Society News and Notes

Conference and AGM 1975

This was generally judged to be one of the best yet promoted and this Bulletin has a report of the proceedings and discussion.

- And 1976

The conference and AGM in 1976 will be held at the co-operative College on Friday, 2nd April - Saturday, 3rd April. We shall, of course, be sending out full information later but please hold the date for attendance.

Membership 1975-76

Approaches have been made to all members to carry for- ard their support into 1975-76: if you have not already done so, will you plaase respond quickly. And if you can give any help in extending the membership by personal proselytizing, we shall be very grate.ful.

Future Bulletins

No. 25, which we hope to publish in late September or early October, will deal with the issue of a single national federation for the Movement. Various contributors of different experience and points of view have been asked to give their response in fairly extended articles to the resolution of Congress 1975 which requires an examination of the advisability and feasibility of such an institution and sets up a Special committee to report to Congress 1976. It is hoped that this Bulletin will help in the discussion of the issues throughout the Movement and, in particular, provide a basis for conferences to be called in the Society Regions where, under independent auspices, the various possibilities can be frankly examined.

In the Regions

Mr. W. Gatherer, the new co-operative Union Sectional Secretary in the South, has been good enough to take over the Secretaryship of the Metropolitan and Southern Region.

The National Officers of the Society agreed at their last meeting to make available to each Region in 1975-76 a grant of up to £25 to assist in carrying forward specific projects in the Region that come within the scope of the Society. This has been intimated to Regional Secretaries - applications now to be received and carefully scrutinized!

The Society for Co-operative Studies

REPORT OF THE NINTH ANNUAL GENERAL MEETING

4th/5th APRIL 1975

at the Co-operative College, Stanford Hall

1. Attendance

The following were present: those from an organisation in membership of the Society are noted:-

MR. J. A. ABBOTT	
MR. J. ARCHER	Mansfield & Worksop Society
MR. R. E. ASHDOWN	St. Albans Society
MR. W. D. BECK	
MR. R. BILZON	Mansfield & Worksop Society
MR. J. BLAIZE	North Midland Society
MR. K. BRADSHAW	Leicestershire Society
MR. J. R. BROWN	Hull & East Riding Society
MR. L. E. BURCH	Co-operative Union
DR. T. F. CARBERY	University of Strathclyde
MR. S. P. CLARKE	
MR. K. COOPER	Derby & Burton Society
MRS. J. DAND	Central & East Fife Society
MR. J. W. DEANE	Brightside & Carbrook (Sheffield) Society
MR. P. DERRICK	
MR. P. L. DOWSON	
MR. D. DUNCAN	Central & East Fife Society
MR. J. DURKIN	St. Cuthbert's Co-operative Association
MR. T. R. EDMONDSON	Ipswich Society
MR. W. A. EDWARDS	Portsea Island Society
MR. D. FAIRBANKS	
MR. L. C. FOX	Co-operative Union
MR. M. GIBSON	
MR. W. G. GIBSON	Co-operative Wholesale Society

MR. L. A. HARRISON	Greater Nottingham Society
MR. D. G. HOPWOOD	
MRS. L. HOWE	
MRS. M. HUTCHINSON	St. Cuthbert's Co-operative Association
MR. C. P. KERSLAKE	St. Albans Society
MR. K. G. KHANNA	Leicestershire Society
MR. M. KIRKMAN	Leicestershire Society
MR. R. A. LEE	Co-operative Retail Services
MR. H. LOVATT	North Midland Society
MR. D. MacDONALD	
MR. F. MACKAY	
MR. R. L. MARSHALL	Co-operative Union
MR. F. MAWSON	Co-operative Press
MR. J. McDONALD	Co-operative Retail Services
MR. F. McMAHON	
MR. A. T. MESSENGER	
MR. D. G. MUNSON	Colchester & East Essex Society
MR. T. E. PEARSON	Mansfield & Worksop Society
MR. A. PEATTIE	
MR. W. F. PICKARD	Co-operative Union
MR. G. V. J. PRATT	North-Eastern Sectional Education Council
MR. W. J. PRICHARD	North-Eastern Sectional Education Council
MR. A. RHODES	Co-operative Retail Services
MR. J. RIDDLE	Leicestershire Society
MR. C. J. F. RINGROSE	
MR. W. E. ROUNCE	North Eastern Society
MR. E. STAFFORD	Co-operative Retail Services
MR. E. E. STEPHENS	Co-operative Wholesale Society
MR. E. W. TAYLOR	Harrogate & District Society
MR. N. TURNER	Co-operative Retail Services
MR. W. H. TWIGG	Brightside & Carbrook (Sheffield) Society
MR. H. WHITHAM	Brightside & Carbrook (Sheffield) Society

MR. G. WILKINSON	Kettering Society
DR. A. WILSON	
MR. J. M. WOOD	
MR. L. WOOD	North Midland Society

2. Chairman's Introduction

In welcoming members, Mr. S. P. Clarke referred to the increase in the Society's membership in the past year. He noted the valuable exchanges of earlier sessions and paid personal tribute to the Vice-Chairmen and Secretary for their work on the Society's behalf.

