

Traders and Idealists

by Dr. R. Briscoe

All too often Co-operators seem to assume that their most cherished values are incompatible with efficient management. They believe *democracy* is at odds with business-like decision-making; they see *concern for people* as a handicap in the struggle against ruthless competitors.

An easy but unproductive way to cope with such disabling dilemmas is to allow the leadership of the Co-op to split into two distinct camps. *The idealists* can then devote themselves to the running of ritualistic meetings, elections and educational activities, while the *traders* attend to the serious business of running the store. Each group operates in its own separate compartment, trying hard to ignore the existence of the other. The *idealists* in their empty meeting halls are seen by the members as increasingly irrelevant. The *traders* busily copy the activities of the Co-op's competitors, and the business ceases to be shaped and informed by Co-operative values. The Co-op itself becomes a pale imitation of its rivals, gradually fading into the background like a frightened chameleon.

In this article I shall argue that we get caught up in unproductive dilemmas because we have failed to understand and capitalise on the real strengths of the Co-operative - its ability to mobilise, develop and inspire people. We need to start by clarifying our own ideas about the nature of the Co-operative and the special managerial challenges it poses. We must ensure that our Co-ops do indeed embody a distinctly different way of doing things.

Rochdale Is Not Enough!

One reason our Co-ops have not made the impact they should is that we tend to emphasise the wrong things. Is it enough that our rules and bylaws embody the Rochdale Principles? Have we done our Co-operative duty by providing for one member one vote, limited interest on capital, patronage refunds, etc. etc.? There must be more to being a Co-op than conducting the ritual of occasional, ill-attended meetings and holding elections for largely ceremonial positions.

The main problem with the Rochdale Principles is that they are not in fact principles at all, but a set of procedural and organizational practices. They provide an essential framework within which to operate but they give us little guidance about how to assess the quality of what we do within that framework.

We badly need a set of Co-operative principles which can serve as a guide to everyday *action*. Such principles should help us distinguish between effective and ineffective Co-ops. They should express the essence of a Co-op at its best, the features which make it more humane and efficient than conventional ways of doing things. Such principles should not be an awkward appendage stuck on the outside of the business, but should shape its day-to-day activities.

The Essence of the Co-operative

The principles which shape effective Co-ops are the exact opposite of those embodied in most organizations. A Co-operative approach is based on the assumption that organizations will do a better job of meeting people's needs efficiently when they strive to implement the following precepts:

a) Treat people as origins of action

A Co-op should provide a structure through which people can get actively involved with others in meeting their own needs and solving their own problems. When they work well, Co-ops encourage people to take responsibility for their own lives. They also make sure that members can acquire the skills and awareness they need to run their own affairs; and their political structures are designed to facilitate meaningful participation. This precept is a key element in the special efficiency of a Co-operative. People are more likely to understand and be committed to courses of action they have chosen for themselves, and the strategies they choose are more likely to do a good job of meeting people's needs than are grand plans handed down from on high.

b) Encourage mutual aid

The best Co-ops encourage people to help one another solve mutual problems and share skills and know-how. By pooling resources, talents and buying power, people can get a leverage on life which would be beyond any of them individually. The emotional support of a group can help members carry through beneficial changes in lifestyle which would defeat an isolated, solitary person.

Again, this goes against conventional wisdom which insists that society works best when we act as self-seeking individuals, greedily competing against our colleagues and our neighbours for a larger slice of the pie.

c) Design for use

If the prime objective of a Co-op is to promote the well-being of its users, then it follows that every aspect of the organization should be self-consciously tailored to people's needs. Everything about the Co-op, its organization structure and management styles, its products and services, the kind of building it occupies and its location, the training and experience of staff, its

member education programmes - all should be designed to address the key problems experienced by those who use the Co-op. We should not merely copy the practices of competitors, which have been designed, after all, for the benefit of investors and experts.

Some of the most intriguing Co-operative inventions in North America were ingenious efforts at fundamentally redesigning the process of retailing in the interests of the customer. The direct-charge concept, the Nanaimo experiment, and consumer information programmes were all cleverly designed strategies for getting quality food to people at the lowest possible cost.

It is this feature of design for use which enables user-managed organizations to prosper in the face of wealthier and more powerful competitors. Self-help groups which are designed for use rather than for profit - groups like Alcoholics Anonymous, for example - can provide relevant support and services far superior to the partial expertise of highly-trained professionals, and at a fraction of the cost.

