

Past Experience Revisited

1. T.R. Edmondson

Ron Edmondson's career has included service as Chief Executive Officer of Ipswich Society and as a director of the Co-operative Wholesale Society.

Few would challenge the claim that the Rochdale Equitable Pioneers Society, as registered under the Friendly Societies' Act, in 1844, was the first successful consumer Co-operative society.

Even fewer appear to remark upon the fact that the description, "Co-operative", is absent from its title. Look, too, at the titles adopted by other early consumer societies: Provident, Beehive, Self-Help, Industrial. Note, further, the title of the first act of Parliament specifically designed to meet the demonstrated needs of these rapidly expanding groups of "Co-operators" – the Industrial & Provident Societies' Act, 1852.

Values and Principles of Organisation – and Success

Yet it is within those very titles that we discover the distinctive social values which so clearly summarise the aspirations and inspirations of those attracted to, and wishing to participate in, the activities in this new social phenomenon.

The desire was not new; the wish to create social groups embodying those implied and explicit values had often been expressed. Why, then, had the Rochdale Equitable Pioneers succeeded where, previously, so many had failed?

The answer rests in the "Principles"; the rules and practices required to be adopted before the "values" were achievable. Remember: Open Membership; One Member – One Vote; Limited Interest on Share Capital; Division of Surplus according to Trade; Political & Religious Neutrality; Promotion of Education.

Failure – and the Reasons

Success was assured: the formula was irresistible. By 1957 consumer Co-operatives claimed over 12 million members and 12.7% of the total retail trade of this country. Yet, by 1966 the share of total retail trade had fallen to a mere 9% – a share almost twice that currently obtained! What went wrong?

It cannot be mere coincidence that many people emerged from the years of the last world war indoctrinated with new views of the role of the State and their

relationship thereto. As I expressed it in my keynote address to the 1977 Easter Convention: “there is the progressive destruction of the spirit of independence, free choice and self-help—accompanied by a thunderous denunciation as anti-social of all those practices voluntary Co-operators once proclaimed the greatest virtues – and a growing submission to a social preference for “welfare” by those quite capable of self-help.”

The Future?

Of recent date, however, it is possible to detect a revived respect for those “Victorian values” which played so dominant a role in the foundation and successful evolution of consumer Co-operatives. Is there a chance this change of social outlook will herald a welcome rehabilitation of Co-operatives?

If not, we shall, of course, be left with another major problem, towards which no attention appears to have been directed. I refer to the mountain of assets within the control and possession of consumer Co-operatives, both individual and federal. Fully valued, those assets must be worth billions of pounds. (Take no notice of “balance sheets”: almost totally worthless documents for the purpose of making objective and realistic assessments).

Who owns those “assets”? Please don’t say, “the members”; unless, of course, you can properly identify such members and can assure me they are fully conscious of their “rights”.

Given a continuation of present trends towards dissolution and/or loss of identity; can it be there is taking place a vast take-over by a privileged and informed few who stand much to benefit from what, to the generality of members, is total loss? Or are we witnessing conquest by ignorance?

2. Lord Jacques

The experience of Lord Jacques of Portsea Island has included service as Chief Executive Officer of Portsea Island Society and as chairman of the Co-operative Union.

The principle most consistently applied in the Co-operative Movement is mutuality – sharing in the ownership, operation and benefits of an enterprise serving a common need.

There is no private profit. Of course, it is not alone in that. The Trustee Savings Bank was a successful mutual until, in this Thatcherite era, it was privatised. The building societies are mutual, but recent legislation allows them to be converted into a company. (I am advised there are no plans to convert

converted into a company. (I am advised there are no plans to convert Nationwide-Anglia.) Then there is that admirable organisation, the John Lewis Partnership where profits are used to develop the business and to supplement the salaries and wages of the partners (employees).

Role of the Members

In its heyday the consumers' Co-operative Movement was a healthy democracy. Before we had the film, the radio, the television and the motor car, societies' quarterly meetings were an important event in the life of the community. In the absence of educational opportunity many people, who nowadays would go to a university and most likely by-pass the Co-operative Movement, were attracted to it as potential directors and managers. The meetings were well attended. The members enjoyed the cut and thrust of debate between the directors and potential directors.

I am glad that in my youth I saw it at first-hand. I even had the nerve to persuade the directors of a small society I managed in my early 20's to have a referendum of members on the question of high dividend or cut prices. A high percentage voted, but alas they were almost equally divided. We made some price cuts, but continued to pay a fairly high dividend. In most households the Co-op dividend was the housewife's perk. It encouraged her to buy the family's requirements at the "store."

