2. MR. K. BOOTH

(Chief Executive Officer and
Secretary, Harrogate and
District Co-operative Society)

"Tempora mutantur, et nos mutamur in illis -
Times change, and we change with them."

(Quoted in Harrison, Description of Britain (1577),
Pt III, Ch. iii)

According to a report issued in March 1976 by the Institute of Grocery Distribution the whole face of food retailing in this country has changed during the past fifteen years. Against the background of an almost static market, technological innovation and uptake have proceeded at a faster rate than in almost any other sector of the economy.

Between 1961 and 1971 the Co-operative share of total grocery shop sales declined from 21% to 13%. The decline had, however, been arrested by the late 1960s and an increasing Co-operative market share had been experienced during the last two years.

Over this period of years a group of between a dozen and a score of senior retail Co-operative officials had met at Leeds on most Wednesday afternoons during autumn and winter to discuss and disagree on the impact of these changes. The initiative had been taken by a twentieth-century Harrison, Harry, then Sectional Education Officer of the Co-operative Union (and now National Manager (Training) of Co-operative Retail Services Ltd.), in the formation of the group in 1959 at Leeds University.

Of the 826 individual retail societies in 1961, 116 were situated in the North Eastern Section of the Co-operative Union and of the 227 remaining in 1976 there are only 30 in the North Eastern Section (which covers Yorkshire and Humberside and which should not be confused with the large regional North Eastern

Society whose trading area is mainly in Durham and Northumberland).

The variety of change in Yorkshire has been quite substantial. Some societies have gone out of existence, a few being unable to meet the members' share capital commitment; some experienced C.W.S.-vested management during the late 60s; several were absorbed by Co-operative Retail Services Ltd. which now accounts for more than 30% of the total Yorkshire Co-operative trade and the vast majority of the independent retail societies transferred their engagements to other, generally larger, societies. Of the 30 remaining societies there are 14 with a membership of less than 5000 each and total annual trade of some £3 million of the total £150 million annually at the current time. Scape Goat Hill Society, near Huddersfield, is still in existence with 8 employees and a weekly trade of just over £1000: it may be of interest to note that a scapegoat is "one who is made to bear the misdeeds of another"!

In the group's regular discussions of the particular managerial problems of the Co-operative Movement - specifically between 1965 and 1972 - violent disagreement has been engendered on the variety of solutions to national questions. The structure of the national Co-operative Movement; the variety of reports on the structure of the C.W.S. before and after the Joint Reorganisation Committee Report of 1965; all the Regional Plans for succour and success alongside the Regional Surveys were discussed in some detail by the group, as was particularly the question of a Yorkshire Survey, the background material required for such a survey and the information required from societies, with particular emphasis on the managerial problems of mergers of retail societies.

Any Co-operative official or lay director of any retail society would find an extremely interesting variety of priorities in the answer to the question of what are, or what should be, the objectives of a retail Co-operative society? He or she would find that the professional manager is interested mainly in maximising net profit as his objective - his job depends on it - but that lay boards have often very different ideas. It was recognised by the group that in the pursuit of the managerial profit motive, the social purpose of the Co-operative Movement tended to be dismissed as unimportant. On the other hand too great an emphasis on the social purposes of Co-operatives by lay boards could often lead to disaster. In all these opinions and discussions the Leeds University group over the years has been unanimous in only one facet - its disagreement.

From 1966 onwards, the objective which occurred most frequently on the Leeds University blackboard was "survival". It was increasingly recognised that change was inevitable, that there would be change in management structures and severe change in external factors.

A Practical Impact

But, from the viewpoint of the practising professional manager, the Wednesday afternoon group had a practical impact, I believe, not only in the Board Room of his own retail society but in the wider retail Co-operative Movement. Consider the following, published only ten years ago as a Co-operative College Paper, in January 1966, as a result of a Research Study conducted by the group after having reviewed the history of Co-operative Dividend since the mid-nineteenth century:-

> "It is of first importance to the Movement today that directors and managers alike should realise that traditional rates of dividend are no longer feasible; that the present difficulties are not a passing phase and that to go on straining to produce dividend rates of earlier days is bad policy. The reputation of the Movement is being unnecessarily damaged by constant and unfavourable comparison with different times and circumstances. The failure to recognise that societies are linked to their competitors and are not free to act independently has meant in many cases that there has been a neglect of proper

provision for future growth, reserves have been neglected or even depleted in order to maintain a rate of dividend more in line with the past. It has also meant that there has been pressure on management to maintain an unjustified rate of pooled dividend and this has hindered development through the rejection of enterprises which would not produce the pooled rate of dividend.