Failure of Conventional Approaches

All of this is in marked contrast to conventional approaches to organising which prefer to:

- i) treat users as passive objects to be serviced;
- ii) deal with workers and consumers as isolated, competing individuals; and
- iii) design services to maximise profits or promote the well-being of a small elite.

Small wonder so many things go so dramatically wrong on our planet. It is the conventional approach to organising which has produced the startling paradoxes which bedevil our lives - food companies which care little about nutrition but devote their huge resources to pushing over-processed junk foods; educational systems which concentrate on convincing the vast majority of us to sit down, shut up and do as we are told; energy-intensive agri-systems which damage soil fertility and produce less food per unit of input than the hand-cultivation of peasant farmers; health care systems which cause more illness than they cure; national defence strategies which threaten to obliterate the human race; and whole economies cunningly fashioned to keep the poor hungry while over-feeding the rich.

The conventional organizations whose "efficiency" we so admire are in fact inefficient on a mind-boggling scale when judged by their ability to meet urgent human needs economically. By slavishly copying the activities of such competitors, Co-ops become part of the problem.

Applying Co-op Principles

But how can we apply Co-operative precepts to the management of huge, regional societies? How can we invite members to participate actively in the design of products and services for use, without plunging our Co-ops into chaos?

Special Interest Networks

One approach is the creation of special interest networks, discussed in the last issue of this Journal. Such an approach shows members how to apply Co-op principles to the solution of their own urgent problems. Over time, it will also improve the quality of member involvement in the larger Co-op. Here are some other suggestions.

We should not be satisfied with democratic structures which relegate members to the role of spectators. We must provide the information and opportunities they need to take an active role in shaping their Co-ops. Clearly, the AGM is unlikely to provide many opportunities for such involvement, though even business meetings can be made more inviting. The Swedes often transform AGMs into something approaching a festival, with door prizes, coffee, cake and a social evening to round off the business. But there are obvious limits to what can be done at a formal AGM.

Small Groups on Relevant Concerns -

If we want members to be more active, we must offer them the chance to work together in small groups on issues of real concern to them. A meeting I remember with real pleasure was one in the tradition of the kitchen meetings of Canada's Antigonish Movement. It took place a couple of years ago in Sydney, Nova Scotia. Two hundred members surprised us all by turning out on a chilly evening to discuss a marketing strategy for their Co-op. Most of the evening was devoted to small group discussions. At the end of the deliberations, members told us how much they had enjoyed being more than just an audience.

The Swedes have long recognised the need to build structures which activate members: two tier parliamentary structures instead of monolithic AGMs; a network of study circles debating strategy; ingenious federal structures to marshal buying power on a national level while retaining local control; and a deliberate effort to develop managerial generalists with wide-ranging experience in Co-operative efforts at the national level.

- Related to Action

But how might members use such opportunities for involvement? The agenda of a Co-op should be nothing less than the redesigning of a small piece of the

members' world. Swedish study groups focused on the redesign of products and services. From their deliberations came consumer information programmes and a range of well-designed, basic products tailored to members' needs. In Canada, members redesigned the process of retailing in the interests of the consumer. Concepts like the direct-charge store enabled tiny, fragile Co-ops to take on the Safeways of the world and beat them at their own game.

The Task of Management

An effective Co-op is designed to meet members' needs rather than maximise return on investment. But it can do an excellent job of meeting needs only if the members themselves are actively involved in identifying their needs and shaping the Co-op to meet those needs. This does not mean that members will take over the everyday management of the Co-op. That would be a recipe for disaster, but it does mean that management within a Co-op needs to be done differently from management within a conventional firm.

Many of the detailed, technical tasks, will be the same in a Co-op as in Tesco but much should be different. All managers should listen to their customers, but in a Co-op listening to members is a matter of life and death. Co-ops work best when both members and staff are knowledgeable and involved. Effective Co-op managers need to be facilitators and communicators as well as co-ordinators and controllers. They need to be able to use participative structures to elicit the concerns and creativity of members; they need to be able to organise work in such a way that employees can manage themselves while remaining clearly accountable for results.

Members and staff who feel involved in the taking of key decisions and who are knowledgeable about their Co-op will feel committed to it. Loyalty doesn't just happen: it has to be built through meaningful involvement and communications.

Managing a Co-op is certainly not an easy job, but it can be a fascinating one.

The Author

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