

International Cooperative Alliance

20th June 1973.

14TH INTERNATIONAL CO-OPERATIVE SEMINAR, BY S.C.C. SWEDEN.

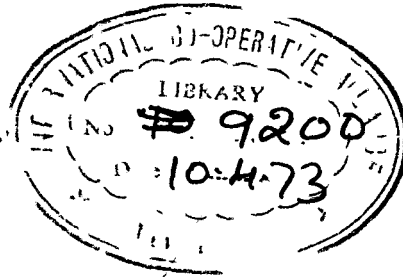
HELD AT STOCKHOLM (SWEDEN) SEPTEMBER 4 to NOVEMBER 25, 1972.

	<u>PAGE NO.</u>
1. What are the Functions of An Internal Auditor of A Consumer Co-operative Society? by Ram Kawal Rai (Singapore)	1 - 13
2. Warehouse, System of Centralized Buying, Storing, Packing and Transportation, by Abdul A'la (Indonesia)	14 - 20
3. How Is the Pricing Policy Carried Out in the Consumer Co-op Society of Your Field Studies?, by Buchari Alma (Indonesia)	21 - 27
4. The Organization of Member Education in the Consumer Co-operative Society, by A.R. Kastura (Mrs) (Indonesia)	28 - 31
5. Explain the Different Stages of Development During the Establishment Period of A Consumer Co-op Shop, From Feasibility Study to Opening Day, by Muhlan Nasrie (Indonesia).	32 - 39
6. The Different Stages of Development During the Establishment Period of A Consumer Co-operative Shop, From Feasibility Study to Opening Day, by Ling Diung-Sing (Malaysia).	40 - 47
7. How Does The Consumer Co-op Society Organize Its Public Relation Activities? by Abu Bakar Bin Othman, (Malaysia).	48 - 56
8. How Is the Pricing Policy Carried Out in the Consumer Co-op Society of Your Field Studies?, by Moh Din Jusoh (Malaysia)	57 - 62
9. Warehouse, System of Centralized Buying, Storing, Packing and Transportation, by Ang Thoon Hoek (Malaysia).	63 - 69.

MK

1972 11 17

14th International Co-operative Seminar
September 4 - November 25, 1972



INDIVIDUAL REPORT BY MR RAM KAWAL RAI, SINGAPORE

334:658.7(063)
(485) SWE

WHAT ARE THE FUNCTIONS OF AN INTERNAL AUDITOR OF
A CONSUMER CO-OPERATIVE SOCIETY?

Every enterprise has its aim and objects. As such, consumer co-operative has also its goal. In order to find out progressive result it is necessary to have accounting system. Audit plays an important role to make sure that the account has been kept properly and systematically. It also gives advice time to time for betterment of the operation of society and to develop its branches in other developing area. This report does not contain all the principle of auditing because it differs from place to place such as single or double entry book keeping and are enterprise to other enterprise like banking, insurance and production etc. It is most important to describe the background of consumer cooperative in Sweden before proceeding to the subject of internal audit of the Consumer Cooperative Society. Consumer Cooperative movement came in picture about year 1850 in Sweden, but it could not gain the ground. Kooperativa Förbundet (the Consumer Cooperative Union and Wholesale Society) was established. There are many retail society in operation, which were not in successful position, in order to increase efficiency and economical position amalgamation of societies took place.

In this subject K.F. Audit Department played a great role, together with help of other department of K.F. Though the societies are legally independent but their central organisation KF has influence over the development of the whole consumer cooperative movement.

According to society Act it is not compulsory to have a chartered accountant for the annual audit of the account of consumer cooperative, as such KF has organized its own audit system for all affiliated societies and they have to use the services of these audit. The cost of auditing the account are paid by the societies.

There are Lay Auditors and Internal Auditors in each society. Lay Auditors elected by district delegates at its general assembly. The tasks of Lay Auditors are to scrutinize the account of society and report to the member of board and audit department

.... /

of KF. It is the duty of Lay Auditors to report serious matter to KF Auditor without informing General Manager and member of Board of the society.

Internal audit dept, in society is responsible to General Manager, but they can deal direct to the audit dept, of KF on serious matter or the subject concerning General Manager or member of Board. Though those persons in charge of this Internal Audit Dept. have formel education seldom exceeding elementary school, but they have been in movement quite a number of years servicing in other department. They have been cooperative college for short-term theoretical course, having a good ground of practical training in the work. In order to fill the vacancies in this department the good background and capability of individuals are considered and also observed. Whether those individuals have a detailed knowledge of the movement. Although these people are not chartered accountant, but they have been given proper training in account, cost control budget and related field including the use of these instruments in the consumer cooperative society. This department plays a major role in order to protect the society financially.

Konsum Dalarna, where I am attached for my field study has 52.547 members (detail see appendix "A"). It is sixth biggest society in Sweden. There are ninety-nine units of retail outlet operating in this society.

75	Food Shop (Konsum)
5	Super Markets (Domus)
7	Department Stores (Domus)
7	Restaurant (attached to Dept. Stores)
2	Special Stores (building material, furniture and hardware)
3	Mobil Shop
<u>99</u>	

This society has been divided in 16 district and total turnover of the society was 278.5 million Skr in 1971 and budgeted 290 million Skr for year 1972. Each district elects a number of delegates for general assembly according to their membership. There are 140 delegates in society from all the district. General Assembly meets twice a year in order to elect election committee, members of Board, Lay Auditors and discuss other business of society such as progress report and annual statement of account. The Board consists of 15 persons, 14 persons elected by General Assembly and one person employed by society as a General Manager. General Manager has a voting right in Board. Board is responsible for the affairs of society as whole and General Manager takes care off day to day business of society.

Audit department of society comes direct under the control of General Manager of the society (refer appendix "A" for parliamentary organisation of Konsum Dalarna). Chief Auditor is responsible for this section and he has two persons to assist him for all the

audit works. One of his assistant is responsible for auditing the shop (Konsum and Domus) who visits all the shops regularly without informing the shop manager. As there are 99 units in the society, he may not be able to cover all, therefore it becomes necessary to chief auditor to visit some of the society himself. Another of his assistant takes care of the auditing of society's office work, such as receiving of documents from various shops, salary and allowances etc. Both assistant are responsible to chief auditor. Chief auditor and his two assistants have a job description same as other employees of the society including General Manager, (Refer appendix "B" for Job description of Internal auditors).

Most of the forms used by shops as well as society are standard for their activities, so that all the information pertaining shops and society can be gathered and checked without any difficulties. These forms have been designed by KF Audit department of the society received all information from various department and they also get the copies of the minute of all the board meetings including information regarding policy matter, new project and other important affairs enable them to carry out their work effective.

Members have two types of account in society 1) share capital 2) saving. They can also deposit their money in saving account, short term fixed deposit, longterm fixed deposit on various rate of interest in KF account, share capital paid equal sum by all members according the by-laws of society. It is also possible to start share capital from dividend. Society has designed a special type of envelope for member to claim their dividend at the end of financial year. They can claim the dividend on the purchase which they have done in the Konsum or Domus of other society. When they send the purchase receipt in envelope, they have to write all the details on the envelope in order to prevent errors. If they do not wish to collect their dividend after sending the purchase receipt, the amount will be transferred to their saving account, carrying 1 % extra interest than prevailing bankrate.

Dividend paid to members on the purchase of goods from other societies will be adjusted among societies through KF.

Audit of shops (KONSUM & DOMUS)

Auditors visits the shop without giving any information to shop manager except on the occasion of stock taking which take place twice during a year. Specific Instruction regarding control of stock, cash, staff, property and other assets of society has been given by KF.

