

Co-operation: The Beautiful Idea, Including a Change Agenda for Co-operatives and Mutuals

by Edgar Parnell

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Reviewed by Jim Craigen

Timing matters and with The Big Society on stage as an example of Government by gimmick it is important to understand what co-operatives and mutuals do; and what they are not. Edgar Parnell has produced a thought-provoking 80-page guide on co-operative and mutual enterprises based on his experiences and observations as a former Chief Executive of the Plunkett Foundation and in other roles. Clarity of content helps the bemused and even those who think they know.

Co-operatives he reminds us are human organisations and synergy in action. They appeal to ordinary folk but are not easy options. Co-operation is the extension of individualism with common purpose; not corporatism. And CMEs exist to benefit members. Charity the author warns begins at home and co-operators ought not to indulge. This reminded me of an older boardroom colleague when I was a young director of a large retail society telling me we did not give donations because for one charity it pleased: ten would feel slighted!

Taxpayers know the cost of saving banks from bankruptcy in the private sector and our public sector is only as good as the way it is managed. Defence cost overruns and mishandled contracts are the latest examples of misuse of money when proper management is lacking.

The Principles of the Rochdale Pioneers and International Co-operative Alliance Statement on the Co-operative Identity are listed. CLEVER is acronym used by Parnell to examine the building blocks in Co-operation:

- C covers seven Cs in Co-operation from common purpose to co-operation between co-operators.
- L for Leadership.
- E for Equivalence and equal treatment.
- V for Voluntary and open membership.

E for Ethical standards.

R for Rules applied fairly, firmly and consistently.

Parnell considers scale of operation - a subject often ignored. As CMEs expand in membership and complexity their purpose and practice can change with members marginalised as the role of executives and managers grows. The pamphlet is a salutary warning for co-operatives getting too big for their boots and losing sight of co-operative objectives. Konsum may no longer ring bells for it was 1995 when Austria's retail co-operative or Red Giant went bankrupt. At the ICA Manchester Research Conference that year I recall a lecture by an Austrian in the know concerning its demise. A quarter of the population were co-operative members before mergers created their single society and its management, concentrating on market share, became blind to the members.

The UK CMEs are a £100 billion sector with many societies making a big society. Chapter 8 on Co-operative Financing raises basic issues co-operators must address more and in depth. Equities are bought or sold. Co-operative share capital is withdrawable. Finance must be paid for and failure too. Readers are reminded of the rush on share capital after the Millom Co-operative collapse in 1969. The more one thinks about the Rochdale Pioneers the braver they look. It was their hard earned money and share capital which opened Toad Lane with no compensation scheme or taxpayers' cash to the ready had they failed.

This co-operative ready-reckoner has an extended contents list to its nine chapters. The book's title *The Beautiful Idea* implies that co-operation is to be cherished, but Edgar Parnell does us a favour by reminding us that co-operatives must be also hard-nosed in going about their business.

The Reviewer

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