"In view of the price levels acceptable to the Movement's competitors and its implications for each society, it is essential that efficiency and cost consciousness in every aspect of the Movement's operations is stressed."

In 1968, following the system initiated by the South Suburban Society, the C.W.S. introduced - in addition to the new Co-op logo and Operation Facelift into the Doncaster, Yorkshire, Society the present Dividend Stamp system. Within a few months, practically every society represented in the Leeds group had followed this example and at the same time experienced the abolition of Resale Price Maintenance on tobacco and cigarettes, which the group had discussed as an "assumption" nearly two years earlier. Towards the end of this particular year the Harrogate Society Board of Directors held many long policy meetings, influenced in many ways by the arguments and ideas engendered at the University meetings. Credit and free deliveries in grocery branches were suspended, five mobile shops were withdrawn, several small food units were closed and Dividend Stamps introduced within a few weeks. The weekly trade of £15,000 in Food was being reduced to potentially less than £12,000 in ten branches. Growth, however, has been gradually achieved to the extent that currently in 1976 the weekly trade of our twelve Food outlets exceeds £100,000, which even with inflation means that the volume Food trade of the Society has grown at least fourfold, with only a marginal increase in sales area.

As early as 1971, 91% of the dividend being paid in the North Eastern Section was through the medium of stamps and this had grown to 97% in 1974 - far higher over the whole period than the national average - an illustration of the Yorkshire initiative.

For Further Development

With the European Retail Co-operative Movement in such complete disarray in its attitudes towards Co-operative dividend it is perhaps appropriate to recall that at the beginning of the First World War Viscount Grey (a different spelling from the oft-quoted 1906 Co-operator) said that the "lamps are going out all over Europe; we shall not see them lit again in our lifetime". I feel that the lights of dividend in Consumers' Co-operation are going out all over Europe, as exemplified by Swiss discounting methods and the efforts of other countries to provide social benefits, rather than cash dividend, from Co-operative profits. I believe that the Co-operative Movement in the United Kingdom has still not yet used the new Dividend Stamp system to the best possible advantage, since it appears to me that the new method of distributing the profit to the consumer is in accordance with our original Co-operative principles, inasmuch as the profit benefit is being distributed economically according to "loyalty" of purchasers. Perhaps a day-release course in a University associated with a larger Co-operative society could examine this project during the next two or three years.

In addition to assistance in operating what is probably the outstanding practical example of a grocery retail distribution centre in the country, the officials of the Leeds University group have given continual attention to the principle of retention of net profit. The majority of the retail outlets connected with the group are, compared with societies of a similar size, amongst the best in the country. I believe the Wednesday afternoon sessions have made a distinctive contribution to that.

But it is in the analysis and importance which the group has stressed in profit return on capital employed and the maximum retention of such profit for the future growth of their societies which has had such a profound influence on their individual attitudes and their commitment to the future. It is not without significance that the 1974 Co-operative Union statistics show that Region 2 - comprising mainly societies whose senior officials have attended the Leeds University group - has a total share capital liability of £3 million, general reserves of £7 million and an annual turnover approaching £50 million. Such a base, with the revitalising of many more other independent retail societies, bodes well for the future; most of the statistics emanating from the Co-operative Union, related to national retail performance, during the past few months do indicate quite clearly that the decline of the Co-operatives has been halted and that in the fourth quarter of the twentieth century the revival of the influence of retail Co-operative societies on the consumer could be far more beneficial than ever before.

It would be extremely practical and advantageous for the future of the Movement if the Society for Co-operative Studies could continue to encourage informal regular (with emphasis on informal and regular) meetings of academics and intellectuals with professional managers and lay Directors.