co-operatives with 53,000 shops and an aggregate retail turnover equal to 11,000 million U.S. dollars in 1970. Its activities are classed under three heads: the promotion of joint purchasing on world markets and collaboration in production; the exchange of experience in trading activities; the exchange of experience in research, product development and other technical and commercial problems.

Main Commercial Functions

The main pillars of Intercoop's commercial functions are the bulk purchase and joint purchase for its European members of foodstuffs normally imported from other continents e.g. canned and dried fruit, coffee beans. Members, such as the C.W.S. and N.A.F., place their buying offices in America and Australia at Intercoop's disposal. Wider possibilities of joint purchasing are continually being explored. In trade with commodities other than food, notably textiles, men's and women's clothing, footwear, sports and camping equipment, Intercoop's turnover already exceeds \$40 million annually. Further possibilities for expansion remain to be exploited in the exchange of products manufactured by the member organisations. The annual output of their factories, which produce not only foodstuffs, but also textiles, furniture and certain capital goods, is valued at \$2,000 million. At their last annual meeting, held at Bucharest in October 1971, the members adopted the principle of giving preference to the products of other

members when these were offered under conditions competitive with those of private manufacturers.

From its two parent committees Intercoop has inherited the custom of setting up international working parties for the exchange of technical information and know-how relating to specific branches of production. Such exchanges are still being carried on between Co-operative productive works in the confectionery and milling sectors and between foodstuffs laboratories.

The integration of retailing with wholesaling and production gives Intercoop important advantages, not only for the exchange of experience of contemporary distributive organisation, but also for the study of innovations in merchandising and the appropriate training of store personnel. Intercoop is thus becoming a comprehensive repository of knowledge and ideas, a common fund which is constantly increased by its members' contributions and is always available to be drawn upon for the solution of both old and new problems.