

Member Participation in Retail Societies

1. PRIVILEGE OR RESPONSIBILITY?

by

R.A. LEE

(Chief Executive Officer, Co-operative Retail Services)

For a Chief Executive Officer to wish to encourage member participation may to many seem like a Member of Parliament advocating the abolition of Parliamentary privilege! But, managing a Co-operative Society is about accountability to its members, whose assessment of success is more varied and universal than our counterparts in private enterprise might expect from their principal shareholders. His is a special responsibility, fraught with potential conflicts and diversions from the urgent task of successfully managing a large trading organisation. Faced with all that, it would be easy for a Chief Executive Officer to become cynical about his role in encouraging member participation. However, any good manager should welcome and enjoy challenge and accept conflict as a process by which individual views can be harmonised for the common good. Our challenge must be to create a Movement that is successful, both in the market place, because it meets the needs of its members (and customers), and because they have been involved in achieving that objective.

Commitment from the Top

Commitment for member participation must come from the top - the Board of Directors - and should form one of the central policies for successful management in a Co-operative Society. All too often, the practice of elect-

ing a separate Member Relations Committee provides an opportunity for Boards and senior management to abdicate their responsibility for member participation. In C.R.S., although there are a number of Regional Member Relations Committees, the ultimate responsibility rests with the Board of Directors, through its Member Participation Sub-Committee. Similarly, Member Relations Officers are responsible directly to their respective Regional General Managers. Hence, the Regional General Managers have a regular involvement in the Member Relations function.

If a job is to be done, it should be done well. Poor standards are the enemy of good trading performance and member involvement. It is all too easy in the struggle for higher trading standards, to overlook the poor image that can be presented by an Education or Member Relations department that, for various reasons, may fail to reach the required standards. Often, this is due to the lack of a specialist professional official - an appointment essential in any Society possessing a genuine desire to involve its members. Encouraging member participation is no easy task, and although, in C.R.S., we might boast determination, it would be misleading to suggest that we have found the solution.

Reasons for Low Participation

Let us look at some of the possible reasons for the low level of participation in the Co-operative Movement. I hinted earlier that poor trading standards played a part, and would pose the question, "Who would wish to become involved in a Society whose image is poor?" This is a matter which has been redressed in C.R.S., but that claim cannot be made for all Societies.

The creation of larger Societies has resulted in a loss of local identity, but, as we all know, regionalisation is essential to achieve the economy of scale and management standards needed, if we are to be competitive. This loss of identity has been accompanied by a reduction in the number of opportunities for members to participate, and the concentration of existing committee members into fewer committees has resulted in a high age profile, which, in turn, deters younger members from taking part. All too frequently, we call upon the Movement to face up to this situation, but, really, the only effective solution is for each Society to take action on its own account.

Participation will not come about unless members can see some relevance in taking part. In the past, this relevance stemmed from the fact that each Co-operative Society had a close relationship with its local community, and was seen as caring about consumers in the widest sense. Part of our effort to encourage member involvement must be to rebuild that relationship.

The role of staff in building this relationship should not be underestimated. To most customers, the Co-op. is its staff, and it is clearly the responsibility of management to ensure that they are fully informed about the social purpose of the Co-operative Movement.

It may seem obvious to remark that participation will only come about if we have an informed membership, but it is here that Societies can take some practical action. In C.R.S., we have produced information booklets, video tapes and a quarterly newspaper, all intended to

ensure that members, staff and customers are kept informed about what is going on. The task of publicising ourselves is enormous, and our efforts are often more effectively employed by defining the individuals and groups who are most likely to respond to our approach.

In this brief article, I have deliberately restricted my comments to the general approach and attitude to member involvement, but must stress that success can only come as a result of a clear policy by the Board of Directors, high standards and a determined and planned approach.

2. ASSESSING OUR RECORD?

by

SYDNEY STOTT

(Chief Executive Officer, Leeds Co-operative
Society)

In commencing this piece I trust that the broad geographical spread of my working life is duly noted, because this may reduce the risk of anyone wrongly identifying areas from which experience is selected.

In dealing with this subject I will adopt headings of:

The Myth
The Negative Side of Reality
Should we be Surprised?
Is All Participation Now Dead?

A Paradoxical Sign
of Progress
The Positive Side
of the Reality
Conclusions

The Myth

There is widespread belief, (more widespread

geographically than numerically) that there exists a bubbling, pulsating desire by lay members to penetrate the local and national decision making bodies of "The Movement" but that this is thwarted by lack of opportunity, or officials, or other 'dead hands' from above.