3. Report of the National Officers for 1974/75

There was some discussion of suitable topics for research to be sponsored by the Society in future. It was suggested in particular:-

(a) that both the disappearance of large societies as independent entities, and the allocation of reserves having regard to the diminishing proportion of societies' assets provided by members' share-capital, might be appropriate for investigation. In discussion of the former, it was felt that whilst a detailed case-study might provide useful information, there were so many individual factors in each case that few generally applicable conclusions might be elicited;

(b) that the Society might commission an updated version of Jacques' "Guide to Co-operative Management".

Reviewing the discussion, the Chairman felt that the year had been productive and looked forward to a further successful year in 1975/76.

4. Appointment of Officers

(a) Mr. Marshall announced that the Society's National Officers felt it appropriate to add to the present list of Presidents. It was agreed that the Officers should be authorised to approach Lord Jacques, Sir Robert Southern and Mr. J. M. Wood with an invitation to each to become Presidents of the Society.

(b) The following members were recommended and elected for office for 1975/76:-

(i) Mr. C. J. F. Ringrose as Chairman.

(ii) Mr. Michael Gibson and Mr. T. R. Edmondson as Vice-Chairmen.

(iii) Mr. R. L. Marshall as Secretary and Treasurer.

(iv) Mr. R. L. Marshall and Dr. T. F. Carbery as Editors of the Bulletin.

Mr. Clarke and the other officers were thanked for their services during 1974/75.

CONFERENCE SESSION 1

"Co-operative Societies and Inflation"

Conference was addressed by Mr. R. A. Lee, Chief Executive Officer of Co-operative Retail Services Ltd., following the special issue Bulletin Number 22 of January 1975, in which he and eleven other contributors had written papers on this topic. In his address, Mr. Lee referred in some detail to the symptoms caused by the disease of inflation. These included problems of asset values, and of the proper measurement of turn-over and other performance indices. The problems which Societies' management faced in times of rapid inflation arose in a variety of ways, and would require a variety of responses, which he summarised under three major heads:-

(a) The need for higher efficiency in trading operations and employee training.

(b) The need for higher return per pound of personnel costs.

(c) The need to increase in real terms the return per square foot of trading space.

Effectively, he said, societies need to achieve in four days what they had formerly achieved in five days.

Mr. Lee then discussed the use of profits, arguing that societies should expect to finance developments from their own internal resources, and therefore to retain more of the profits and restrict the distribution of surplus. Competitiveness, he argued, depended more on prices, quality of goods and services than on the size of the dividend. Turning to accountancy methods required in an inflationary period, he pointed out that amending an accounting routine did not reduce the impact of inflation. Money today was becoming inadequate to perform the job expected of it and management needed, therefore, to give closer attention to reliable indicators of performance. Mr. Lee concluding his address, illustrated the effectiveness of this type of approach by quoting various statistics from the accounts of C.R.S. and the changes that have taken place between 1973 and early 1975.

In the discussion that followed, points raised included:-

(i) the responsibilities of lay directors in reviewing performance and in deciding on the allocation of profits.

(ii) that the various methods of accounting now in vogue were less significant to management than a common-sense use of performance ratios.

(iii) that in a period of rapid inflation, the time scale became significant, and the shorter the accounting period, the more reliable the comparisons that could be drawn.

(iv) the impact of Government restraints such as the Price Code on management freedom (on which Mr. Lee commented that some injustices had arisen here and representations needed to be made by the Movement).

(v) that traditionally management tended to prefer historic costs of assets to replacement costs when calculating depreciation (on which Mr. Lee pointed out that replacement costs could be predicted and should be used, although no general formula could be prescribed).

There was some discussion also of the effect of societies' size on performance which led to a number of contributions. At the end of the discussion, the Chairman thanked Mr. Lee for his address and response to comments, and pointed out that the importance of the subject would grow rather than diminish in the foreseeable future.

CONFERENCE SESSION 2

"Developing Lay Leadership"

Members attending the A.G.M. had been sent copies of the recently published Working Party Report on

Developing Lay Leadership, and the Chairman asked Mr. R. L. Marshall to introduce the document.

Mr. Marshall pointed out that this was the third occasion on which he had addressed a major Co-operative gathering on this issue, and that the discussion at Co-operative Congress was still to come. The report certainly was contentious, and tentative rather than definitive: but, he claimed, three possible pitfalls had at least been avoided. The Working Party had succumbed neither to the Prince of Darkness delusion (that in any problem situation there was only one common enemy), the Millennial Myth, or the Perfectionist Pretence. Their approach had, to the contrary, been exploratory and definition seeking, and he thought this was appropriate with such a complex and substantial problem.

He then identified the four major questions which, in his view, arose within the report. Firstly, was democracy really important to the Movement? The report had certain assertions on this; it could have explored the role of lay leadership and the major issues facing that, but had contented itself with straightforward advocacy. Secondly, what was the state of democracy in the Movement at present? Here, Mr. Marshall said, general answers abound, but if action was to be taken some specific measures were needed. The figures in the report were thoroughly discomforting - for example, there were but 4,650 lay leadership positions (if the projections were accurate) in a Movement of 11,000,000 members, frequently vacancies in this limited number of positions were not being contested, and the average age of lay leaders at present was disturbingly high.

