

Agricultural Co-operation in the U.K.

ORGANISATION OF A LARGE SOCIETY

EASTERN COUNTIES FARMERS LTD

by

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An agricultural Co-operative society fundamentally consists of its members. Jointly these members own a business which has been developed to provide services consistent and complementary with their own businesses.

As the size of the created business grows, so does the need to provide a structure whereby its members maintain the feeling that the business is still theirs, and equally that they have control over its direction and running. This then calls for the setting up of an organisational structure which gives its members a democratic pathway to representation on the board.

At the same time there will of course be an organisation structure on the executive side efficiently to run the society for its members. It should ideally be sufficiently flexible to link in with the membership structure.

The way ECF has approached this is described below.

Membership Organisation

The vast majority of members are actively farming, and the policy has been to maintain

this by repayment of shares to retired farmers combined with a repayment programme to non-farmers many of whom have inherited shares. The active farmer members are in excess of 5000 in an area from the Wash to the Thames.

Local Committees

The total membership has been sub-divided into nine geographical areas, and each area elects its own local committee, usually consisting of between 15 and 20 members. The committee then elects its own chairman and vice-chairman.

Elections to local committees take place annually at its AGM with formal notices of the meeting being sent to all members residing in the area. Once elected, a member stands for three years before having to seek re-election. Once three terms of three years have been completed the member has to then stand down. He can if he wishes seek re-election after one year. The terms of office of the chairman and vice chairman are determined by the committee, usually being two years.

Local committees meet four times a year at which they receive a report from a main Board director on the progress and developments within the society, together with a report from their local trading branch. It is the responsibility of the local committee member to represent the members in his area and ensure communications are made.

Management Committee

Management committee consists of thirty farmer members elected from within the local

committees. Each local committee is therefore responsible for electing three of its members to management committee, and, as with local committees, a member is elected for three terms of three years each, thereby ensuring a steady, but not too dramatic rotation of representation.

Management Committee meets four times a year and elects its own chairman and vice chairman, who also act in the same capacity on the main board. It is also responsible for electing any other farmer members to the board from within its own ranks, as well as the appointment of any executive members.

All major policy changes have to be approved by management committee, and it also makes the decisions on the distribution of profits which are recommended to the Annual General Meeting.

The Board

The board is responsible for formulating and implementing policy. For this reason it consists of both non-executive farmer directors and executive directors with equal voting rights. Since the executive directors cannot be greater in number than non-executive directors, and the chairman is a farmer, the ultimate control always lies with the farmer member.

It is however important that executive directors have an equal voice in the determination of policy, for it is they who will have to subsequently ensure its implementation. It would be highly undesirable to have a non-executive board approve policy which could not be practically implemented by executive staff.

Executive Organisation

The business of the Society is divided into four operating divisions, each of which has its own divisional board and is net profit responsible. These are:-

1. Crop Services - responsible for all aspects relating to the arable farmer, i.e. fertiliser, seed, spray chemicals, grain marketing, pulses etc.
2. Livestock Services - servicing the needs of the livestock producer i.e. producing and selling animal feed, providing animal health products and a comprehensive livestock marketing service.
3. Food Products Division with a bacon factory which adds value to members pigs and markets to the retail food chain.
4. Machinery Division - with thirteen branches supplying and servicing the machinery requirements of the members together with a fuel oil distribution.

Each Division has a Divisional board with an equal number of farmer non-executive and executive directors. The non-executive directors must be members of local committees, and all directors are appointments made by the group board. The chairman is always non-executive, and the managing director executive, and in each case are always members of the group board.

The structure within each of the Divisions varies with the various services provided but the line management for each sector is straight

through to the relevant executive director on the Divisional board.

In order to provide a close link with the local committees, the local branch manager plays an additional role in the co-ordination of local committee activities and always attends their meetings. A good relationship between the local committee and branch is a necessary prerequisite to furthering membership involvement and commitment.

Matching Objective and Organisation

This type of organisation provides a high level of communications between members, the board and executives at all levels. The local identity and involvement is maintained through the local committees again ensuring that the differing needs of members in all areas are brought to the direct attention of the board. The active involvement of farmer members in commercial policy formation at divisional boards is unique and provides a very high standard of debate.

This organisation provides the backbone to the society objective i.e. To provide a continuing independent force strong enough to exert an influence on the market for the benefit of, and within the control of its trading farmer members.

The society is controlled by its members. Every member is entitled to vote in the election of local committee members. Local committees elect the Management Committee, the controlling body of the society, which in turn appoints the board of directors.

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