

Central Co-operative Organisation: Next Steps?SOME SPECIFIC PROPOSALS

by

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The decision to devote this issue of the Bulletin to a discussion of the nature of the central services provided by the national federations to the retail societies is opportune. Constructive discussion on aids that will strengthen both the strategy and structure of the Movement is still urgent. Without this a vacuum may result. Yet the Central Executive has adopted a negative attitude since the Referendum. Why this hesitancy? Is the situation so uncertain, so difficult?

Most critics of the single national federation proposal outlined in the Interim Report of the Special Committee were opposed to the Committee's approach to this problem rather than to the concept of a S.N.F. as such. Few active Co-operators are satisfied with the present state of affairs at national level. The Co-operative Union and the Co-operative Wholesale Society, they argue, should at least take active steps to work more closely together and provide an extended and improved range of central services.

An Overall Development Plan?

Major weaknesses still exist in the provisioning of central services to the retail societies mainly, I think,

in the coverage of longer-term planning needs. Advisory technical services, referred to as 'common operational services' by the Independent Commission, are better provided for.

Two major weaknesses call for immediate attention:-

- (1) We have no single national organisation or body which has vested in it authority to plan the future development of the Movement.
- (2) Consequently the Movement lacks a planned development strategy.

True occasional papers containing economic and market information are published by the Union and the C.W.S. in the form of reports, bulletins, and news letters. Useful as these publications are they are inadequate for a Movement like ours which requires a continuous flow of reports based on the scientific study of economic and social data. Retail societies will still be required to plan their own developments but these plans should in future be incorporated into an overall development plan.

It is interesting to note the suggested approach to planning contained in the recently published White Paper on the Co-operative Development Agency. "More particularly", it says, "one needs to know what Co-operatives are doing already before one can consider what is not being done . . . And, further, one needs to know how far the interests of Co-operative organisations are common and how far separate." (page 2, para. 5). First, we must know what is being done on the basis of known resources and then - and only then - decide what requires to be done. There may be separate interests as between consumer, agricultural and housing co-operatives and credit unions, for example. But these should be minimal. At all times

the approach should be to strive to attain the greatest unity in action, an approach vital to the success of the Consumer Co-operative Movement in face of fiercer, harder competition.

The Movement, having exerted pressures on the present Labour Government to establish a Co-operative Development Agency, cannot now sit back and await its establishment before engaging in the exercise of forward planning. My suggestion is for the Central Executive and the C.W.S. Board to take the first essential steps and to recommend to Congress the establishment of a Joint Policy Committee composed of equal numbers of both bodies, with each Executive Officer a member in his executive capacity. Incorporated in such a recommendation to Congress there should be another recommendation - the establishment of an Economic Planning Unit, to be made responsible to the J.P.C. This Unit would be responsible for the creation of a Co-operative Development Model into which would be programmed essential economic and social information required by the Movement in forecasting and planning its future development needs.

### Central Services Present and Future

The Appendix sets out the nature of the central services required today by the retail societies. Also stated is the appropriate body for taking action.

On these groupings I comment as follows:

#### (1) Development and Finance

These services are mainly concerned with the corporate planning function which is almost absent in the Movement at the present time. If the Union and C.W.S. were to recommend jointly to next year's Congress the establishment of a J.P.C. and an Economic Planning Unit to undertake

the duties outlined below I have no doubt that a major step forward would be taken. This would unify the servicing work undertaken by the national federations and also lead to closer collaboration between the national federations and the retail societies. What can be achieved in this way was well stated by Roger Kerinec, President of the International Co-operative Alliance, in his address to this year's Blackpool Congress, when he told delegates what had been achieved by the French Co-operatives since 1964. Following the French Co-operative Congress of that year he said policy was now more clearly defined, "useless rivalry" between retail societies and the central organisations was reduced, and a Commission had been established to think through these problems and report.

A J.P.C. when established would be responsible for directing and monitoring the research undertaken by the E.P.U. which would, I hope, become the recognised central source of information on which not only retail societies but the C.W.S., Co-operative Bank, C.I.S., and specialist agencies like the Parliamentary Committee would call.

The need for a review to be made of the research function in the Movement was recognised at the 1977 Congress. The Central Executive was requested with the Education Executive to review the resources for research into the economic and social development of the Movement and the experience of Co-operative research projects undertaken in the recent past. If this work gets under way in the current Congress year perhaps the reviewing Committee might bear in mind the suggestions made in this section of my article.