This led on to the third question of what was to be done to enlarge the number of lay leadership positions. The report made three substantial advocacies which were more or less along lines which could have been expected. All the Working Party supported the view that every society should have its own Education Committee: some felt that an exploration of divisional or district Committees, with or without electoral powers, would be useful: and some advocated the development of "Members Council" experiments, envisaging central member groupings of between 100 and 200 in every society.

Finally, Mr. Marshall argued, the Working Party had made one substantial recommendation to deal with the question of how members' interest and involvement in democratic leadership could be extended. He reviewed the arguments for, and the problems involved in, shop meetings and shop groups. He felt that this deserved the attention which the Working Party had given them, and still more deserved extended attention from all sides of the Movement. In conclusion, he personally wanted democracy to "move forward" and he commended full exploration of the directions for advance which the Working Party had opened up in their report.

The discussion that followed this introduction covered a wide range of points. Some contributors argued that democracy might be incompatible with an efficient consumer policy. The Movement might have set itself an impossible objective and, in particular, the impact of shop-based democratic structures could create an insurmountable problem to effective marketing policy. Mr. Marshall commented that the Working Party had not seen or envisaged any sort of mass democratic involvement; they were talking of associating with societies' operations a higher but still a small proportion of members, and the only alternative approach, he felt, was that of cynicism. The Movement needed to challenge the growing hegemony of producers and start asking consumers what they really wanted.

Other comments suggested that the report had been too inward-looking and ignored changes in the social environment - and in reply to this, another member of the Working Party suggested that the first and most obvious place to look for lay leadership was at the shop level. The report was needed not to prescribe solutions, but to illuminate possibilities and to make Co-operators think about these issues.

The role of directors and the possibility of moving towards a system of executive directors (which would, of course, reduce rather than increase numbers of lay leaders) was canvassed, and another member felt that the whole approach of the Movement, in particular its educational wing, was ill-conceived, and out of touch with the needs of the population, especially the younger element.

Mr. Marshall replied briefly to the discussion and again felt that a period of sustained and constructive discussion throughout the Movement, and involving all concerned rather than merely existing lay leaders, was important. He looked to see in the coming months exploration both wider and deeper than the limited time here had allowed.

CO-OPERATIVE RETAIL SERVICES

The significance of CRS for its economic power, its system of management and its democratic structure has been underlined and extended by the recent entry into it of the Birkenhead and Liverpool Societies. We are devoting this Bulletin substantially to the organisation in the hope of providing for further discussion some of the relevant information and issues facing CRS and therefore the Co-operative Movement.

Both the Descriptive Note and the Summary of the SCS Symposium were drafted by Mr. B. J. Rose, BA(Econ), DipPESS, Tutor in Social and Co-operative Studies at the Co-operative College.

CO-OPERATIVE RETAIL SERVICES

A: Descriptive Note

Co-operative Retail Services Ltd. is the largest Co-operative society in Britain and among the largest in the world. At the end of 1974 its membership amounted to 1,364,243 and its sales for the year were £199,455,000. In 1973 it accounted for about 13 per cent of all Co-operative members and almost 12 per cent of all Co-operative sales in Britain.

It is a society that has its origins in the inter-war period. At the Co-operative Congress of 1928 a motion was put that "This Congress expresses the view that the time is now opportune for the Co-operative Wholesale Society to undertake retail trade in areas where there are insufficient facilities for same, and requests the Co-operative Wholesale Society to take steps to this end, in consultation with the Union." A lively debate followed but the motion was eventually passed and after some years of discussion and deliberation, the Co-operative Wholesale Society Retail Co-operative Society Ltd. was formally established at the beginning of 1934. It began its work cautiously but it soon became apparent that its primary work would not be that originally envisaged, that of taking Co-operative enterprise into "Co-operative deserts" but of acting as an ambulance service for societies experiencing difficulties and unable to carry on alone. Cardiff Society became the first to transfer engagements to the CWS Retail Society in 1936, followed by Bangor in 1938 and Hastings and Penarth Societies in 1939.

A flurry of takeovers followed in the war years, all but one of the societies (Castleford) being in Wales or the South-West of England. As indicated in

Table 1, applications for membership slowed to a trickle again after the war for a period of about ten years. Apart from Hastings on the south coast and Castleford in Yorkshire, the Society remained confined to the two previously mentioned areas. A large influx of societies was experienced in the late 1950s from most parts of the country and the number of societies applying for membership remained generally higher during the 1960s with a particularly large concentration in the years 1969, 1970 and 1971. These years also saw, of course, relatively large numbers of mergers of independent societies under the impetus of the 1968 Regional Plan.

Table 1

Number of Societies joining CRS in the years:

1935-39	4
1940-44	15
1945-49	5
1950-54	4

1955	3	1965	5
1956	2	1966	5
1957	3	1967	8
1958	13	1968	9
1959	4	1969	10
1960	5	1970	15
1961	5	1971	12
1962	9	1972	4
1963	6	1973	1
1964	11	1974	0

The present situation

On 1957 the CWS Retail Society adopted its present title of Co-operative Retail Services. Since 1936 it has accepted 162 independent societies into membership (although some of those societies had already been managed by the CWS before joining CRS) and while some Co-operators have not been happy in general about this development, it must be admitted that without CRS it is unlikely that Co-operative services would have been maintained in all those areas. In fact, not only have services been maintained, in many cases they have been substantially improved.