Auditor has to look into various control of shop such as:

- Stock Control
- Cash Control
- Staff Control
- Stock Taking
- Leakage

Maintenance of building and other assets of society, provided the building is not at rental basis miscellaneous.

/and

Stock Control

It is very difficult for an auditor to go through every item in detail in order to know that the shop stock has been controlled properly, but when he visits the shop he has to see the routine work has been carried out according to instruction and his observation will take place following.

- 1) Stock control material are kept properly such as ordering goods forms, invoices and packing lists etc. If packing list is not in position, necessary action has been taken to obtain it. Articles received has been checked according to price, quality and quantity and monthly settlement of account checked and signed by shop manager, in order to sale make more effective it is also necessary to find out the delivery of goods are regular from national ware house, regional ware house and private traders.
- 2) Whether any person specially in charge for receiving and delivery of goods.
- 3) Sales planning and other sales activities have been done according to programme. Price reduction or extra price has been carried out according to advice given by "Lager Centralen".
- 4) Goods returned by customer, properly recorded and signed by shop manager.
- 5) Though there are no much delivery in society, but it is important to see that, if home delivery took place, the charges of such services are paid by customer and it has been done according to instruction.
- 6) Proper record of such goods, which has been taken from other shop while such goods are out of stock in own shop.
- 7) Goods sent to customers in advance has been recorded and the amount of purchase has been rectified and paid to shop.
- 8) Are there any goods lying in shelf which overdue the final sale date.
- 9) Are there any old, outstanding debts and these debts have been reported to society.
- 10) Sufficient security measures are taken regarding cleaning personnel.
- 11) Sale of capital goods are carried out according to instructions, such as TV and refrigerators etc. Goods taken for trial purposes have been noted, such goods are not kept more than five days by customer.
- 12) Goods used by shop or society has been recorded properly with the knowledge of shop manager

.... /

- 13) Personnel purchase are carried out according to instructions.
- 14) Are there goods over stock in storage and there is a need of price reduction.
- 15) Are sale carried out according to budget, if not what is the reason?

Cash Control

Cash has been received by cashiers of shop in exchange of goods must be controlled. Cashier has given cash control forms in order to record all the transaction of cash according to instructions. Auditors has to observe following when he visits the shop:

- 1) Amount given to cashier for the purpose of making change.
- 2) Are there rebate compens, lottery tickets, stamps and present cards in the position of cashier and amount received from the sale of such articles.
- 3) Cash register reading has done according to instructions.
- 4) Amount paid against purchase of fresh goods such as eggs.
- 5) Amount paid against purchase dividend to members.
- 6) Amount received from members for their share capital and for the purpose of saving-account and fixed deposit with KF.
- 7) Amount refunded o return of goods from customers authorized by shop manager.
- 8) Previous difference in cash register against actual cash.
- 9) Daily cash deposited in bank or post office according to instructions.
- 10) Shop manager or any other-employees have private account in shop.
- 11) Cheque received and lodged in bank or post office according to instructions.
- 12) Wrong registry has been rectified in cash register and signed by customers.
- 13) Printing on the cash register receipts are able to read and correctly dated.
- 14) Cash register reading has been done according to instructions by shop manager and reading has been noted and recorded.

.... /

- 15) Reading key kept by shop manager.
- 16) Rebate given to customer on the purchase of same kind of goods in bigger quantity has been recorded in the book and purchase receipt by cashier or given to customer according to instructions.
kept/
- 17) Personnel purchases are recorded in the book according to instruction, the receipt of such purchase are kept by shop and sent to society office at the end of month.
- 18) Purchase receipts left on cashier desk to be tare off, If cashier knows the customer then it can be returned to him (knowing of customer is possible in small shops),
- 19) Cash statement prepared accordingly and sent to society office , on 10th, 20th and 30th or 31st of every month. Difference of 50 öre on per thousand kronor are basically accepted by society.
- 20) Control tape from cash registers sent to society office according to instruction. It is most important document as concern paying tax to government.
- 21) KF issued a type of tickets to shop in order to receive the amount from members in their saving account and fixed deposit. Auditor must check the balance of tickets having in the hand of cashier.
- 22) Auditor will check the actual cash at each cash register in order to find out the main cash difference. He will prepare his report in duplicate, he will give one copy to shop manager and one copy to chief auditor as concern Konsum. In case of Dept. Store (Domus) he will prepare his report in triplicate, he will give one copy to shop manager one copy to chief auditor and one copy to KF auditor.
- 23) Are there any rent due to other organisation who occupied the society premises such as post office, . bank, tourist information and OK etc.

Staff Control

Every shop manager has given Job description for himself as well as for the staff. It is shop manager's duty to keep this document available to auditor, when he visits the shop. Auditor has to see and preparing the report on following:

- 1) Whether work time table has been prepared and followed accordingly.
- 2) Daily work report prepared by shop manager or his assistant.
- 3) Working hours of staff and opening hours of shop are kept according to requirement.
- 4) How often overtime work was given to staff.
- 5) Arrangement of uniform has been done accordingly.
- 6) Staff behaviour to customer are pleasant or not.
- 7) Actual salary of staff followed the budgeted salary.

- 8) Any work in areas or not.
- 9) All the documents sent to society regularly.

Stock taking

It is auditor's duty to organize twice a year for physical stock taking. It is not easy job. According to society by law one of the society member should be present while stock taking take place. Auditor arrange this work in team. There are so many team involved in this work. This also depend upon the size of the shop. Staff prepare the stock taking in shop. As I mentioned above stock taking is a team work, each team consists of two persons, one is caller as a rule an employee and other is writer as a member. Staff count and call the name of article, retail price and quantity in order to write on the list by member. Some times it is possible to have out side people to perform this work in the place of member, but at least one team must have a member. These people who engaged by shop are paid for their services.

Leakage

Society can know the budget leakage, but actual leakage can be established after taking the physical stock. If leakage is too high then auditor has to go in its root to find out the cause. Leakage occurs in shop, by dishonesty of staff, shop lifting by customer, robbery, wastage, shrinkage of goods, damage and wrong pricing. Some times wrong registry in cash register also effect the position of leakage, therefore auditor has to find the way and means to get the reason of such leakage and to remedy it. If it is necessary he will recommend to have physical stocktaking monthly till the leakage reduce to accepted level.

Maintenance of building and other assets control.

It is also auditor duty to find out that there are any damage to building and if required immediate repair. Premises has been maintained properly such as cleaning, lighting etc. Cash register are equipped according to need of shop as well as society. Trollies are in good quantity to give better services to customer weighing machines are correctly adjusted.

Miscellaneous

Key of the shop are kept according to instruction and if there is any change of shop manager, all the lock should be changed. Drug-store item, toxins and alcoholic beverages are ordered, kept and sold according to instructions. If there are any complain from customers, auditor has to find the root of it and he can forward the suggestion in order to remedy it. It is not only auditor duty to find the error, but he should advice to staff for further improvement of the shop.

Audit of society

As it has been stated earlier that one of the auditor work in society office. All the documents send by various shops to be channell through proper department in order to find out the sale strength of the society. Though these documents are checked and scrutinized by office staff, but it is duty of auditor to have a spot check so that he can follow the efficiency of office staff and he will be sure about the statistics of society. Whether

..../

all the forms used by shop is numerical order, if not what happen to missing forms. Dividend on the purchase of staff are checked correctly and staff have given total receipt of purchase in order to claim their dividend. There are any purchase or sale of equipment, such as cash register, weighing machine etc. Salary of staff working in 99 units and office are prepared and paid from the office of society. Staff working in team also paid for their piece work. All the allowances and other remunerations are paid through this office. Auditor has to check these accounts. As there are quite a volume of work, it is difficult for him to go through every item, but he has to do the spot check as concern salary. Payment of allowances and remunerations are done after the approval of departmental head and General Manager for staff as well as department head respectively. General Manager allowances are approved by member of board. Auditor should go through all the signature for the purpose of verification. Auditor has to perform spot check on control tape also. All control tape has a date and numerical order of individual purchase, therefore it is easy to check whether the control tapes are missing or not. He has to check all the invoices according quality, quantity and price. He has to find that the depreciation of office equipment, fixture, furniture, fittings and other assets of society has done according to decision and budget, whether all the shops have followed their sale budget, salary cost budget etc, in order to get the right result. All the amount of dividend which are not paid to members has been transferred to their saving account. Interest on capital and saving account are charged correctly.

