

A Future for Consumer Co-operation
in Britain?

THE CHALLENGE AND THE UNION RESPONSE

by

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Have we a future? The question is posed of our retail consumer Co-operatives, which have as was stated on page 5 of Bulletin 45, "influenced the course of retailing and the defence of the consumer for almost 140 years".

There may be difficulty in giving a precise answer to that question "it all depends on what you mean by ..."! but one can be certain that the decline in our futures, in a collective sense, has sunk to a level where distinct doubts begin to appear.

The Need for Larger Business Units -

The Co-operative Union has been preaching to its member societies of the need to create larger business units since the Independent Commission reported and that will soon be approaching 25 years ago. The arguments for such rationalisation were well presented in that report and perhaps it should be required reading for all society board members and officials. The Amalgamation Survey, which followed quickly upon the heels of that report was the Union's 'first' plan and others followed - Regional Plan 1 in 1968 and Regional Plan 2 in 1974. Yes - we have seen a very considerable process of amalgamation of societies over that period - but all or almost all brought about by economic

pressures and not because societies accepted the arguments and acted upon them. Indeed, they accepted the arguments by voting at Congress, and then went away and took no action. "Merger is fine for everyone else, but not for us - we can continue as we are for some time yet."

A study of merger statistics within the Movement over the past two decades shows a very clear correlation between periods of economic decline and an increase in the number of societies linking with their neighbours. The tragedy for the Movement collectively is that the worst time for any society to "pick up its neighbour's pieces" is when the economy is in one of its downward swings. When the pendulum is moving in the other direction self-interest becomes even more apparent!!

Societies Fit to Survive - and the Conditions

Today we are still in a period of economic decline, distribution as a whole is under extreme pressure and is recording the highest number of business 'deaths' across the commercial sector. Our Movement is not immune and inevitably only the fittest will survive. Fortunately, some of our number, albeit very few, are remarkably fit, and have shown and, indeed, are showing that it is possible to make progress even in difficult times. Why?

In my view there are two very clear reasons

1. Good management
2. A willingness to change

The two factors are inevitably linked and related, for good management is constantly alive to the needs not only of today, but of tomorrow. That kind of awareness sees the need to adapt,

to be continually one step ahead. The greatest failing of our consumer Co-operatives in recent years has been an unwillingness to change, and there are probably many reasons for that, not all of which are purely related to the business aspect of our organisations.

There are few if any signs at present of our Movement's business fortunes being reversed. Today we proudly claim we are the nations largest retailer - but we are unlikely to be able to make such a claim at the end of this decade, unless we act now. The efforts of the Co-operative Union to have this message understood are it would appear beginning to have some impact. The Movement has on occasion in the past shown itself as being capable of taking significant decisions. Today it needs to bury its internal dissensions, close ranks, and bring together its most efficient operators for the benefit - and indeed the future of the whole Movement. Despite the fact that we are a Movement - and possess what are probably the best communications at a personal level across the whole country - we still prefer not to co-operate with each other.

Efficiency a Priority

Structural changes are almost certainly necessary, but of themselves they will mean nothing. Thoroughly professional standards of retailing, and a much higher level of efficiency must be a top priority for all societies - not just a few. All must emulate the best, and the best must set their sights on even higher standards. We shall have to close many more of our shops and stores, but those that remain, and the new ones that must be built, **MUST** set the highest standards if the 'Coop' is to remain a force in this country's retailing scene.

The objective of 25 regional societies within 2 years will set the pace for the Union's activities in the immediate future - and considerable efforts will be made to encourage progress in this direction. The emphasis will be on the need to change, and to change rapidly. No organisation can afford to stand still at the best of times - and the times are far from the best at the moment.

Action by the Co-operative Union?

What steps are the Co-operative Union taking to move matters in this direction? Even prior to last Congress plans were laid for the Congress proposal to be pursued vigorously in anticipation that it would become a resolution with substantial support. That proved to be the case and very soon in June 1982 a whole series of visits commenced in an effort to persuade the boards and senior management of all member retail societies of the seriousness and intent behind its wording. Not only were the broad arguments for regionalisation put forward in those meetings but also an indication was given of where the Co-operative Union saw each society fitting into a new pattern. This was not an attempt to draw the lines of a third regional plan, indeed this approach was steered away from quite deliberately. Some of the regionalisation measures were obvious, others were not, but in every case efforts were made to indicate how the Co-operative Union saw mergers between societies developing.

In the last six months there have been a substantial number of mergers and at the present time there are some 20 or so at various stages of discussion or awaiting members meetings or approved but where the effective date is still a few weeks away. It is anticipated that further merger talks will be initiated in the coming weeks.

The visits to societies was only a first stage and in the coming months the Co-operative Union will be giving an even higher degree of priority to achieving the objectives set out in the Congress resolution.

The Union itself cannot act quite so directly in relation to retailing standards, although it has drawn attention to minimum requirements over a long period of time. The need for setting such standards have been emphasised and a special Gazette on the subject was published last year. The remedy, however, is very much in the hands of societies themselves who can see from their own observations of their competitors just what standards can be achieved with thought and effort. But we need to do more and this should feature in our future work on behalf of our member societies.

Yes, we have a future, providing that we do not leave it too late!

Note of the author: LLOYD WILKINSON has been Chief Executive Officer and General Secretary of the Co-operative Union since November 1974. Commenced employment in the retail Movement after leaving school and won scholarships to the Co-operative College where he gained his Co-operative Secretaries Diploma. Subsequently qualified as a Chartered Secretary and joined the staff of the Co-operative Union in 1961 becoming head of the Research Department. Other responsibilities include membership of the EDC for Distribution, Chairmanship of Euro-Coop and recent election to the Executive Committee of the International Co-operative Alliance.