As is shown by the map of Figure 1, the geographical coverage of CRS is very extensive particularly in Wales and the South-West. Reference to Table 2 will show that 45 per cent of all CRS sales are in the Co-operative Union's South-Western Section and that 62 per cent of all Co-operative sales in that Section are made by CRS. With a few exceptions, however, CRS is not present in the largest centres of population (although the acquisition of Birkenhead and Liverpool Societies changes the balance somewhat). This would seem to give some support to the view that one of the major problems forcing societies into CRS has been shortage of resources.

It is noticeable, for example, that the most numerous source of recruitment has been Wales where 52 societies have joined. The North-Eastern Section has supplied a further 39 societies and the South-West 36. It is likely that there are two general cases here: one the relatively small society serving an area with a declining industrial base, the other a relatively small society covering a sparsely scattered population. Wales knew both cases, Yorkshire mainly the former and the South-West mainly the latter. The more spectacular entries into CRS like Bristol and Reading in 1965 and, more topically, Birkenhead and Liverpool are untypical in that context.

Figure 1

GEOGRAPHICAL DISTRIBUTION
OF CRS, June 1975.

Table 2

Distribution and Strength of CRS Sales 1973 by Co-operative Union Sections

Section	CRS Turnover £000,000	% of total CRS Turnover	Total Co-operative Turnover £000,000	CRS Turnover as % of total Co-operative Turnover in that Section
North-Eastern	31.9	18.7	113.2	28.2
North-Western (includes N. Wales)	11.3	6.4	210.9	5.4
Midland (includes mid-Wales)	15.6	9.1	277.2	5.6
Southern	34.8	20.3	427.4	8.1
South-Western (includes southern half of Wales)	77.9	45.5	124.6	62.5
Totals	171.5	100.0	1,153.3	14.9

Note: Three areas are not represented in this table, the Northern Section, Scotland, and Ireland, since CRS does not operate in those areas. CRS was responsible for 11.9% of the total national Co-operative turnover in 1973.

From such unpromising material the success of CRS has had to be derived. The remainder of this paper is a descriptive account of the organisation that has achieved it.

Membership and Share Capital

Membership of CRS is constitutionally identical to membership of any other Co-operative society except for the complication of CWS participation. Members of societies transferring their engagements to CRS are automatically transferred into CRS membership. Other individuals wishing to become members of CRS are free to do so on almost the same terms as would apply to members of any other retail society. The major difference is that under a current agreement, members' share and loan capital and the interest upon them are guaranteed by the CWS.

CRS membership has grown to its present size mainly as a result of the acquisition of societies. During 1974, when no societies were taken over, there was a net loss of some 26,000 but a large part of that was due to clearing of membership records. The acquisition of Birkenhead and Liverpool Societies this year pushes its membership to well above 1½ million.

Members are required to subscribe share capital in precisely the same manner as to any other society and at the end of 1974 individual members' share capital amounted to £16,600,000, an average per member almost exactly the same as the national average for the whole Co-operative Movement. In addition, however, the CWS has a sizeable shareholding in CRS although it represents a declining proportion of the total share capital of CRS. The amount held by the CWS is £7,600,000, 32 per cent of all share capital at the end of 1974, but the acquisition of Birkenhead and Liverpool Societies will tend to depress that proportion somewhat (to 28-29 per cent).

Yet one further complication in this context is that the CWS has a contingent liability to supply further share capital if required. The CRS rule (Rule 6) states that the CWS "shall be entitled and may be required by the board to hold as many shares as will make its holding equal to one half of the total number of shares issued from time to time". At the beginning of this year that contingent liability amounted to £8.9 million but, in fact, CRS has received no investments from the CWS since 1967 and all its capital growth since then has been self-generated.

The range of investment opportunities in CRS matches those of other societies. Share capital receives differential rates of interest: 3 per cent up to £50, 5 per cent between £50 and £100, and 7½ per cent above £100. CRS also provides a share capital savings stamps scheme. Stamps are in units of 10p which are saved in a book with a completion value of £5. The complete book can be credited to the member's share account or invested in Unit Loans. With such an investment, the member is given a choice of bonus: either three saver stamps or five hundred dividend stamps. Loan capital and small savings continue to be available at a 3 per cent interest rate and currently two series of Unit Loans are offered on very favourable rates of interest.

Branches and Regions

Traditionally, when a previously independent society joined CRS it became a "branch" of CRS. One of the advantages of CRS, however, is that it is not bound by the historical accidents of Co-operative society boundaries and where it has taken over two or more contiguous societies it has often been able to rationalise by making them into one branch. Furthermore, like the rest of us, CRS has more recently been attracted by the "regional" notion and title and some branches have been amalgamated into "regions" and some larger areas have been designated "regions". So, for example, although CRS had 39 branches in 1968 and has taken over 44 societies since then, there are now only 27 branches.