Nowadays our societies are controlled by a tiny fraction of the membership, sometimes a mere fraction of one percent. They elect each other to committees some of which have outlived their usefulness and are an unnecessary burden to the society.

A Members' Club?

A successful employees' club is a very useful asset in promoting the family spirit in a society. I have wondered whether we could get and keep the interest of the members by organising a social club at some of the larger food shops, occupying, say, an upper floor where members' families could talk and play. It would certainly relieve loneliness of which there is a great deal. The club could be controlled by its members with the society having representation on its committee. It would almost certainly involve the sale of intoxicating drink and an element of gambling in the fund-raising activities.

The chapel folk who were the pioneers of many societies would have been aghast at such a suggestion. That is not what puts me off the idea; it is that television is now so powerful in keeping people at home that even the pubs are complaining. It may be that the use of video will make a difference.

Role of the Board

Of course, not all mutual organisations have an elected board. In the Trustee Savings Bank, before it was privatised, the Treasury appointed the trustees who in turn appointed the management. In the John Lewis Partnership the directors are appointed by the trustees. Even some of the building societies select their directors. When there is a vacancy the board propose someone who because of his knowledge and experience would be a useful director and that nominee is usually elected by the members. I doubt whether this practice would be accepted in local Co-operative societies, but it might be that a rule which authorised the board to recommend the co-option of additional directors would be acceptable.

Responsibility of Chief Executive Officer

The mutual base of the society affected my attitude as Executive Officer. I felt I was employed by working people to look after their business. They were not rich, they could not afford waste and I saw to it that there wasn't any. I felt I had a duty to avoid undue speculation. The rich can afford it, the relatively poor cannot.

For example, the size of new shops was based upon careful estimates of trade potential – and I tended to under-estimate. However, I used portable fittings to separate front shop from back shop, so that if need be the whole of the first instalment could be used as front shop when a second instalment was built as a back shop or store. When there was a call for an extension of a shop I went along on a busy Friday afternoon to study the problem. I often returned early in the following week to suggest changes in organisation. While this was not a permanent cure it improved matters until an extension was built. I sought low overheads in relation to sales, so as to maximise the dividend upon purchases.

However, the avoidance of undue speculation must not, I emphasised, kill initiative and experiment. Indeed in conversion to self-service, my society had a ten-year lead over its competitors and this was an important contributory factor to the high dividend paid.

Relation to the Board

The Board elected or appointed by members is supreme, especially in matters of policy. The Chief Executive initiates and advises. He is in a strong position. As a full-time officer he has had far greater opportunities of considering issues than part-time directors. Nevertheless there may be rare occasions when the Board takes a different line from that recommended by the Chief Executive. He must not merely accept the decision, but see that it is carried out to the letter. That is the way to build up mutual respect and confidence.

It is imperative that the elected Board are kept fully informed, especially by monthly reports on cash-flow, trade, and profitability. In my day I was sometimes very disappointed to see this was not done universally. I hope this is no longer so.

The Chief Executive should see the society as a family and he should seek to make it a happy family. He must win the respect and confidence of every part of it.

Channels for Communication – and Complaints

The vast majority of members are not interested in elections and the control of the society, but are interested in “caring” and expect it from their Co-op more than from any other trader. They want simple and effective machinery for making complaints. I always had an assistant in the executive suite who received a member wishing to complain. The assistant had to be sympathetic and pleasant and able to get things done.

I received a quarterly analytical summary of complaints. Many were quite unjustified, but by handling them courteously and sympathetically goodwill was enhanced.

Social and educational organisations have to be encouraged and used as a contact with members. Directors often facilitate two-way communication with guilds by visiting and addressing them and bringing back any information that could be useful.

Conditions for Employees

Employees should have no doubt as to the conditions of their employment. For example, it should be made plain that the society will not tolerate dishonesty and the action that will be taken when it is detected should be known. They should be kept informed, especially as to changes affecting their employment. They should have proper facilities for making representations. They should know from experience in the Society that they will be treated fairly and where there is doubt there will be a right of appeal.

Speed of decision fosters confidence, but the research and planning has got to be done in advance to facilitate it. Above all it should always be borne in mind that, especially in a Co-operative Society, behaviour at the top tends to influence the behaviour throughout the Society.