Chief auditor received all detail report from both his assistants, he sometimes assists them also. He has to supervise them and advice them time to time. He has to send important report to various department head for their information, action and improvement. He also gives his suggestion pertaining to report. He also submit the report to General manager of society, if it is necessary, he has to see that all the functions of society are carried out according to decision of member of board bearing in mind the by-laws society. If society has to launch the new project in developing area, or to close the old shop. Auditor has to play important role on advisory capacity, he has to check the fact and figures which has been given to him in order to present in board meeting to facilitate the decision, if necessary he has to attend the meetings. He has to scrutinize the allowances which are paid to staff department head, General manager, member of board, lay auditor, and others who may related to society functions. If he finds any irregularity, he has to take this matter to KF auditor without obligation and fear. As he is working under the control of general manager, who may victimize him, but he can be protected by trade union as well as KF auditor. Some times he has to participate in various meeting, such as board meeting and meeting called by general manager and other department head. Internal Auditor has detail instruction. Revision of these instructions must be consulted by internal audit department of society.

It is very important to have an audit department in an organisation like consumer cooperative. Though the accounting system is very advance today, but the audit has given much control in the whole

.... /

process of Consumer Cooperative. Most of things has been mechanized but it has to be operated by human beings. Error, are but natural and these errors can be rectified through the process of audit. It is a great pleasure to submit this report.

KONSUM PARLIMENARY ORGANISATION

- DISTRIC T
- 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - 7
 - 8
 - 9
 - 10
 - 11
 - 12
 - 13
 - 14
 - 15
 - 16

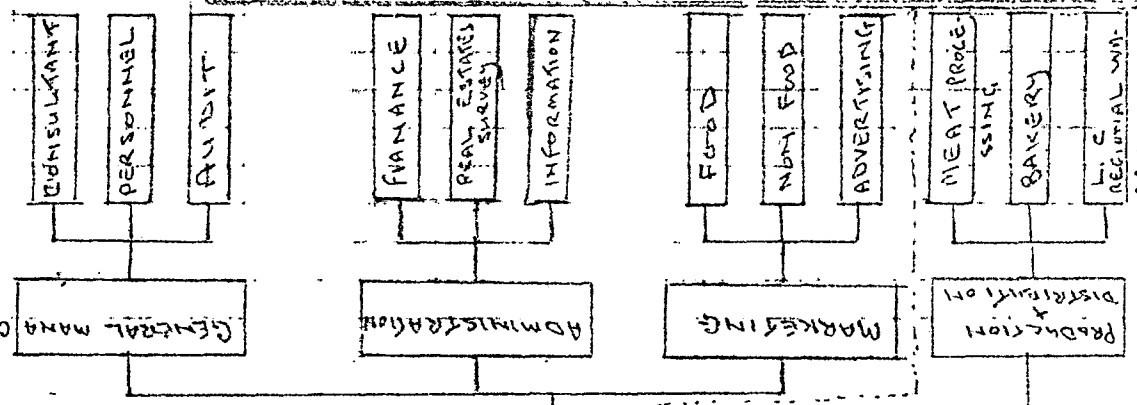
GENERAL ASSEMBLY 140 DELEGATES

3 Lay Auditors

5 ELECTION COMMITTEE

14 MEMBER OF BOARD
1 GENERAL MANAGER

Board of Management
Production



DISTRIC T	NO OF MEMBERS	NO OF DELEGATES
1	48	13
2	102	18
3	25	1
4	25	1
5	25	1
6	25	1
7	25	1
8	25	1
9	25	1
10	25	1
11	25	1
12	25	1
13	25	1
14	25	1
15	25	1
16	25	1

JOB DESCRIPTION

General Manager Section

Post: Chief for internal auditing dptmt

Titel: Auditor

Position in the organisation

Directly under the General Manager and bound to take order from him. In turn, right to give order to subordinate staff of the dptmt. Right to give directives to sectional - and deptm managers in the entire Society.

Responsibilities and rights

Responsibility for the activities within the dptmt and for those tasks which belong to the post. Therefore also right to decide in related questions.

Duty to act within the framework of decided programmes, policy, control-measures and other of the management given guidelines.

Duties

It is the responsibility for the post:

Control system	to supervise and develop control-systems and participate in changes of systems within the accounts-section
Shop-auditing	to be responsible for continuous shop-visits with detailed supervision according to report of shop-visit and be responsible for stock-takings of stores and goods in stock
Efficiency-analysis	to control the efficiency of the organisation and results e.g. through continuous supervision and analysis of result-calculations and judgements of budgetresults compared to result -and finance- budget
Follow-up decisions	to follow up principal decisions in all parts of Society
Surveys	to be responsible for surveys within the audit-deptmt, e.g. leakage-investigations, result-analysis etc.
Contact with elected auditors	to keep in constant contact with and inform the elected auditors
Own education	to keep well informed of development within area of responsibility, both within and outside the co-operative movement, and take initiatives as to further the education personally, practically as well as theoretically

General
JOB DESCRIPTION

General Manager Section

Post: Inspector at the internal auditing deptmt

Titel: Inspector

Position in the organisation

Directly under the Chief Auditor of the internal auditing dptmt and duty to take order from him.

Bound to report to the Chief Auditor of the internal auditing dptmt.

Responsibility - rights

Responsibility for those tasks which belong to the post. Therefore also right to decide in related questions.

Duty to act within the frame of decided programmes, policy of society, control measures and other of the management given guidelines.

Duties

Current inspection	to be responsible for the current inspection of the society's accounts according to decided instructions with related inspection-programme
Instructions	to participate at the writing of control-chapters in the instructions to the selling units
Shop-auditing Stock-taking	when need is, assist the shop-auditor at inspection-visits and at the organizing of stock-takings
Own education	to keep well informed of development within area of responsibility, both within and outside the co-operative movement, and take initiatives as to further the education personally, practically as well as theoretically

JOB DESCRIPTION

General Manager Section

Post: Shop-auditor at internal auditing dptmt

Titel: Shop-auditor

Position in the organisation

Direct under the Chief Auditor of the internal auditing dptmt and bound to take order from him, Bound to report to Chief Auditor.

Responsibility - rights

Responsible for tasks which belong to the post. Therefore also right to decide in related questions.

Duty to act within the frame of decided programmes, policy, control measures and other of the management given directions.

Duties

Shop-auditing	to be responsible for supervision of the Society's shops according to agreed report of shop-visit
Stock-taking control	to be responsible for the organisation of all stock-takings and for the control of stock-taking lists related hereto and to be responsible for that of the management selected controllers are called to the stock-taking
Key-routines	to control that the key-routine is correctly organised from the control point of view and that it functions satisfactory
Cash-register control	to register all the Society's Cash Register Machines, newly bought such and transfers as well as controlling the care of Cash Register Machines
Sale of inventories	to control the sale of inventories
Instructions	to participate at the writing of the control-instructions to the shops
Own education	to keep well informed of the development within the area of responsibility, both within and outside the co-operative movement, and to take initiatives as to further the education personally, practically as well as theoretically

TF

1972 11 21

Page 1 of 7

14TH INTERNATIONAL CO-OPERATIVE SEMINAR
September 4 - November 25, 1972

INDIVIDUAL REPORT BY: Mr. Abdul A'la Indonesia

WARHOUSE, SYSTEM OF CENTRALIZED BUYING, STORING, PACKING AND
TRANSPORTATION.