It is at this level that the member of CRS has the opportunity to participate in the government of the society. Since the inception of the society it has been recognised that local participation in the society's affairs must remain a fundamental part of its constitution. Members' meetings are held at least annually in each of the regions or branches. At the annual meeting the accounts and balance sheet for that area are submitted for consideration and the Branch/Regional Committee reports generally on the operations in the locality. Like Co-operative members everywhere, CRS members at such meetings have the right to criticise and make suggestions. It is also customary that elections for the Branch or Regional Committee take place at the members' meetings.

The Regional/Branch Committee has a broad responsibility for the operation of CRS within its area - subject to the overall policies laid down by the national Board which are executed by local management officials responsible to their superior in the management structure at either regional or national level. Nevertheless, the committee meets regularly with the regional or branch officials to receive reports from them on the progress of their area. The committee also has the right, indeed is expected, to make recommendations to the national Board on developments in its locality. Considerable trouble seems to be taken to ensure adequate feedback between the local committees and the national Board.

There are in addition some spheres of activity where the Regional or Branch Committee has complete autonomy. In Co-operative Union matters, for example, each unit of CRS is treated as an autonomous unit and furthermore the Regions/Branches elect representatives to the CWS Board and committees send delegates to the CWS members' meetings like any independent society's board. In member education and political activities, the local committees and memberships are free to decide whether such activities are carried on at all and, if they are, how they are to be carried on. Many regions and branches, it must be admitted, have poor records in this area of work but others are actively involved at both the lay and the professional levels.

National Democratic Structure

The major committee at the national level is the Board of Directors. This consists of twelve individuals, six elected by and from Branch/Regional Committees and six appointed by the CWS Board, one of whom (by rule) becomes chairman. The major justification for the strong CWS representation is the traditional CWS role in CRS and the contingent liability which requires the CWS if necessary to subscribe an amount of share capital to match that of the individual members.

All members of Branch/Regional Committees (except for employees) are eligible to stand for the Board and must be nominated by a committee within the electoral area in which the branch/region is situated. To ensure a fair spread of representation, seats on the Board are allocated to five electoral areas roughly according to their share of CRS trade. Equally, when voting for candidates for the Board, the votes cast by each committee on behalf of their area are scaled according to the size of membership they represent.

The legal powers of the CRS Board are identical to those of any other Co-operative society. In practice it determines the general national policy of the Society but it also receives regular reports from the regions and branches and may intervene if it seems necessary.

The Board is of course responsible to an annual general meeting. This meeting is usually held in London and each branch/region is entitled to be represented at such meetings by three delegates, one appointed at the local members' meeting and two by and from the local committee. On a ballot vote, however, each of the branches represented has a voting strength related to its membership. In addition, the CWS has as many votes as could have been cast by all the branches. At the meeting the consolidated accounts and balance sheet for the whole of CRS are presented, a general report on trading matters is made, and recommendations are made about dividends to be paid. (Most CRS branches use stamps but some still do not, paying a traditional dividend according to their profitability.)

In addition to the annual general meeting, however, the Board meets twice annually with another body representing the branches/regions, the General Council. The functions of this body as laid down in the rules (Rule 53) are:-

(i) to receive reports from the board with regard to the trading results and operations of the society;

(ii) To receive reports from the board in respect of and to consider the general policy and development of the society;

(iii) to make recommendations to the board in respect of and to report to the general meetings of the society with regard to such matters;

(iv) such other functions as shall from time to time be assigned to the general council by the general meetings of the society.

Thus it has no executive powers but is a useful sounding board and consultative agency within CRS to maintain a close link between the centre and the localities. Each of the Regional/Branch Committees is able (according to the size of the branch) to appoint up to three members to the General Council which meets twice a year with the Board.