In extreme cases there is a vision of Utopia as a thriving Movement controlled by a vibrant Congress in semi-permanent session, filled with eager delegates arrived hot foot from their own matching local society assemblies.

The sincerity of people who hold these views is not in question in the slightest degree by myself and, in fact, I am one of many who regret that the gap between the myth and reality is widening rather than narrowing.

Looking at the overall Movement, even now there are about 207 separate Societies, or CRS Regional Committees; plus still many Education Committees, Women's Guilds, Co-op Party branches, Woodcraft Folk etc. providing opportunity for elected members to permeate through Regional Group Councils and Sectional Boards to the ultimate 'pinnacles of power', the Central Executive, and the CWS Board which latter unquestionably deploys vast economic resources by any standards.

All these organisations have democratic structures and in fact would not continue to receive legal sanction unless they did.

How actually are these channels used?

Do they give the impression of throbbing, active dynamism and life?

The Negative Side of the Reality

Local Democracy i.e. Boards and CRS Regional

Committees. It is not at all uncommon to have unopposed elections or even vacant seats. This fact is masked to a considerable extent by absence of age limits in many societies otherwise this nakedness would be further exposed.

Education Committees. Without doing a thorough survey I suspect that unopposed elections are now the rule rather than the exception, and that vacant seats are commonplace.

Regional Democracy. In the 1981 Sectional Board elections reported in June this year, there were 87 places for retail Society nominees. Of these only 16 places were filled by contested elections and in total there were only 6 (six) unsuccessful candidates in the whole of Britain.

National Democracy-----CWS Board. Without doubt this is the repository of the real power of our Movement. The Co-op. Bank and the CIS are indeed wholly owned subsidiaries, and the CWS Board nominate 8 of the 19 members of the Co-op Union Central Executive.

In theory, therefore, one would expect a real 'clash of antlers' for membership of the elected CWS Board of 35 members. In fact it is now 8 years since there was any contest for a CWS Board seat in the Northern Section, and following the 1981 elections there is in fact an unfilled vacant seat there due to lack of nominations. Similarly, it is 5 years since there was a contest for any of the Scottish seats on the CWS Board.

Congress. Does this 'Parliament of the Movement' give any contrary evidence?

A look at the published 'Proceedings' would show declining delegations and a very modest number of contributions from the floor. No delegate

desirous of speaking has any difficulty of opportunity.

In fact it would not be a gross exaggeration to say that attempts to prolong the business have seemed to be an almost blatant attempt to perpetuate the myth and avoid looking at the reality.

Education Convention. From the published report one can only sense a similar situation.

Should we be Surprised?

The Gaitskell Independent Commission reported the decline in 1958, when it said "Less than 1% of members on average now attend business meetings----". An up to date figure would divide that by 10 at least.

Probably we are only surprised if we are old enough to have been involved when the reality was somewhat different, even if it never lived up to the myth.

It is not too foreign to quote organisations which have some similarity with Co-operative Societies. I refer to the Building Societies and other mass organisations e.g. AA and RAC. None of these are profit-making capitalist commercial bodies. They all have millions of people using their particular services not just as customers but as members/shareholders. These are genuine, alive, very strong mass organisations which are not in any sense in decline. They are owned by their members, but all the evidence would indicate that member participation, other than use of services, is NIL.

Is All Participation Now Dead?

Supporting evidence for such a supposition might be derived from the declining interest in

local or national Government elections, trade unions, churches and political party branches.

Nevertheless, I would submit that people in total are now participating in their local organisations probably as much, if not more than ever before.

The real difference may not be in the level of participation at all.

It may be in the type of organisation they are participating in.

There is plenty of evidence that people are participating in all kinds of organisations. I quote for example, Conservation Groups; CND; Bird Watchers; Caravan Clubs; Women's Lib; Squash Clubs; Health & Fitness groups; Campaign for Real Ale; Dog Shows; Holiday Clubs; Pensioners Associations; Gingerbread Groups; Supporters Clubs etc., etc.

One may rightly feel that these are not in the mainstream of society, but they do offer ample evidence of willingness to participate.

100 years ago people were anxious to participate in the things very near to them and causing them acute concern. These causes of concern included their ability to buy unadulterated goods at fair prices, improve their social environment and methods of government. They also participated in organisations as a source of information but their sources of information are now immediate on television and radio.

The evidence of non-participation in many of the older forms of organisations and the evident participation in newer ones may simply be part of the same human trait, that is, a desire to participate in what is exercising ones current interest.

A Paradoxical Sign of Progress?