PREFACE

We are very glad to have had the opportunity to visit a small society such as Norrahammar, because it is suitable to the conditions and the situation of the consumer cooperative movement in my country. We have seen the biggest society in Stockholm, the middle society in Linköping and from those three types of consumer cooperative we could get an idea how to build and manage a cooperative shop, supermarket and department store.

I would like to tell you frankly that the Indonesian cooperative movement is weak and running slowly due to lack of capital, lack of leadership talent and mismanagement. Besides we have no strong apex organization.

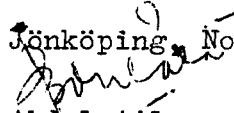
We know that the development of the Swedish consumer cooperative movement succeeded with hard struggle.

The goal of cooperative movement is not only to safeguard the interests of the member, further it is to help the poor people to reach a higher standard of living. Especially in my country the difference between high class people and lower class people is very obvious. Experience shows that most of the consumer cooperative movements was started by the labour class.

I am sure that the experience of the Swedish cooperative movement is very useful to solve the consumer cooperative problems in my country.

Thanks very much to SCC, SIDA and the other institutions which made the arrangements during our stay in Sweden.

Jönköping, November 12, 1972


Abdul A'la

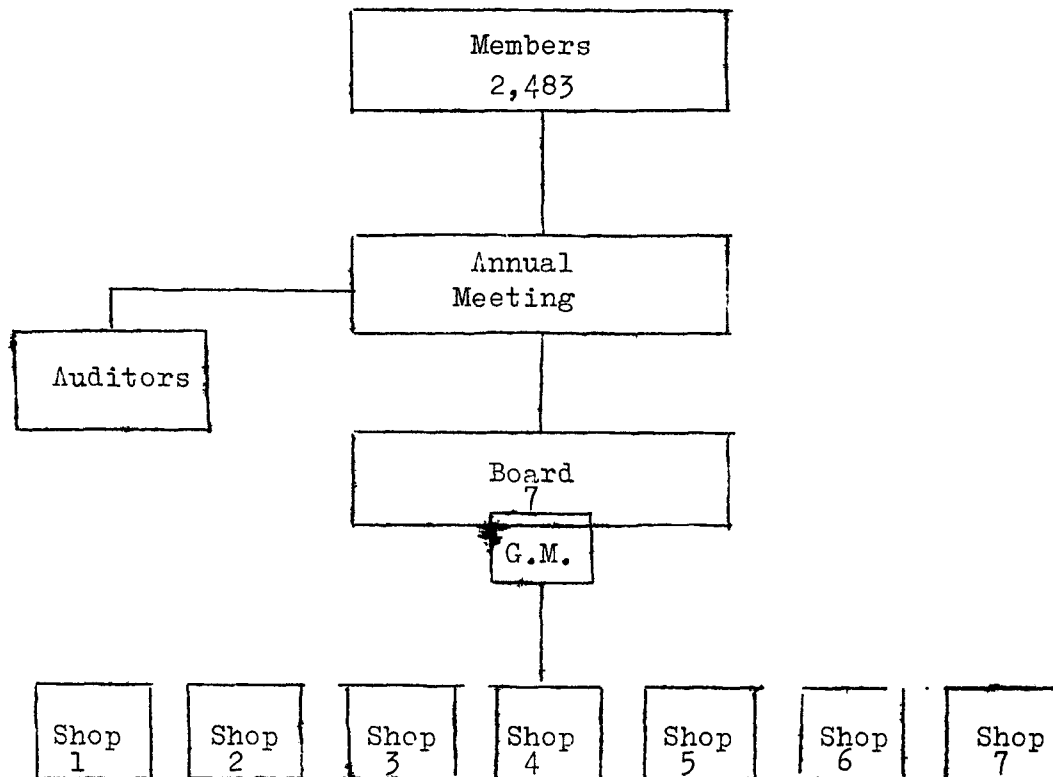
Chapter 1NORRAHAMMAR SOCIETY

1. INTRODUCTION

The Norrahammar society is a small society which has 2,483 members.

Norrahammar is a small village, total population is about 7,500 and it is located about 9 km from Jönköping. This society is an old society established in 1899.

The organizational structure of this society can be seen as follows:



Based upon the chart above we can say that the organizational structure in a small society is very simple. Once a year the annual meeting elects the board of directors and auditors for a two year period.

The general manager carries out all business activity and most problems are settled by the general manager. We can say that in a small society the general manager must be an energetic and active person.

In a small society sometimes the general manager is invited by an organization to give some information about economic problems and social problems of the area. When I was in Norrahammar I joined Mr. Rolf Holmgren to a woman guild meeting and Rolf Holmgren gave some information about the price policy.

2. BUSINESS ACTIVITIES

Although Norrahammar society is a small society, the turnover of the society is good. The society has 7 shops:

Shop 1	Centrum	Kr. 3,184,125
" 2	Trädgårdsgatan	1,795,059
" 3	Slätten	1,425,335
" 4	Barnarpsvägen	870,622
" 5	Sjögatan	727,246
" 6	Barnarp	1,215,042
" 7	Hovslätt	<u>1,465,415</u>
	<u>Total turnover</u>	<u>Kr. 10,722,844</u>

If we compare the turnover with the total membership, the average of the total purchase for each member is about Kr. 4,333 per year. The total turnover of this society is about 65 % of the total share market of Norrahammar.

During 1970 the total turnover was Kr. 10,756,167 and during 1971 it was Kr. 10,722,844, it means the turnover decreased Kr. 35,323. There are many factors which caused the decrease of the turnover, such as, Norrahammar is located very close to Jönköping, people sometimes prefer to purchase in town, because in town they have more choice and more sphere of entertainment.

During 1970 there were two private shops opened, it means the society has more competitors in his area.

Norrahammar is an industrial area, so the turnover of the society is quite good if we compare it with the situation and conditions of the area.

To increase the turnover is rather difficult, because when we compare the turnover year by year we find that it is nearly the same. The society efforts to make good conditions and they decided:

1. Barnarpsvägen and Sjögatan shops will be changed to be kiosks.
2. Hovslätt shop will be closed when the new supermarket starts operating in April 1973. (The new supermarket on the other side of that shop.)
3. They dismissed 13 employees in October 1972. All duties and problems are carried out and settled by the general manager.

Chapter 2

(Warehouse, system of centralized buying, storing and transportation)

1. HISTORICAL BACKGROUND

As a result of keen competition between cooperative movement with

the private sector, some suppliers in SKÅNE declared a boycott against KF, as a counter act of this boycott KF started its first sales office in 1906 in Malmö. The system with sales offices was found satisfactory by 1935. However, as time passed by this system was not able to provide a satisfactory service to all societies. Each society had a local warehouse and managed by themselves.

If we look from business point of view there was a lot of malpractices such as transportation, operating and handling costs, personnel, maintenance costs etc. The local society warehouses were generally small and not well located.

The problem should be solved and after two years of intensive discussions and studies the first regional warehouse was opened in VISBY in 1949.

The regional warehouse is a wholesale unit which is intended to replace the central warehouses of the local societies of the national wholesale in a given area.

2. REGIONAL WAREHOUSE IN JÖNKÖPING

In Sweden there are 17 warehouses and one of them is the regional warehouse in Jönköping. This regional warehouse was established on August 1st, 1955. This is the smallest warehouse in Sweden.

The area of this warehouse is about 6,000 m² directly adjoining KF's meat processing facilities and bakeries.