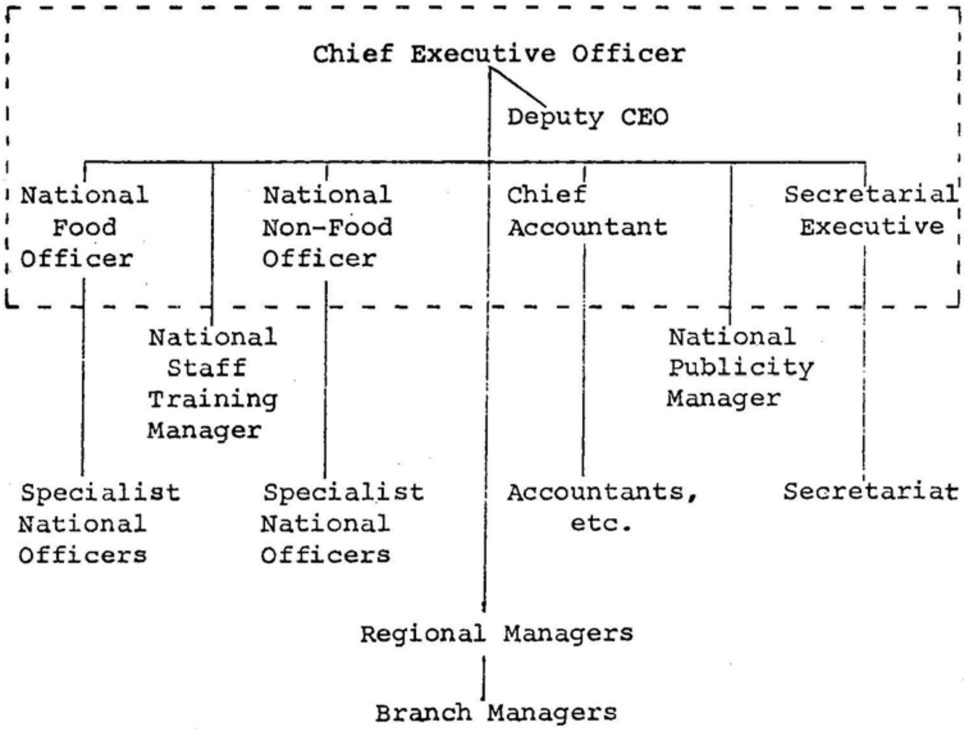
Management Structure

The geographical distribution of CRS necessitates a management structure (as with the democratic structure) somewhat different from the customary pattern. As in all CRS operations there is an effort made to reconcile the advantages of their scale of overall operation with the advantages of local control.

At the national level the management team is headed by the Chief Executive Officer, who is responsible to the Board of Directors. The management team is illustrated in Figure 2. The CEO, together with his deputy, the National Food Officer, the National Non-Food Officer, the Chief Accountant, and the Secretarial Executive make up the National Management Executive. With the more rapid expansion of the Society, the national management has also expanded. There are deputy Food and Non-Food officials with specialist national officers covering such fields as butchery, drapery and fashions, electrical goods, footwear, menswear, and so on. These officials assist Regional and Branch Managers and share a responsibility for the results achieved. By such means, the Society intends to obtain the maximum advantage from its total size and buying power.

Figure 2

CRS Management Structure



Key:

= National Management Executive

At Regional level there are Regional General Managers with overall responsibility for the Branches within their Region and in certain Regions they may also be responsible for the largest Branch. In some Regions these General Managers are supported by Regional Managers for food and non-food. A number of Regions do not contain separate Branches but are single trading units and in such instances the Regional General Manager is directly responsible for the results achieved.

Where Branches exist within Regions, each Branch has a Chief Officer, assisted by a range of departmental managers, who is responsible to the Regional General Manager for the economic operation of the Branch.

Various standardised procedures exist within the management and accounting fields to ensure that the best techniques are used and to enable the size of the organisation to be used to its best advantage where possible. In the accounting field, uniform accounting techniques are used throughout the Society to facilitate comparison between areas and collation of figures for the consolidated accounts. Nevertheless, managers below national level are not simply puppets doing head office's bidding but have some degree of initiative and freedom and have a very real responsibility for their area's results. CRS's management approach is meant as one of joint effort between centre and locality.

CO-OPERATIVE RETAIL SERVICES

B: Summary of S.C.S. Symposium

Under the auspices of the Society, a symposium met at Stanford Hall on the 9th June 1975 to discuss the experience of Co-operative Retail Services Ltd., a particularly topical area of interest since two large societies had recently transferred engagements to this Society.

The participants in the symposium were:-

Mr. M. Gibson,	Lecturer in Economics at the University of Leicester;
Mr. L. A. Harrison,	Chief Executive Officer of Greater Nottingham Society and Chairman of the CWS Board;
Mr. R. A. Lee,	Chief Executive Officer of Co-operative Retail Services;
Mr. R. L. Marshall,	Principal of the Co-operative College;
Mr. A. Rhodes,	Secretarial Executive, C.R.S.;
Mr. B. J. Rose,	Tutor in Social Studies at the Co-operative College;
Mr. G. Wilkinson,	Chief Executive Officer of Kettering Industrial Co-operative Society.

The discussion was very wide ranging. Nevertheless, for reporting purposes an attempt has been made to contain it within a framework of headings, even though this proved too constraining for the discussion itself.

1. The historical and present role and contribution of CRS

The original intention behind the formation of what was first called the CWS Retail Society is a matter of historical record, namely "to undertake retail trade in areas where there are insufficient facilities for same .." or, in other words, to take Co-operative enterprise into "Co-operative deserts". It was readily agreed, however, that in practice the major role of CRS had been that of acting as an "ambulance service" although there was some discussion on what constituted a "Co-operative desert". It was suggested in this regard that a desert could be defined either as an area where there was no Co-operative service at all (which was very rare) or an area where there was a poor or inadequate Co-operative service. The problems of defining the latter were considered and it was argued that if CRS were called into such a situation, it was in fact assuming its ambulance role. In any case it was maintained that only the membership and leadership of the independent retail society could make the judgement about the adequacy of the services being provided.

The CRS officials suggested that in this paramount ambulance role they were faced with applications from societies with problems in one or more of three major areas: profitability, liquidity, and long-term capital requirements. Within this range there are two major causes of problems, one being poor management, the other inadequate resources. To test the abilities of managers of transferred societies, CRS kept them for at least a year to check their performance under more favourable conditions. Nevertheless, the basic problem remained of reconciling the task of taking over and nursing back to health problem societies (and despite its present ability to do so, CRS had never turned an applicant society away) with its other task of maintaining the viability of its existing business and its responsibility to its existing membership.