Is this paradoxically a sign of progress? On the above evidence it would almost seem to be that the basic platform of standard of life is now tolerated by vast numbers of people. They clearly do not wish to participate in large numbers in changing it, either through Co-operative or political forms of organisation.

On this evidence only an unlikely marked change would re-awaken that desire to participation in those things. The participation is now obviously more geared to leisure activities because so much of basic living standards are taken for granted.

Progress in living standards clearly produces many unforeseen changes, one of which is a decline in the desire to participate in seeking further change.

The Positive Side of the Reality

It is a fundamental feature of Co-operative organisation that democratic control applies. This is enshrined in all Rule Books and protected by the law.

However much or little the power is exercised at any level, there is no question that it exists. Society elected Boards, in all sizes of Societies carry out in different ways the main seven functions defined by the Gaitskell Commission, viz. Selection of Chief Officials; policy on prices, reserves and dividend; rate of interest on capital; capital expenditure approval; financial policy; scrutiny of trade reports; and liaison with the membership.

The above must amount to full participation in controlling the business.

It is the BIG authority but also the BIG responsibility.

It is not always what is thought of by many advocates of more participation. They in fact, if their views were put into effect would devalue real participation in running the business and substitute an opportunity to let steam off, or attend more semi-social gatherings. Enjoyable to many members as these hopefully are, they are not participation in the ownership and control of Co-operatively owned business.

The positive reality is still very tangible. In 1980 the retail Co-operative societies in this country enjoyed support to the tune of £3,900 million retail sales, and deploying assets with book value in excess of £700 million. Jointly these societies own the CWS; CIS; the Co-op Bank and the Co-op College among other things.

This whole pyramid is in fact controlled by elected boards from society membership lists which take no account whatever of racial, religious or political differences.

We in my opinion are quite wrong to keep looking for lesser things which are not there, than larger things which are so large we are apt to miss them.

Conclusions

I believe that cynicism about Boards and members is misplaced in being spoken of as a phenomenon of Co-operative societies. Any close reading of the serious Press for one month would usually illustrate that supposedly 'Co-operative' defects are indeed very widespread.

Examples are not hard to find in any organisations where elected 'lay' representatives are in statutory relationships with 'professionals'. For instance, local government and its officers; national governments (any) and civil servants; football club boards in relation to managers; the military in relation to politicians; juries in relation to professional policemen; shareholders in relation to their Boards; hospital authorities in relation to their medical staff.

In other words other forms of organisation with the same problem to solve are likely to do it no better and often do it much less well.

It is also easy to forget that we are personally, at best, professionals in only one sphere and 'lay' people in many others. Once any 'professional' in any sphere steps outside 'his door' he is a 'lay' person; a 'punter', a member of 'Joe public' - - - and is apt to act very much like the 'lay' people he views across his professional desk.

Causes of dissatisfaction with the degree or purpose of member participation seem to me to arise from different quarters, due to not really accepting the principle of democratic control; or wrong expectations; or confusion of participation in controlling the business with auxiliary matters very relevant for goodwill and member relationships, but not fundamental forms of participation.

To hanker unduly after 'village democracy' is to ignore the heights to which actual co-operative democracy has reached in Great Britain.

I believe our Movement has many fundamental problems to be resolved and that solutions will never match highest hopes but neither will they prove as bad as is feared.

To go on doing a worthwhile practical job is not an inconsiderable achievement.

It is certainly one which might be viewed enviously from the tombstones of many famous organisations now dead.

3. MEMBER PARTICIPATION LOCALLY

by

S.J. WALLACE

(Chief Executive Officer, Oxford and Swindon Society)

In general terms, the question of member participation, or lack of it, is a continuing problem within the Movement, and I have no doubt many Chief Executive Officers and Member Relations Officers face a regular enquiry into ways and means of improving such participation.

It must be remembered, however, that whilst many of our Directors yearn for the old days of active member participation, the social and economic reasons for this activity have changed drastically. We no longer have the same need to educate our members on the basis that the working class were denied educational opportunities, as was the case in the late eighteen hundreds and early nineteen hundreds. Education as such is available in today's society, to all levels of the community and, therefore, the active member of a few decades ago has found other avenues of social intercourse, without the necessity to fight the workers' battle in this sphere.

It certainly appears, unfortunate though this may be, that the prime movers on behalf of an active membership are almost exclusively in the

groups attached to a Society's official organisations, i.e. Board, Education Committee, Co-operative Party, Guilds and Auxilliaries. In effect, we are preaching to the converted and to my knowledge no Society has successfully answered the democratic call which was prevalent in the 1920's etc.