## (2) Marketing and Procurement

The C.W.S. Joint Reorganisation Committee recognised that if the C.W.S. and the retail societies were to play their full part in the future progress of the Movement, steps must be taken to establish a new kind of relationship between wholesale and retail which would reflect a common interest and purpose. The C.W.S. and the retail societies work much more closely together in the spheres of procurement, the rationalisation of stock assortment policies, and in the planning of joint promotions. Developments by the C.W.S. in "own label" products are welcome, as, also, are the steps being taken to establish a chain of regional distribution centres. Serious weaknesses still exist, however. There is need for the C.W.S. and the largest retail societies, most of whom run their own efficient distribution systems, to agree better terms on a contractual basis. Clothing and to a lesser extent footwear are still major procurement and marketing problems, and it is in these areas of the non-food trades that the Movement's performance, already poor, continues to lag. Why cannot the C.W.S. Board examine the developments in wholesale-retail relationships since the J.R.C. Report and place before retail societies for their approval a new statement of policy based on experiences gained and the next steps to be taken to develop further wholesale-retail relationships?

## (3) Technical

These services to which the Independent Commission gave a great deal of thought are currently provided by the Union and C.W.S. They have improved tremendously in quality in the intervening years. It can be argued, however, that Organisation and Methods advisory services can still be further developed, perhaps on a fee-paying basis. Retail societies need more expertise in work study and operations research into productivity and profitability.

The idea of an efficiency audit proposed by Sidney Webb nearly 50 years ago has still to materialise. More educative work requires to be done in inflation accounting although a good beginning has been made. And the Movement has been made more conscious of the need for the use of computers by the C.W.S.-retail officials working party.

Co-operative Retail Services in recent years has advanced its techniques in management accountancy, for example. The J.P.C., if established, should consult with C.R.S. for a wider application of its methods and practice in the retail societies.

#### (4) Personnel

The recent labour and industrial relations legislation has meant that personnel services have grown both in degree and in importance. The Co-operative Employers' Association is charged with the main responsibilities of servicing in collective bargaining and industrial relations. The Training Executive, composed of Union, C.W.S., and retail society officials covers, mainly, staff training and management development. It is, most certainly, in management development where the Movement's biggest need exists. Criticisms are repeatedly made at Co-operative conferences of our inability to prepare adequately for the replacement of top executives, through planned management development programming, and there is some justification for these criticisms. But it is in middle management, which should be the strongest resource from which higher executives should be drawn, that the main deficiencies lie. For this group of management personnel, a programme of training should be devised embracing among other things store management, area management, departmental and factory management and office management, and so on. Further the Co-operative College should be encouraged to play a more important role in higher management studies.

(5) Manpower resources

A more accurate assessment of the Movement's manpower needs in the next five to ten years is crucial if a planned development programme is to succeed. Not only do we need to know the numbers to be engaged, but we need to know where they will be placed (the various trades for example), the skills required, and at what levels in the various management structures. The appropriate authority for carrying out this work, which should become a continuous process, must be determined. The Co-operative Employers Association may argue that it comes within the ambit of its functions. The Training Executive and the Co-operative College can argue that they are affected. Congress needs to decide without delay what action is required in manpower resources studies and where the main responsibility lies.

(6) Legal

These services seem to be adequately carried out by the Co-operative Union and there does not appear to be an urgent need for change. They cover (a) advice to retail societies on legislation and how this affects the Movement, and (b) advice to societies involved in merger negotiations and the registration of new rules.

(7) Member Education

Central services in member education call for extension, for new approaches, and for improved servicing. But to do these things will require bigger financial allocations at all levels - national, regional and retail. The object should be not only to develop a better informed and more committed co-operative membership but, also, to achieve a participative, active membership. What broadly should our approach be?

(a) We need more seminars and discussion pamphlets and leaflets on the Movement's basic philosophy and its application to the affairs of today. Why the Movement is a democratically owned and democratically controlled form of public ownership. How and why the Co-operative form of public ownership is being extended into new spheres of activity such as worker producer, housing, agricultural and horticultural co-operatives and credit unions. How, further, it can be extended into other forms like servicing of farmers and communities in meeting their energy needs, and so on.

(b) We need working groups of co-operators, economists, and sociologists to undertake project work and report their findings on the enlargement of the Co-operative sector in today's mixed economy and the kind of contribution this will make to economic growth and social stability.

