

# Society for Co-operative Studies Conference Report

**Iain Williamson**

## **Co-op Union looking beyond retailing**

Joining up the different sectors of the Movement presents opportunities and challenges, John Goodman, National Policy Co-ordinator of the Co-operative Union, told a session of the SCS conference entitled 'Beyond Co-operative Retailing'.

The Union's Co-ordination Unit was set up in April 2001 to bring about greater cohesion between the sectors, to lobby for co-operation and to obtain more Government support, Mr. Goodman said that its immediate priority had been a fact-finding role, establishing the Movement's priorities and concerns.

"The boundaries of the co-operative world are not as distinctive as they used to be. This is an opportunity and a challenge," Mr Goodman told the SCS conference. There were already many relationships between the different sectors, including some retail societies that used part of their profits to promote development work, he explained.

### *Action*

Meanwhile, regional councils had been set up in most parts of the country - except, bizarrely, London' - and some of these were preparing major action programmes. "This work at regional level is exciting and it has great potential. All this contact between different sectors is creating synergy. Meanwhile the energy from the other sectors is being picked up by the consumer Movement, whose representatives are coming into contact with people from other sectors often for the first time."

Mr Goodman stressed that following the Commission report, the Co-operative Union had established the New Ventures Working Group to look at economic sectors that are right for co-operative development in a way that would avoid setting up major bureaucratic structures.

"The Co-operative Union is the organisation to bring together the different sectors and to represent the Movement," Mr Goodman concluded. "It will also help by reducing the duplication of effort that goes on."

## **Future lies in our own hands**

The future of the retail Movement is in our own hands, and if we fail

to implement the recommendations of the Co-operative Commission, we would have no one to blame but ourselves, Lord Fyfe of Fairfield said in a keynote address to the annual conference of the Society for Co-operative Studies (SCS).

"I believe that the recommendations of the Commission, set in the context of half a century of decline, are modest. They represent the art of the possible," he declared.

"Mr Blair and his colleagues recognised that the Movement is still a significant part of the UK economy, but the Government is interested only in success. If we make a mess of it now, we won't get a second chance."

Opening a debate on the Co-operative Commission during the SCS annual conference in Leicester, Lord Fyfe said that the recommendations were neither revolutionary nor controversial, with major issues such as a national society not even being discussed.

"The proposals represent the art of the possible. One of the principles of co-operation is self-help, and now the remedy to our problems is very much in our own hands."

### *Vital*

Lord Fyfe, who was a member of the Commission and the President of the 2001 Co-operative Congress, reiterated the call he made to the Movement in Birmingham in May that a strong national federal organisation was absolutely vital.

"It is a tribute to the steadfastness and steadiness of CWS that it has saved thousands of jobs over the years and kept co-operation going in many parts of the country."

"In recent years it has thrown societies a lifeline in the form of CRTG, just as in earlier times it helped many struggling societies to survive through the dividend stamp scheme."

### *Relevance*

Dr Peter Davies of the University of Leicester reminded the audience that Movement's ownership structure, philosophy and values were right in tune with the mood of the 21st century. "We have some excellent businesses and there are signs of growing institutional strengths, with a coming together of the various sectors that we have not seen before."

The bad news - as highlighted by the Society for Co-operative Studies' own recent survey - was that the Movement still lacked a strategy, with disagreements about future direction even at senior management level.

"I do not see how local ownership is going to be an advantage in

the future of retailing," he said. "We need national branding and the Co-operative Bank has shown us the way there.

Dr, Davies complained that societies often failed to regard the co-operative values as a management tool to benefit customers and members. We have a cultural problem. We do not have the right vision and have not empowered our staff to work in the right way for our members.

"We have the best values bar none, co-operative values, and we must develop managers with values and vision."

Alan Middleton, director of Lincoln Society, and also a member of the Co-operative Commission, said that the report would change nothing; only co-operative society directors could do that. "Our values give us the opportunity for a co-operative advantage, but this is not automatic.

"These values, which should be our strength, have too often been seen by management as our weakness.

"The reason why we cannot ignore the Co-operative Commission report is that doing nothing is no longer an option. If we do nothing we will disappear."

### *Mediocrity*

While a new legal framework would help, the Movement needs to re-define its social and commercial goals. Mr Middleton concluded: "Everyone aspires to be the best, but I don't think that has applied to co-operatives. The conspiracy of mediocrity applies to co-ops.

"Members put hardly any pressure upon boards to perform, and boards put insufficient pressure on management. Something must change.

### **Doubts on Labour's Role in Foundation**

Doubts about the involvement of the Labour Party and trade unions in the proposals for a National Co-operative Foundation were expressed at the Society for Co-operative Studies conference by a speaker from United Co-operatives.

Mark Craig, general manager of Co-operative Affairs, said that adopting a similar governance model for the Foundation to that of the Co-operative Union would ensure maximum support within the Movement and avoid endless constitutional wrangling.

"If, however, we adopt some other constitutional model then we run the risk of the Foundation being under-valued, under-supported and, potentially at least, marginalised right from the start."