It was further argued that because of its ambulance role, CRS's geographical pattern was not one of its own choosing. It had gone where the need was and consequently it had developed as a patchwork. The CRS officials insisted that their presence in any locality was purely a response to circumstances and that CRS imposed no territorial ambitions on its development. The Co-operative Union Regional Plans had designated certain areas as areas of CRS influence and had built potential regional societies around CRS regions or branches. In other areas, CRS branches were allocated to independent societies. There were problems with that but, the CRS officials maintained, a more fundamental difficulty was that of rescuing societies in other parts of the country which got into difficulty. In many cases, CRS was the only practical means of rescue but, as a result, CRS influence was further extended.

One other topic discussed under this heading was that of the reputation of CRS. While there was disagreement about its degree, there was general agreement that there was now less stigma attached to being in CRS than there was in former days. Some of that stigma had come from the sense of failure that necessitated CRS membership in the first place but in addition CRS itself was a society that needed considerable CWS support. It was suggested that the crucial change had taken place in the middle and late sixties with a turning point perhaps in 1965 when Bristol and Reading Societies transferred engagements to CRS, which bore the whole weight of their indebtedness without recourse to the CWS. Further, since 1967, CWS had invested no more share capital in CRS so that CRS's capital growth since then had been entirely self-generated and it had accommodated the large number of societies coming to it between 1968 and 1971 without CWS assistance. This plus the business success of the Society, it was agreed, had contributed strongly to its change of reputation.

2. The Structure of CRS

(a) Membership and lay leadership

There was no disguising the fact, it was agreed, that in the past one of the reasons for criticising CRS was the paucity of its membership activity programme. It was argued, however, that this was part of the same problem that affected CRS's trading reputation, namely its shortage of resources. There was no encouragement of member relations and education programmes because of that shortage. With the self-sufficiency that CRS now enjoyed, they were better able to consider such activities, especially of the quality and on the scale which were appropriate for such an organisation.

It was reported that CRS were now intent on doing all they could in this area. All member education officials had their salaries paid from general funds and Co-operative organisations such as the auxiliaries had the use of CRS premises free of charge. Although member education remained a local responsibility, a national official with special responsibility for member participation had been appointed and the Society was currently engaged in encouraging the worst areas up to the standard of the best in the whole range of member relations.

In this regard and with regard to lay leadership, it was asked whether there were any crucial differences between CRS and any other large Co-operative society. The strong CWS presence on the national Board of Directors obviously makes it different from most other retail societies (and this CWS link is discussed later) but otherwise there are several similarities that participants saw. At the local level are the Branch Committees, which, like the local (divisional or district) committees in many independent regional societies, are advisory and consultative bodies and the source of supply for the central board. In addition, there exists the General Council which represents all the local committees and serves as a link between those local committees and the Board. It was suggested that in fact CRS had made a distinctive contribution to Co-operative democracy with its structure although some members felt that there was going to be a need in the future for more devolution of authority.

(b) Relationship between the centre and the localities

There was agreement that in principle there were both advantages and disadvantages in the CRS type of structure. On the one hand it should be possible to place the responsibility for different functions and decisions at its most appropriate level: in some areas of responsibility national decision-making is most appropriate, in others branch level is most appropriate. On the other hand, there was more room for tension and conflict than in a fully centralised system or a collection of totally independent societies.

The CRS officials insisted, however, that CRS worked relatively harmoniously in the spheres of both democratic structure and executive management. In the democratic structure, for example, there is close contact between the Board and the Branch and Regional Committees with reports from all of the latter regularly going to the Board. In addition those local committees were able to take the initiative on various matters. Finally, the General Council maintained a regular contact between the Board and the local committees.

The Board also received regular reports from both the regional and the national management, so seeing both sides of the picture and providing a balancing factor additional to those already extant in the management structure.

It was reported that local management worked within national policies on such matters as procurement, stock lists, pricing and so on but had some leeway within those policies. The key, it was felt, to the success of a system like CRS's was that of joint effort and consultation between the localities and the centre. The CRS officials argued that the feeling of common responsibility was strengthened by CRS's relative independence. Thus the situation that had arisen in the past where local management had become frustrated by what they saw as a mistaken policy of undue concentration on CWS goods was the consequence of closer CWS control of CRS at that time. Such a situation was unlikely to arise under present circumstances.

(c) Relationship between CRS and the CWS

There was a vigorous discussion on the CRS/CWS link and on the question whether CRS should be free of CWS involvement and influence. In support of the link it was argued that the unpredictability of applications for membership made the CWS financial support necessary in the form both of the existing holding of share capital and the contingent liability; and further, if that contingent liability was still necessary, then CWS participation in the CRS Board could not be eliminated either.