(c) The Movement needs to give a new dynamic to Consumerism which, in my view, is still too middle-class orientated. Practical leadership in pricing, the quality and style of merchandise produced, and in consumer protection problems generally is called for. The Consumer Conferences organised by the Union's Education Department in recent years have given the kind of leadership needed and these should be continued. The Movement should now engage in more energetic leadership in problems affecting the environment - pollution and energy resources, for example. Again there is a wide field for initiatives to be taken in the organisation of schools, seminars, working groups, and the publication of leaflets, not only at national level but in local societies. The Education Department with London Society hold a summer school yearly at the Co-operative College on a major subject affecting co-operators, the R.A.C.S.

has done much in project work, and only in the last month the Wigan Co-operative Party has published a pamphlet on the C.D.A. But much more is required.

(d) The British Co-operative Movement, as W. P. Watkins illustrated in a recent issue of the Bulletin (No. 28) is poorly served by its own newspapers and periodicals. The Co-operative News should be looked upon as our main campaign journal and financial support should be forthcoming to enable it adequately to fulfill this role. The publication of a new Home Magazine, concentrating exclusively on consumer affairs and obtainable at check-outs in our stores and shops should be seriously considered.

(e) Only a better educated Co-operative democracy can assist in what amounts to a revival in Co-operative adult education. We need able lay leadership, yes. We need Co-operative managers and employees who are imbued with the spirit of Co-operation, yes. But what we need more than anything is for active co-operative workers to pontificate less in board rooms and committee rooms, and actively participate in meetings, seminars, and working groups, and in project work on the vital issues facing our Movement today. Our findings from these studies and discussions should be introduced into all democratic organisations without exception. Democratic organisations like Shelter, Child Poverty Action Group, which are campaigning in specialist fields, should also be supported and the Co-operative viewpoint stated in them.

### Conclusions

In this article I have attempted to discuss at some length the strengths and weaknesses of the central services provided by the national federations to retail societies

and to stress the need for both federations to show new initiatives in this sphere of activities, and especially where longer-term planning needs are concerned. I am convinced, however, that effort devoted to the extension and improvement of central services alone will not assist retail societies to the extent required unless simultaneously active steps are taken to develop and strengthen the organisational and democratic structure of the Movement. An organisational and democratic structure moving towards the formation of a single national movement has still to be considered. Linked with this need - and even before it is established - closer federal-retail relationships must be established, and in the retail movement speedier efforts made to realise Regional Plan Two and to achieve closer collaboration between retail societies in procurement and marketing, and the development of federal undertakings in milk processing and bread baking, for example.

The Labour Government if returned to power at the next General Election will undoubtedly establish a Co-operative Development Agency. Existing traditional and new forms of Co-operative enterprise will come under the microscope for study. We must be prepared for that event. Congress next year, therefore, should seriously consider how the Movement should prepare itself for the C.D.A. because the discipline now lacking may be thrust on us. Better to prepare ourselves now for this contingency - and voluntarily. I would suggest, then, that the national federations and the retail societies seriously consider the need for a Joint Policy Committee, to be served by an Economic Planning Unit, and further action be taken to strengthen co-operative central services generally.

Competition will grow. We shall meet this challenge only by attaining to greater efficiency and a realisation by the people that we are a consumer movement working for the interests of the consumer.

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<u>CENTRAL SERVICE</u>	<u>COVERAGE</u>	<u>ACTION</u>
DEVELOPMENT AND FINANCE	<ol style="list-style-type: none"> <li>1. Preparation of Co-operative Economic Model               <ol style="list-style-type: none"> <li>a) trends in economy and in retail distribution</li> <li>b) patterns of consumer spending</li> <li>c) Capital, physical and manpower resources of the Movement</li> </ol> </li> <li>2. Development of planning procedures.</li> <li>3. Monitoring planning procedures.</li> </ol>	Union and C.W.S. jointly and in active association with the retail societies.
MARKETING AND PROCUREMENT	<ol style="list-style-type: none"> <li>1. Establishment of closest practical wholesale-retail relationships.</li> </ol>	C.W.S.

<u>CENTRAL SERVICE</u>	<u>COVERAGE</u>	<u>ACTION</u>
TECHNICAL	1. Organisation and Methods	Union and C.W.S.
	2. Retail Techniques	
	3. Computer servicing	
PERSONNEL	1. Wages and conditions	Co-op. Employees' Asscn.
	2. Industrial relations	
	3. Superannuation and pensions	
MANPOWER RESOURCES	1. Manpower resource budgeting	Union and C.W.S.
	2. Career prospects: staff training	
	3. Management development	
LEGAL	1. Advice on legislation	Union
	2. Mergers	

CENTRAL SERVICECOVERAGEACTIONMEMBER  
EDUCATION

1. Member education  
- philosophy
2. Consumerism
3. Co-operative  
democracy:  
lay-leadership
4. Communications

Union/College and  
C.W.S.