The total turnover a year is Kr. 76,584,492 and the average of total stock value is Kr. 4,000,000. The rate turnover in 1971 was 19.2 times per annum.

The warehouse is divided into 3 sections:

1. Canned food and groceries section
2. Hardware section
3. Fruits and vegetables

Total No. of articles in this warehouse is about 5,000.

Each section has one chief and one assistant.

The societies affiliated with this regional warehouse consist of 8 societies with 69 retail outlets. (9 Domus and 60 shops.) Each society has the right to send representative to warehouse meetings. This meeting is held twice a month, and the representative of Norrahammar society is the general manager.

3. SYSTEM OF CENTRALIZED BUYING

The flow of goods from supplier to customer goes through a certain channel; when the channel is longer it means the price paid by the customer will be higher. The goal of the consumer cooperative is to safeguard the interests of the consumer or customer i.e.: lower price, good quality and right quantity. To achieve the

purpose it is necessary to have a centralized buying through a warehouse. The advantages of centralized buying are:

1. Strong bargaining power
2. Lower price
3. Strengthen the cooperation between societies within the region
4. Strengthen the cooperation between the regional level and national level
5. Purchasing and selling policy

4. STORING

Formerly, before using regional warehouse system, each society had a local warehouse and managed by themselves. Generally the local warehouses were small. The activities of storing and keeping was only for the necessity of the society itself. From the point of view of efficiency there were a lot of malpractises, for instance:

- a. waste of equipment
- b. waste of time
- c. waste of personnel

Through the regional warehouse system we get more efficiency, because all activities of storing, keeping and handling of goods are concentrated in a regional warehouse. We can see there are a lot of advantages such as:

1. less operational costs
2. less personnel
3. less equipment
4. uniformity of arrangement and assortment
5. concentration of warehouse activities

5. PACKING

The regional warehouse purchases all articles through KF in large quantities and distributes to retail outlets (shops, supermarkets, department stores).

To give good service to retail outlets, the warehouse prepares its articles in ready packages that are price marked.

In a modern warehouse such as Västerås, the investment for buying packing machines is very costly; in a small warehouse such as Jönköping, the packing machines are not as modern as in the Västerås warehouse.

Talking about packing, we also talk about price marking. All articles which are packed by the regional warehouse are already price marked. The general manager can change the price which is recommended by the regional warehouse. The reason may be that the price is higher than the competitor's price. He has to inform the regional warehouse a week in advance which articles he would like to reduce the price of.

6. TRANSPORTATION

Transportation is the process of carrying articles from supplier to retail outlets. The articles in a warehouse should be distributed to retail outlets every day.

The regional warehouse receives goods from private producers, import and own production.

When we talk about transportation we can divide it into two main parts:

1. Transportation from supplier, private producer, import and own production to regional warehouse.
2. Transportation from regional warehouse to retail outlets, it means delivery of goods from warehouse to retail outlets.

The most important things that should be considered on transportation are:

1. Geography
2. Distance factor
3. Time factor
4. How many articles will be transported

Through the factors mentioned above we can decide which equipment should be used and we can make a time table of our delivery.

7. ORDERING GOODS

The ordering system from shop to regional warehouse is very simple. The shop manager notes down the number of articles and quantity on an ordering form. The ordering form is sent by mail to the regional warehouse's office. When the articles are delivered to the retail outlet they are followed by a copy of the invoice.

Each retail outlet has a price book, and every week the regional warehouse sends a list of price changes. This information is very important for the society to decide which articles should be added or should be reduced.

The Norrahammar society purchases about 92 - 95 % of their articles from the Jönköping regional warehouse.

CONCLUSIONS

The regional warehouse system gave higher efficiency, because all activities from supplier to retail outlets could be centralized. The advantages of the regional warehouse system i.e.:

1. Transportation and reloading are reduced because goods is sent directly to the retail outlets.
2. Buying prices are lower, because all societies do not make their own buying individually.
3. Buying and selling policy can be arranged in uniformity.

4. Concentration of commodity control.
5. Integration of societies and regional warehouse in the regional level.
6. Integration between regional warehouses and KF in the national level.

Although all activities are concentrated it doesn't mean that the societies are unfree, because we know that the basic principle of the regional warehouse activities is: THE LOCAL SOCIETY, AS SUCH, MUST RETAIN ITS FREEDOM OF ACTION.

14TH INTERNATIONAL CO-OPERATIVE SEMINAR

September 4 - November 25, 1972

INDIVIDUAL REPORT BY: Mr. Buchari Alma Indonesia

HOW IS THE PRICING POLICY CARRIED OUT IN THE CONSUMER CO-OP SOCIETY OF YOUR FIELD STUDIES?

INTRODUCTION

This report is based on collected data along the period of field study at Norrahammar's society (Oct 22 - Nov 11, 1972).

Before we go deeper into the subject, about price policy, I would like to give information concerning the society itself.

The society is situated in the central of Norrahammar. We can say Norrahammar is a village, 7,500 inhabitants. Norrahammar lies 9 km to the south of Jönköping in Småland county. As we know Sweden consists of 24 counties, and each county is divided into provinces. The Småland county consists of 3 provinces:

1. Jönköping län
2. Kalmar län
3. Kronoberg län

In the first province there are 12 societies, one of these is Norrahammar's society.

BUSINESS ACTIVITIES

There are 7 shops owned by the society such as:

1. Supermarket - Centrum	Turnover	Skr	3,184,125
2. Shop - Trädgårdsgatan	"	"	1,795,059
3. Shop - Slätten	"	"	1,425,335
4. Shop - Barnarpsvägen	"	"	870,622
5. Shop - Sjögatan	"	"	727,246
6. Shop - Barnarp	"	"	1,215,042
7. Shop - Hovslätt	"	"	<u>1,465,415</u>

Total Turnover Skr 10,722,844

Furthermore, we can see, total turnover every year as below:

1925	Skr	350,765
1930		394,215
1935		456,857
1940		747,105
1945		1,241,924
1950		2,182,744
1955		3,762,338
1960		5,566,036
1965		8,105,040
1966		8,510,256

1967	Skr	8,512,604
1968		9,248,474
1969		10,014,911
1970		10,758,167
1971		10,722,844

If we compare turnover 1971 with turnover 1970, there is a decrease of Skr 35,323. In this point will arise the question, why decrease? The main reason is the opening of new private shops at Barnarpsvägen and Hovslätt.

These two shops attract customers, made sales promotion with the lowest prices. The customer who had no chance to choose shop for purchasing before, now get the chance. And we know, the psychological effect on customers if they find some articles at a lower price in a shop, automatically they consider, sometimes believe that it is the cheapest shop for all articles. Contrariwise they have wrong opinion of the society always selling at higher price.

This unlucky sphere is a challenge to the new general manager, and he should work hard to attract the customers again. Another reason of the unlucky situation is that the standard of living of the people is getting higher and many people are able to buy a car.

Therefore they like to purchase in downtown, because they can select goods among many variety articles and many attractive shops. Also housewives who work in downtown purchase goods before going home.

But the general manager has prepared his plan already for the next year. The society is going to establish a new supermarket, situated at the border of Norrahammar and Jönköping. This new supermarket is for the purpose of attracting and stopping the people rushing to downtown.