In the last few years, all events that loosely come under the heading of advertising, had a strong member content, whether this be Fashion Shows, Store Openings or the like. We have had Theatre Shows at discounted prices, and even a 'Ken Dodd Show' arranged specially for our members and shoppers at a cost basis, with seats at a much reduced price than a normal variety show of that quality.

Benefits for members?

Early last year, on the concept that if one belongs to a club, then one derives some benefit, i.e. Working Men's, Tennis, Golf Clubs etc., usually in a cost reduction of the drinks or facilities offered, a promotion was mounted whereby after a certain amount of trade, qualifying for a Dividend Sticker, a card was completed by the customer with their name, address and share number, and they received a free full book of Dividend Stamps.

This formed the basis of a Mailing List. It is worthwhile pointing out that of the cards completed, almost half did not insert their share number. It also - as an aside - formed the basis of an up-date of our share records.

Thus, in July of last year, we were able to post to over 20,000 members, a special Members' Sales Brochure, of top quality production and it

was well received, but one cannot say it was highly successful as a sales-getter. What was seen was that shoppers in our Departmental Stores had the brochures with them and inevitably, being the Co-op, we had letters complaining that, as members, people had not received their brochures.

We always mount an October promotion and for this, too, a brochure was posted to the members on our mailing list - now whittled down to just under 17,000 by the computer run eliminating the duplication of names. This was better received by the inclusion of some grocery line vouchers, but can best be described as an excellent Co-op. publicity package, but not a major sales stimulus. Yet we felt that shoppers were more aware that the Co-op was alive and attempting to match the competition. In our January 1981 Balance Sheet, the Directors allocated the sum of £30,000 as Members' Benefits, and this is used to meet the cost of the extra stamps, money-off vouchers etc., and as such does not affect the gross that managers demand - it therefore becomes an easy sales force for them to accept.

In May of this year, we again put together a members' package, and this has had the best response so far, and the final redemption figures have still to be assessed. The cash vouchers, interest free, extra stamps, have all been well used and one can only say that in the depressed state of the market we have done well - admittedly, this may be just that our prices are right, or our shops are in every neighbourhood.

We shall attempt a further mailing shot again in October - the format is still to be decided - but obviously it has to be used as a sales gatherer.

Action for the Future?

Can we do more in 1981? Can we afford not to try and bring Co-op membership into the '80's?

What is obvious so far, is that anything that is free is gladly taken up; anything that is easy is also taken up. In our News Sheet, we mentioned 'Golden Membership' and this has brought several hundred letters asking to go on the list, or complaining that they were missed, and even members who joined but a few years ago are 'trying it on' it seems, to get the free gift. Perhaps that is the way of society in general, so how does one do anything without it being abused? However, we shall continue in our efforts a little longer, yet must emphasise that we must remain strong in our trading operation, otherwise we cannot afford such benefits or the cost involved in arranging them. It is not a cheap operation and reaches only about $\frac{1}{7}$ of our membership. What happened to the others - don't they want something extra, or a bargain?

In conclusion, I very much doubt that we have economically justified the activity we have attempted to create in our own organisation. At worst we have discovered something we have always known, that if we give away something for nothing, we get a response. At best, we believe the Society's image has certainly not deteriorated in the light of this activity, but I do not believe that the responses we have had come from any particular conviction as desired by our social principles and democratic participation, but rather a response in terms of the attractions to the membership in the trading sense.

The question to be asked is, therefore, do the majority of members wish to participate in the

form of meetings, discussions etc., and if not, should our efforts be concentrated on providing membership with opportunities they have no desire to take up and which may well be pursued purely on the basis of our own social conscience, or can a formula be found which makes the efforts of any Society more worthwhile?

Note on the Authors

R.A. LEE: Chief Executive officer since 1971 of C.R.S. which has grown in turnover since then from £11M p.a. to £850M this year; this includes figures for former London Society which joined C.R.S. in February 1981; F.C.C.A., F.C.I.S. and C.B.I.M.

SYDNEY STOTT: Chief Executive Officer of Leeds Society; began his Co-operative service in 1935 - one of two grocery boys selected from 100 applicants; has held general management appointments in Liverpool, S.C.W.S. and for C.R.S. in South Wales and Birkenhead; has served on Sectional Boards, C.W.S. Board, Central Executive and Blackburn Borough Council.

S.J. WALLACE: Has been Chief Executive Officer of Oxford and Swindon Society for 11 years; before that was Executive Officer of Scottish C.R.S. and Managing Secretary of Kilmarnock and Broxburn Societies.