

Reflections on a Conference

Discussion

by Peter Davis

This article was written after the S.C.S., Conference on Co-operative Management on 12 May at Regent's College, London. 37 Co-operative Chief Executives, consultants and academics were addressed by W.H. Farrow formerly C.E.O. of Co-operative Retail Services Ltd. on "Management in Co-operatives - Is There a Difference?"; David Thirkell, Managing Director of Framlingham Farmers on "Attracting and Motivating Managers in Co-operatives - Current Issues"; and G.L. Fyfe, C.E.O. of Leicestershire Society on "The Challenges Facing Management in Large-Scale Co-operative Enterprises". Professor A.J. Eccles was in the Chair.

What do we mean by effective Co-operative management? What is it about Co-operative principles, objectives, and organisation that differentiates Co-operative management from management as it is generally practised and understood? Following on from these questions comes a third; how can we develop Co-operative management and ensure a growing number of effective Co-operative managers to serve the Co-operative Movement into the 21st century?

Top quality Co-operative management exists - witness Bill Farrow's turnaround of CRS and a number of regional successes in both retail and agricultural sectors. But are there enough and where are the next generation going to come from? It may be that the Movement's population of top management is getting to a level at which naturalists would start to raise the alarm for an endangered species. These were some of the questions raised and discussed by the conference.

Why the Concern with Managers for the Future?

The fact of Co-operative retrenchment in the post-war period provides part of the explanation as to how we find ourselves in this position of self examination and concern for the future. Our image as a Movement has been that of a relic of a worthy but dated past. We have, therefore, failed to attract those able younger managers looking for areas of growth and opportunity. The amalgamation of smaller with larger societies has led to fewer posts on chief executive level as well as in other areas of Co-operative management.

Another part of the explanation lies within the Movement itself, in the decline in the quality and content of the Co-operative elements of Co-operative businesses. Increasing size has tended to distance societies and their management committees from the rank and file membership. The control of boards of management can become a volatile struggle between unrepresentative cliques rather than the expression of an informed and involved membership base. Bill Farrow surprised his audience somewhat when he expressed support for the principle that small is beautiful. But, as he explained, today's large retail Co-operatives, being the products of their history, both recent and longer term, are extremely complicated to manage in comparison with a Marks and Spencer or Sainsbury in respect both of the number of outlets and range of product and services. The magnitude of the task of managing such societies is then further complicated by a decayed and unstable democracy.

Contraction of Vision

If the consumer Movement itself has contracted so too, apparently, has the vision of the Co-operative enterprise. Nobody sought to contradict Len Fyfe or Bill Farrow's scepticism of the grand design for a federal Co-operative movement or for the establishment of a national Co-operative society. All speakers seemed to agree that it was in access to capital rather than in their ability to market their products nationally that the Co-operative societies' large multiple rivals had an advantage. Some speakers warned against aping our rivals but urged that we go for our own market niche. How that niche is defined and what its growth potential might prove to be, however, was not explained.

Perhaps the reality is that today's marketplace is so segmented that departmental style trading under one roof catering for all age groups is a thing of the past. Certainly none of our rivals attempts to provide our width of product ranges under one roof. Perhaps Co-operative societies should have used their large number of smaller stores to target different market segments along narrow product ranges. Problems of Co-operative marketing however were not considered a priority by the conference participants. For a retail business whose market share continues to decline one was left feeling uneasy that none of the assembled participants proposed how to arrest, let alone reverse, this trend.

Management - and Members and Employees

Management relations with lay Boards of Directors and member involvement in the policy making of Co-operative societies consumed much of the discussion. Yet it was noticeable that much of this debate focused on the issues of employee membership rather than of consumer membership as such. Both

speakers from the retail sector agreed that extension of employee representation on the Boards of societies had been a force for stability but felt that total worker control would lead to greater resistance to innovation in organisations already characterised by high levels of inbuilt inertia and risk aversion.

Efforts at positively utilizing consumer members to increase societies' market sensitivity or overall sales appeared, at the anecdotal level at least, to be discounted. There was indeed a candid admission in some quarters of the view that member relations activities were an expensive irrelevance to the business of Co-operative retailing but admittedly one that management had to live with. These debates were less of a concern to the agricultural societies whose representative on the platform David Thirkell, Managing Director of Framlingham Farmers, described to his audience a comprehensive consultative structure for farmer members.

If the membership base of retail Co-operatives presented dilemmas for their management, the view expressed by Len Fyfe that to turn societies into public limited companies in the hope of raising capital would be a mistake leading to the destruction of the Movement in an orgy of asset stripping, was an acknowledgement of the importance of the membership structure for safeguarding the Movement's integrity.

Attracting and Motivating Managers

That managers should manage and lay members should decide policy is a clear and well established principle but in reality managers are extremely proactive in policy making too and necessarily so. Given the current weakness of member involvement therefore it is clear that the future integrity of the Co-operative Movement will also to a large measure depend on its ability to attract effective managers who believe in its basic principles.

David Thirkell felt that whilst the remuneration package had to be right, the real motivator for an executive manager lay in the successful application of his talents to the achievement of clear objectives combined with the power and authority to take the necessary decisions to get policies implemented. The challenge for Co-operative management was to define measures of Co-operative success in terms other than simple contribution to the bottom line. All the platform speakers agreed that recruiting top managers from outside the Movement posed risks and David Thirkell emphasised the importance of ensuring that such outside appointments are aware of and sympathetic towards the Co-operative business organisation.

Given the very limited exposure managers from outside will have had to the Co-operative Movement, either as students or in their later professional

experience, internal management development to ensure successful Co-operative management succession appears to be the realistic option.

Towards a Senior Executive Development Programme

From the contributions made at the Conference the following agenda for the production of a Co-operative Senior Executive Development Programme may be outlined.

1. What are the particular competencies that are required to manage a medium-sized business with the complex mix of products and services that Co-operative businesses exhibit?
2. What kind of competencies are required in order effectively to manage membership (customer) involvement and employee participation in the policy making processes of Co-operatives?
3. What training and development opportunities and materials can be identified within and outside the Movement to facilitate the development of the competencies that are identified in answer to questions 1 and 2 above and what gaps exist in current provisions?

And the Role of Member Relations Officers?

In concluding this brief commentary I would put in a plea to stop seeing the commercial and social sides of the Co-operative venture as separate dimensions instead of being, as I believe, different points on a continuum. Member involvement in the activities of their societies is, first, a matter of commerce not democracy. If the consumers have no reason to shop Co-operatively you will never get them to progress to any deeper involvement in their societies' affairs.

Such an approach has very definite implications for the management of member relations. In line management terms it implies making member relations responsible to the marketing manager and to upgrading the skills of member relations officers in the areas of marketing, sales, and promotions. I am not suggesting that member relations activities should make a profit directly but they should contribute to the growth in sales and membership involvement in the Society. Never was it more necessary than today that the Co-operative Movement produce executive management motivated by Co-operative principles and having the professional competence to translate those principles into relevant trading and social programmes (with the former funding the latter and the latter promoting and developing the former) which

are able to re-engage the middle and lower income consumers, however segmented, in the Co-operative venture.

The Author

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