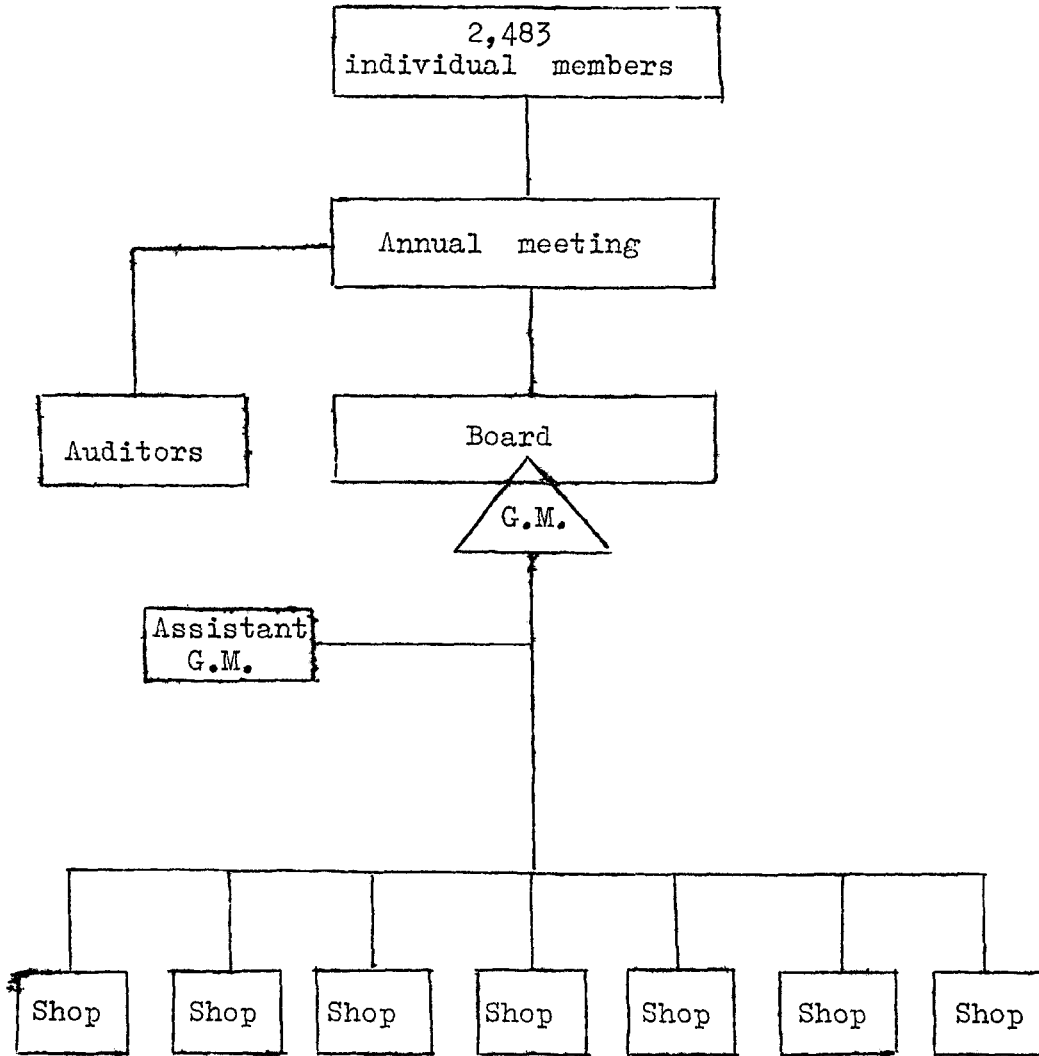
To support the new supermarket two shops will be changed to kiosks. And these two shops are not so profitable, because they are situated in a scarce population area.

Another activity of the society is to ask for the loyalty of its members.

INTERNAL ORGANIZATION

Norrahammar society is a small one and the organizational structure is described on page 3.

INTERNAL ORGANIZATION



Members

At the beginning of the year 1971	2,386
Entered during the year	+ 143
Out during the year	- 46
<u>Total No. of members</u>	<u>2,483</u>

Annual meeting

All members are able to attend the annual meeting and they will be invited at least 15 days before the meeting. But most of them were absent at the meeting.

Board

The board consists of 7 persons and has a meeting once in a fortnight.

The task of the board is:

- To discuss and make decisions concerning a report, suggestion of the general manager, and to evaluate what happened yesterday and tomorrow.
- Contact with the people surrounding the working area.
- Member education - but not very active
- To inform the general manager about the events outside the society that enable to influence the society.

The board will be elected after two years. But it is very seldom members want to replace the members of the board. And at the time the new board is to be elected, we always hear the voice from the back seat saying reelection, reelection. Until now chairmen of the board have 20 years in their position.

Personnel

	Full-timer		Part-timer	Total
	Men	Women		
Shop	8	14	28	50
Driver	1	-	-	1
Officer	2	-	1	3
Total	11	14	29	54

During this year 13 part-timers will be dismissed.

Pricing policy

We know that the price of an article is the most important motivating factor which attracts the consumer to make his purchases from a particular shop.

And R. Arvidsson, S. Dondapani in "Sale, a Profile" mention: The pricing policy of a co-operative store must be based on the following three essential factors:

1. The selling rates should be acceptable to the consumer

2. All costs should be adequately covered.
3. The store should earn some surplus at the end of the year, partly for distribution as dividend among members, and partly for ploughing back in the business to ensure proper growth.

Generally the price has to be fixed somewhere between the total cost price which is the floor rate and the ruling market price which is the ceiling rate. No store can sell below the cost price, for then it will run into loss, and no store should sell above the ruling market rate, for then no consumer will come to buy.

As a rule, the store should sell slightly below the market price provided it can adequately cover the total costs incurred on the article and also create a small surplus for its own future growth and development of the store.

To ensure this policy, purchases will have to be preceded by a careful analysis.

Also they say good selling begin with good buying.

Fortunately, in this case, the society of Norrahammar, purchases goods from warehouse in Jönköping. About 90-97 % of the articles come from the warehouse and the rest from agricultural co-op. and private producers.

Occasionally, for instance, the society buys apples direct from the farmers at the beginning of the apple season. So the society can sell at a quite high price, but when the season comes, the price will be cut down immediately. Also if KF's warehouse is out of stock, the society sometimes buys from private producers.

Talking about price, we know, that the warehouse has two kinds of prices, that is net prices, which the society has to pay, and brutto prices as a recommended price, which the society has to sell at.

According to the price policy and competition in a local area, the general manager can change the recommended price from warehouse. Here in a small society, the shop manager cannot change the price, because he has not enough knowledge and experience about that. Therefore, the price policy in this society depends on the general manager's decision, and this decision is based on:

1. Keen competition at a local area, where new private shops always try to decrease the prices.
2. Sometimes over of stock. So the articles seem to be a slow-seller.
3. For the purpose, special days or special weeks.
4. Warehouse delivers wrong quality.

In this case a special negotiation should be made between the warehouse and the society. For instance the warehouse delivers vegetables of bad quality. It is impossible to sell at the recommended price, it is difficult to return back to warehouse. Therefore, a special negotiation should be made to reduce the price.

Furthermore I would like to inform about the competition in this small area. There is stiff competition and very often price war or advertising war.

There was an event when the society meeting decided to reduce the price and advertising should be put in immediately, but the competitor knew and put his advertisement quicker reducing the price of the same articles.

Also it happened that the dismissal of 6 part timers of the society was put in the newspaper as a piece of news without anybody knowing who put it in.

The news said that 6 persons lost their job in Konsum Norrahammar. It will arise a bad effect on the society.

However, the society always try to attract customers with selling variety of articles and clean shop. The most important thing to attract customers is from the price policy point of view. The shop reduces the price as low as possible, but the shop should earn some surplus at the end of the year.

Confidence should be given by the society, that the society is selling articles at a low price and good quality. Then customers will go to the shop. In the shop they will find other attractive things, for instance decoration, variety goods, clean shop, good salesmanship etc.

The society puts advertisements in the newspapers twice a week, on Tuesday and Thursday.

Especially for the coming Christmas, the society will arrange advertising and decoration and reduce the price of certain articles.

