
The Institute of Co-operative Directors

by Dr. J.H. Butler

The Institute of Co-operative Directors was established in the spring of 1987 under the auspices of the Co-operative Union to help promote the highest attainable skills of directors of Co-operative societies in membership of the Union. Already approaching 400 directors have joined the Institute and almost two-thirds of retail societies now have directors in it.

Changing Role of Directors

Retailing and the role of Co-operative directors has changed significantly in recent years. When we look back briefly at our history, we recognise that the old committee system of management and democratic control was a great success and must have given many men their first positions of responsibility - it expressed all the virtues of democracy. Committees responded to the desires of their members and local autonomy and control were important characteristics of the Movement. Directors involved themselves in all those activities that today would be in the hands of salaried staff: taking decisions on the range of goods stocked, determining employees' conditions of employment, setting dividend rates, determining credit levels and even disciplining members who had transgressed from the straight and narrow.

In nearly all cases, the Board was participating in day to day management, it had a detailed familiarity with all of the operations of the society. Such a system of control was possible and commendable when societies were small in scale and in reality, community based Co-operatives, but when retailing changed this pattern of control was no longer possible or needed.

The advent of the retailing revolution after the Second World War, turned upside down the old patterns of retailing and the control by dedicated "amateurs". Retail change and the growth in the size and complexity of societies, has placed greater and greater demands on directors. They have had to come to terms with directing their societies in a less personalised, less detailed manner than previously.

Services of the Institute

It is against this background that the Co-operative Union in conjunction with member societies, has developed an Institute designed to assist directors in their search for practices that will allow them more effectively

to discharge their commitments and responsibilities and make them aware of their own functions, authority and roles.

Academically, it is already evident that many of our members are highly qualified individuals. Even those without formal qualifications have many practical skills and experiences to offer the Institute as it develops. There has been almost universal approval for our training courses and the three courses specifically marketed by the ICD at the Co-operative College in 1987 were heavily over-subscribed and generated a favourable feedback from directors who appreciated the high standard of tutors and the excellent course content and material.

The desire to undertake a *structured* programme of courses has led to the development of a new ICD Co-operative Director's Certificate, launched in February 1988.

Certificate Programme

The new Certificate aims to promote the commitment of directors to the improvement of their skills with courses that cover their financial, legal, ideological and functional roles. Directors would be expected to attend a programme of at least six courses at the Co-operative College, or a designated regional centre over a period of three years.

There will be no formal examination to qualify for the Certificate. However, course tutors and organisers will be informed of any directors who are following the Certificate programme and informal assessment will take place during the course. If it is clear that a director has not grasped the basic concepts of a course, he will be counselled on an individual basis. Directors wishing to participate in a more rigorous oral examination, could be awarded a Certificate of Distinction.

Manual

In keeping with our aim of providing directors with relevant reference material, every member of the Institute has his own ICD Manual containing essential information relating to the Institute, the Co-operative Movement, the Legal Responsibilities of Directors, the British Economy - A Guide, Retailing, and the Functions, Authority and Roles of the Board of Directors.

The most recent Section of the manual dealing with "Functions, Authority and Roles of the Board of Directors" has been developed by Ted Stephenson. Important matters covered in this Section of the manual show

the kind of information being disseminated by the Institute on such items as -

- *Trusteeship* - Ensures that the Board of Directors is aware of its responsibilities for the total operation of the society and for all those who are affected by its operation.
- *Basic Functions* - The Board must concern itself with the following basic questions -
 - Where is the society going?
 - How is the society to get there?
 - Does the society possess, or is it able to obtain the necessary resources to achieve its purposes?

The questions are answered when the Board performs its basic functions.

- *Limitations on the Board* - Recognition that in no way should these functions lead the Board to participate in day to day management. To do so would blur the responsibilities of senior management and make it difficult if not impossible to hold them to account.

The message is clear that directors have to learn to control from a distance, through the receipt of information, which will enable them to have a broad sense of where the society is going and how it is getting there.

The Manual is essential reading for any director of a Co-operative society and has only been made possible through the generous support of the Co-operative Insurance Society Ltd who has sponsored it.

Director Briefing

One of the other sources that has been made available to directors is a quarterly journal entitled "*Director Briefing*". Again, the emphasis is placed on giving the director a source of up-to-date information on actual and proposed developments which affect their Co-operative organisation. For instance, in Issue 1, the Co-operative Union's Legal Adviser, Mr John Maddox, raised the subject of arbitration and the fact that directors inevitably, from time to time, find themselves in dispute with their society or its officials. Arbitration in practice is a speedy, economic and most satisfactory way of resolving internal disputes in an informal manner and with the minimum of publicity.

In Issue 2, Brian Holden, Manager - Pension Services, Co-operative Union, highlights the important role directors play in assessing how their

society pension provisions fit in with current business objectives and longer term planning, in examining employee needs in relating pensions to future recruitment and retirement planning and in highlighting possible changes to suit different circumstances and objectives.

Progress So Far - and to Come

A structured programme of courses, a vital reference source and continuous flow of relevant information and advice will, we hope, enable directors more effectively to discharge their commitments and responsibilities in a period of rapid change.

The Institute has now been formally established and has the framework for future growth and development. We are, for example, building up a data base for all directors and, of course, are monitoring our services in preparation for future advance.

The Author

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