On the other hand, it was maintained that the contingent liability was unnecessary and the CWS financial stake in CRS was exaggerated. CRS had been self-financing in all its additional capital requirements since 1967 during the period of its greatest growth. As far as share capital is concerned, the argument was that although CWS held over £7½ million of CRS share capital, amounting to about 28% of the total after the acquisition of Birkenhead and Liverpool Societies, CRS in its turn now holds over

£6 million of CWS share capital so that the CWS net investment in CRS is relatively small. In addition, CRS held a large proportion of its surplus liquidity (of the order of £20 million) in deposit note form with the Co-operative Bank thereby further changing the balance. There was a further suggestion that, in any case, because of its own liquidity problems, the CWS would be hard pushed to find the £11 million necessary to meet its contingent liability and that CRS was a bigger source of liquid funds currently than either the CWS or Co-operative Insurance Society.

It was strongly argued in this regard that any current liquidity problems in the CWS were caused by having to take over the Scottish Co-operative Wholesale Society with all its financial problems and running its retail operation which was in the kind of difficult situation that CRS had been in many years ago. The comparison of share capital holdings was also held to be invalid since CRS shareholdings in the CWS were an inheritance from the taken-over societies and were a condition of membership of the CWS. It was not money to be used as CRS thought fit. It might even be argued, it was suggested, that the high level of liquidity in CRS was a result of the low level of investment as evidenced by its low trade penetration. This was immediately denied and the trade penetration figures questioned as a valid measurement particularly in view of the kind of societies CRS were called upon to take over and the areas in which they operated.

Discussion then moved on to the relationship of the CWS to CRS retailing. It was acknowledged that the CWS had become more retail orientated but some maintained that there was a strict limit to its understanding and expertise in this field because it was not a retailing organisation. Even in the field of warehousing, where CRS relied on the CWS warehouses to meet its requirements as a retailer, this involved control of the warehouses by another organisation and lines of command and management were broken thereby lessening their effectiveness. This was urged as another argument for making CRS more independent.

The problem, as others saw it, was that the way forward for the Co-operative Movement as a whole was that of further integration and in that context it could ill afford any loosening of the relationship between CRS and the CWS. It was a theme that was pursued later when considering the future development of CRS.

3. CRS and the Regional Plans

That CRS was a complicating factor in the Regional Plans was readily agreed. Its geographical scatter meant that it was involved in many of the proposed regional societies and it was suggested that the general experience had been that CRS was an impediment to the process of regionalisation. It had been accepted in principle that in proposed regions where CRS was the strongest element then the remaining independent societies should transfer their engagements. That in itself was something of an obstacle since there remained a resistance to joining CRS. Conversely, in regions where CRS was a minor element, CRS branches could be transferred to the independent regional society. In practice that had never happened although there was provision in CRS rules for making branches independent and three branches in the more distant past had been transferred to independent societies.

The CRS officials reminded the symposium that CRS fully accepted the Regional Plan which in principle had considerable merit. In practice, however, CRS had several difficulties. Within their own organisation, for example, they had been developing their own regionalisation programme. When it came to transferring branches to other organisations, however, there were considerable organisational and financial problems. In any case, what were they to do if a majority of members of a branch preferred to remain within CRS rather than become members of a new and untried regional society? Further, what should CRS do if it were approached by an applicant society outside of the "sphere of influence" designated to it by the Regional Plan? The responsibility of the leadership of any society meant that they should aim for the highest benefit for their members which in some circumstances could mean membership of CRS. Equally, CRS leaders had a first responsibility to their existing members, and a second one to those societies wishing to become members in the future. Both of these responsibilities took precedence over the Regional Plans.

4. Future development of CRS

In the first instance there was agreement that the future of CRS was intimately tied up with the future of the Co-operative Movement. There was a vigorous discussion on the possibilities of further integration within the Movement as a whole and of developing a national retail structure. At times the discussion became almost an investigation of the CWS as proposals for bringing it more centrally into the national retailing strategy were discussed and criticisms were voiced of the present relationship between retail societies and the CWS. There was some strong feeling that that relationship should be a more purely business one so that retail societies could be ensured of getting the best possible deal in the procurement and supply of their requirements.

In this area, CRS had the same interests as all the other large retail societies and would be working with them to reach a realistic and effective relationship with the CWS.

The view was expressed that in this field and in others CRS was just like any other retail societies and should be treated as such with diminishing CWS involvement. It was not a view which commanded universal agreement, however, as others argued that in the general trend towards integration in the Movement, independence for CRS was impossible.

With regard to future plans, little change was envisaged in the development of CRS. It was likely that there would continue to be societies who needed the CRS ambulance service and otherwise it was the intention of CRS to continue to expand and improve its services in its present areas.

The question was asked: is there anything that other societies can learn from CRS without having to join it? The possibility was discussed of an advisory service provided by CRS for independent societies. Doubt was expressed about the use that would be made of such a service since agencies already existed for this purpose and little notice seemed to be taken of them. A possible advantage that CRS had in this regard, however, was that they were directly involved in retail trade and had a record of success with which to back up their advice.

The example of success was, it was argued, probably what other societies could most fruitfully learn and analyse in CRS. A Co-operative organisation which had not chosen its own market areas but had taken in the main ambulance cases had made a success of Co-operative trading by a combination of central management expertise combined with some local discretion. CRS was not a monolithic subsidiary of the CWS: it was a vital and developing Co-operative organisation in its own right.