Sometimes there is a clearance sales policy in the shop, but it is not so often. The general manager is responsible for this policy.

What is the reason for clearance sales policy? It depends on quality, fashion and season of articles. The price of these articles will be cut down immediately.

R. Arvidsson said: When an article seems to be a slow seller, the price should be reduced immediately... and by arranging a more attractive display get the article sold out of the assortment as early as possible otherwise the store will loose money. Clearance sales should be undertaken regularly to eliminate the slow sellers and the consequent blocking of capital, space etc.

Therefore, the price should be cut down as low as possible. The ordinary price should be crossed and changed with the clearance sales price.

Back to the main problem, about pricing policy at Norrahammar society, I can say that the price of articles is fixed by the warehouse. Centrally, KF buying departments set a price for every article and recommend retail price. The pricing is based on the analysis of results and costs for the various sorts of merchandise.

The main principle when setting prices is that the market situation must be continually checked, so that no article is priced higher than any competitor's price for an equivalent article. This observation of the market is done mainly by the buyer concerned and is expressed in the recommended retail price he gives for each article. The store also keeps an eye on the market and reports any developments. Further, every department store and society can be setting different prices from those recommended centrally.

Finally, as a conclusion of my report on pricing policy at Norrahammar's society, the general manager is responsible for changing the recommended price, and he always tries to keep the price not higher than competitor's price.

14th International Co-operative Seminar
September 4 - November 25, 1972

Individual Report by: Mrs A R KASTURA Indonesia

THE ORGANIZATION OF MEMBER EDUCATION IN THE CONSUMER
CO-OPERATIVE SOCIETY

According to the subject given to me, I concentrate my report of our field study on the point of "Member education".

Basis of my study

- A. 1. The condition of the cooperative movement in our country, from the very beginning of its growth until now, as described in my paper. (A brief history of the Consumer Co-operative movement in Indonesia)
2. Our unbending desire for success and to have the co-operative movement at its real function, as an economic enterprise for the benefit of our people in developing our living standard and raising the national income, which would guarantee a justice distribution.
3. Our country has a population of 125 million people, which means that we have that number of consumers, which at the same time form a challenge to the consumer co-op. How to organize them and how to inform and attract them to join the consumer co-op organization - I see that one of the ways to be used is "member education"
4. My own experience in this field, in my organization, to promote more understanding and support of the housewives and the youngsters, in extending our members and building up capital.
- B. Subjects given us in the pre-seminar on consumer co-operation held by the ICA and the SCC and the Indonesian Co-operative Council in our country.
- C. All information given us in the reading material sent to us by SCC
- D More clear information gained during our visit here, and the result of our discussions. Also from our close contact with the societies.

E And at last, the result of our field study, where we went into all subjects more intensively.

What is the aim of member education?

The aim of member education is

- to create a co-operative public opinion and influence of the members, to control their own business
- to widespread education, ' in order to gain a sufficient supply of qualified candidates for the various posts in the movement's activities
- to equip the new elected board members, auditors, committee delegates, representatives with the knowledge required, to enable them to do their duties properly.

The study material

To serve its purpose, the activity and the study material must be differentiated, which means that a well-planned systematic and purposeful programme, with specialized study material has to be applied, according to the different activities, e.g. the basic course, consisting of "Co-operation and social economic subjects", is given to interested and active members, with the aim to recruit for the elected positions.

The new elected board members, i.e. Committee, auditors, delegates and representatives, are mostly given subjects individually and according to their personal need. Some of these subjects are

- the co-operative ideology and policy
- Bye-laws
- Democracy and personnel problems
- Book-keeping
- Auditing, budgeting, etc
- Information activities, etc

The Cost for the Member Education

1. KF provide the affiliated societies with the study material.
2. By working in collaboration with ABF (the Workers' Educational Association) the co-operative movement gains governmental support,
3. Part of the cost 'is borne by the retail societies themselves.

...../

The Organization

The organization of this member education is done in two ways, i.e. directly as well as indirectly.

Directly means that education is given to members by courses, and indirectly through information.

A special department in KF, called "Vi-skolan" is responsible for this member education.

This education department, or "Vi-skolan", is the central instance for all education activities at the local level, which demands Vi-skolan's close contacts with the retail societies, and the societies' bodies, working with educational and member contact questions.

Vi-skolan produces the study material and plans the study system in accordance with the retail societies' wish, and send them every year its new study programme.

Besides this education activities, Vi-skolan is also responsible for the propaganda and information work.

Part, carried out by the retail societies

- The co-operative retail societies form the study groups, evening classes, and arranges the corresponding courses or individual courses, in collaboration with the local branch of ABF (the Workers' Educational Association)
- Order the course material from Vi-skolan
- The societies keep in touch with the group during the study term and are responsible for some assistance
- The societies invite their members by information and propaganda by means of announcements in the shops

Information

The consumer information activities are done in many ways e.g. through

- magazines
- films
- library
- childrens' books
- Information is given in the shops about quality of food and non-food for good buying knowledge
- Demonstration done by the Test-kitchen, about wholesome food and recipes
- Information given by the laboratory for non-food which checks all merchandise (imported, as well as home-made)
- The Consumers' Guilds, by working closely together with the Test-kitchen and the laboratories, spread information to housewives.

Conclusion

The organization of member education here, is very well planned, which gives more extensive and penetrating education, and possibilities to expand and develop its programmes.

Due to this, the societies, can maintain and attract the attention of the members for these courses, in spite of the competition of the many entertainments nowadays obtainable.

The conclusion of my study on this member education is - taken into consideration "the basis of my study as mentioned above. - very fruitful. The system is applicable and could be used as far as possible in our country as the pattern of our member education, according to conditions there.

14TH INTERNATIONAL CO-OPERATIVE SEMINAR

September 4 - November 25, 1972

Individual Report by: MR MUHLAN NASRIE - INDONESIA

EXPLAIN THE DIFFERENT STAGES OF DEVELOPMENT DURING THE ESTABLISHMENT PERIOD OF A CONSUMER CO-OP SHOP, FROM FEASIBILITY STUDY TO OPENING DAY.

Introduction

Norrahammar is a small town belonging to Jönköping commune in the county of Småland, with a total population of about 9.500 inhabitants.

Norrahammar has a well established consumer co-operative society with a membership of about 2.500 households and 7 shops with a turnover of kr 10.722.824 which means 65 % of the total share of the market.

Society developed quite a long time up and down together with the development of the consumer movement in Sweden, started in the year 1899, but the complete record including the turnover we could find started in 1925 with a total of kr 250.765.-.

The size of the shops are rather small, two shops with a turnover of less than 1 million kr and five shops are ranging between more than 1 million kr up to 3 million kr.

The location of the shops are mostly in the living areas, only one of them is located in the "centrum" of Norrahammar. We could learn that the relation between the shops or the society with the members of customers were very close and given a very intimate and familiar atmosphere among the shops with people.

Regarding of the total population in comparision with the total of the membership that is about 9.500 - 2.500 and total share of the market about 65 % in retail business, the society has a leading position in Norrahammar. Expanding of the town, developed by economic in industrialized activities and increasing of employment and population is giving more uprising demand of the consumption.

Decision made

One of the shops in Norrahammar is a very old shop but located in a potential consumption area. The society intended to cover the needs of these increasing demand of the consumption by planning to renew and enlarge this shop so called Hovslätt shop at Hölehult 2:3 Norrahammar. To meet the potential consumption by increasing

..../

population and expanding of the town, two main points had to be taken into consideration by the society, firstly to renew and enlarge the old shop and secondly to build new shop if it was economically satisfactory.