It was important, he said, that the appropriate relationship with the Labour Party and trade unions was resolved. "If it is successful,

the Foundation will perform a clearly political role. I will help move Britain in a more caring and more co-operative direction.

"It will help strengthen our sector and will encourage its development into areas of our economic and social life currently dominated by the capitalist model," said Mr Craig.

"In doing this it will contribute greatly to securing the 'virtuous circle' that we are all so keen to achieve, that virtuous circle of social goals giving us the competitive advantage to realise even greater commercial success and feeding back ever increasing resources to support our social goals until the whole thing becomes indistinguishable.

"But that is the whole point. This is the virtuous circle of the Co-operative Movement, not the virtuous circle of the Labour Party or the trades union movement.

"Our view is that the new Foundation must have a clearly defined relationship with our colleagues in the Labour and trade union wings of our Movement but that this relationship must be one which helps us achieve our virtuous circle rather than one which gets in the way of this."

### *Rethink*

Mr Craig said that his society welcomed the Commission report and the opportunity it presented to rethink social and commercial goals and the way they are delivered in the community.

"The past ten years in the Co-operative Movement have seen more change and more important change than over the past thirty or forty. We need to use the Commission's report to continue that process of change. However, we need to do it in a way that helps deliver and underline the virtuous circle which the Commission identifies."

The Commission's views on branding were the focus of comments from another speaker from United Co-operatives, the society's President, Peter Senior, who said that recent changes in the structure of the Movement following the merger of CWS and CRS meant that the relationship between independent societies and the Co-op brand needed to be protected.

Mr Senior told the conference: "We consider that the Co-operative Union has an important role to play in this matter. In our view, the Co-op brand is not the preserve of anyone society - it is the inheritance and bequest of us all and as such we need to see it vested in a body which is independent of any one society, no matter how large.

"This is a role that should be carried out by the Co-operative Union or a similar body on behalf of the whole Co-operative

Movement, but it cannot be carried out under the current arrangements."

Mr Senior said the Commission challenged societies to tackle the big issues, 'and they don't come much bigger than the Movement's brand image'. The brand panel now being established had the crucial job of identifying and articulating clearly what the brand stood for, 'and what it should mean to members and customers, regardless of the business or businesses in which we operate'.

### **We Ignore the Commissions report at our peril**

The report of the Co-operative Commission can't be ignored if the Movement is to revitalise itself, says Bill Shannon, Head of Corporate Affairs for the Co-operative Group.

He said: "The 1958 Commission Report was left to gather dust by 967 independent societies who agreed with the recommendations in principle - but didn't accept that any of them applied to them. This time it must be different

"The basic tenet of the new report was that there was potentially at least, a co-operative 'virtuous circle', whereby delivery of our social goals can give us a competitive advantage which in turn can deliver commercial success.

### *Success*

"I would go further and argue that without advancing our co-operative advantage in this way there will be no commercial success.

"But this model only works if we are clear about our social goals, and the Commission said we were not. This led to a number of recommendations, perhaps the most challenging the call for us to set aside a proportion of our profits to reinvest in the social economy. The aim is to expand the social economy, promote the values and principles of the Co-operative Movement and in the process, perhaps convince Labour that co-operation is not a hangover from a shared past but an idea whose time has come."

Mr Shannon spoke about the possibility of a Co-operative Foundation, for which he is a member of the preparatory group, outlining key functions and objectives of such a body. He said that the foundation would be about: "setting up a mechanism to allow collective support and self-help, in a public, visible way."

He added: "This is new, and very exciting. What we have done so far is to begin by asking some of the technical questions. We have tried to keep a clear eye on what the Foundation should be for,

emphasising four key points.

"The Foundation exists to develop, support and research self-help solutions to community problems.

Its funding activities will go into local communities, on the advice of and overseen by local societies - including, where appropriate, the Co-operative Group's regional membership.

### *Strategy*

"It will advise societies nationally on community strategy. It will share best practice, and co-ordinate access to external funds - and at all time it will promote the values and principles of the Co-operative and Labour Movements -because that is what it is for.

"The Foundation will not give any party political funding. It will not support charities, however worthy. It will not do research itself - instead it will employ Communicate Mutuality, the Co-operative Party's think tank, to do that for it. It will not get directly involved in loans, instead it will use ICOF as its agent and so on."

Mr Shannon also said that the preparatory group would ensure that the funds of the Foundation should be 'spent upon its objects.' They would not, he said, be 'frittered away' on offices and administration.

"The Movement has the infrastructure, the people at grass-roots level to shortlist applications, to oversee delivery of targets, and to generate local publicity -and that's how we hope it will work," he said.

"The UK commercial world does not believe the co-operative model of ownership can work. Our challenge is to demonstrate that we can be successful, both on their terms, as businesses, and on our terms, as co-operatives.

"I earnestly hope Congress will endorse the implementation programme which the Co-operative Union will lay before it. And then I hope we can get on with the job of delivering on that mission statement."

**Iain Williamson is Secretary of the Co-operative Press. This report first appeared in the Co-operative News issue dated October 6 2001**