The discussion among the board of directors started 1969. During the discussion being made, the old house owner next to Hovslätt old shop offered to sell the house and land. The areal mostly met the requirement of the enlargement of the shop. The society decided to buy the old house and land and request to the KF's establishing department to make complete market survey (marknadsundersökning) and request also to draw a preliminary programme.

Upon approval of these market survey and preliminary programme by the society (it might be taken after 4 or 5 meetings), the establishment of the new shop of Hovslätt was registered as KF's task. Registration of establishing of the new Hovslätt shop to KF which means all process of the development of work should be discussed and made responsible for between the society and KF, but the final decision still remains on the society itself, which own and run the outlet business on this newshop. The society has the right to add or alterate the programme if it is necessary.

KF's Guidance

The very important role in the consumer movement in this country is the very strong central organization - KF -, centralized consumer movement experiences put into information to draw up many kinds of the co-operative programmes, including to open new shops/outlets. Below is a part of such kind of information as the KF's guidance in establishing new stores and shops.

We divide our stores and shops into the following groups:

Department Store, Domus, are department stores with a complete assortment of non-foods, (80 - 100 % of the assortment), a complete food assortment and a restaurant with table - and self service.

Variety Stores, Domus, are variety stores with a limited assortment of non-foods (50 - 100 % of the assortment), atleast 250 sections of non-food, a complete food assortment, be included in the plan A and a restaurant with only self service.

Supermarket, Konsum, have a "daily necessities" assortment, (20 - 50 % of the assortment), a complete food assortment and possibly a cafeteria.

Food Shop, Konsum, with solely a complete food assortment.

Discount Stores/Hypermarket, Stormarknad, are discount stores with a complete assortment of capital goods, a concentrated assortment of non-food, a complete food assortment, a cafeteria and to a great extent self service.

.... /

Furniture Department Stores, Domus-Interiör, are furniture department stores with a complete assortment of furniture and equipment locally adopted assortment of capital goods and cafeteria.

In order to establish a new store of one of the above mentioned types one must know the following:

1. The market
2. Areal requirement
3. Cost of production

Market

The establishing department of Kooperativa Förbundet carried out a nation wide market survey in 1962 and 1966. The survey is divided into various areas with the smallest unit being a municipality, and thereafter towns and municipality blocks. These blocks are compounded to make countris and finally there is a total survey for the whole country. The market survey gave the following information:

- Population 1950 - 1962, 1970 prognosis for 1975, 1980 and 1985 consumption for food stuffs and non-foods for the above years.
- Retail sales both private and co-operative, for the above years, i.e. even prognosis figures. It might be of interest to know what future average consumption per capita we have anticipated.

<u>1970 prices</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>1985</u>
Foodstuffs	3.071	3.265	3.576	3.903
Non-foods	2.045	2.448	3.065	3.061

By multiplying the average consumption per capita by the anticipated population, we get the future total average consumption potential.

It is also interesting and necessary to know the turnover of the private retail trade. As we in Sweden have purchasetax on our consumer goods and merchants we are obliged to make an account of their turnover to the county authorities. It is possible to find out how great the private retail trade is. We add, the co-operative retail trade to the private and get a fairly exact idea of the size of the total retail trade in the area.

When the market survey was being made, there were discussions with the retail societies on the future shop structure. It was decided which shop to close down and when, and the first discussions on eventual new establishment were started.

Co-operative Aim

Based on the market surveys made, we found out about the anticipated future consumption potential and the anticipated future retail trade and our next step was thus to decide, in accordance with our aim, the future co-operative sales.

When we have thus determined our future sales the next step is to draw up a preliminary programme, which states what areal requirement we shall have, i.e. how large our planned store shall be.

.... /

When a decision has been reached on the establishing of a department store for example, the society asks KF's establishing department to take over the task, whereupon the work is registered.

Based on the turnover figures and timing information on the market survey from KF drawn up a preliminary programme. This programme, which is written by the establishing department is drawn up with the help of the complete calculation form (patterns) and adopted to the estimated turnover stated.

The patterns are a collation of experiences from previous department stores and shops establishments. A division into various turnover groups is made and the following data are also stated: areal requirements for the various functions e.g. cash desk area, sales square, sales area, shelving section requirements, refrigerator area, stock area, staff area etc.

There are patterns for the following functions and areal requirements: non-food, foodstuffs, restaurants, staff area, technical (equipment) premises.

The advantage of this system is, amongst other things, that those experiences which have been accumulated are transferred in a simple way to the new planned stores. Work on the actual programme writing is simplified in this way. The main work is that of keeping of patterns current. At present we work with an area effectivity per sq. m. of goods handling area for non-foods amounting to 4000 kr per year. For food-stuffs the figure is 10.000 kr per year.

The goods handling area is that area in the store comprising sales area and stock area. A department store which according to market investigations is anticipated to sell non-foods to the value of 20 millions kr and foodstuffs for 10 million kr per annum is thus given the following approximate area:

$$\frac{20.000.000}{4.000} + \frac{10.000.000}{10.000} = 5.000 + 1.000 = 6.000 \text{ sq.m.}$$

To this area, space is added for staff premises, technical premises etc. As has previously been said, there are patterns which state how large an area the various functions in the store require. Based on these, a complete preliminary programme is drawn up, which shows which area the planned store will have and how the various areas are related. The societies have to decide whether or not to accept and adopt the programme. Following a positive answer from the society, the architectural office starts sketching a suggested building. In the early stages of this work, the societies have the opportunity of giving suggestions and changing opinion. Gradually, as the work progresses, it becomes more and more difficult to alter things and, above all, this costs a lot of money. It is the society who pays, so there is always a change to make alterations. KF's assortment service, draws up a proposal for the assortment in the planned store. This is then discussed with the society, who may here again voice their own opinion. When the assortment is agreed upon, the assortment proposal is given to those people dealing

..../

with the interior planning and they in turn make a proposal for the placing of the goods.

From the above it may have been seen that it is KF, together with local viewpoints, which decide the manner of the new store.

What we have touched on above is in general the way in which we work in order to decide the areal size of a department store. We work in the same way with regard to all other types of sales outlets.

Before the architect starts to draw the store based on the preliminary programme's data on areal requirement, a number of investigations must, naturally, be made with regard to, for example, the site. Is the spot large enough for the areal requirement suggested in the programme? Perhaps one should investigate the ground? Is this the absolutely best position for the establishment of a department store? etc.

These mentioned above are several points of the KF's information guidance on working procedure.

Building's Construction Programme

Based on preliminary programme the society invited about four architects (depending size and local condition) explained the society's purpose to establish a new shop and explained in detail what kind of shop should be built and the idea of how the shop should look like. Discussed all the procedure arrangements of establishment, material and the rough idea of cost according to the investment budget and the preliminary programme said. The architects are asked to draw a programme of the building's construction and offer if drawing programme is satisfactory and the society agreed upon will select and employ one of them.

The task of the architect is not only drawing of the programme but also to assist the society to manage all the formalities, to approach and contact the authorities e.g. city town planning office, city architect office, health authority, water supply, electricity, fire brigade, land authority etc. Assist the society to manage everything in connection with programme, to submit request to the authorities for permission or legalization of the building's construction. The architect should also assists in arranging open tender to the local contractors to carry out the programme giving detailed technical explanations included to the authorities.

Every stages at the development of the construction should be reported to the city planning office. For this purposes and also to check up properly of the construction and keep timetable of the construction the society employs what so called a private authorised controller to assist day to day work, in the field. There are close working between the employe architect and the general manager of the society who is the only person in charge of the whole project on behalf of the society.

.... /

Budget

In connection with the preliminary programme a cost estimate and investment budget were attached and also a preliminary working budget.

Our investment budget composition as follows:

Building	Kr	566.000.-
Land	"	80.000.-
Fixture	"	225.000.-
Stock	"	40.000.-
Total	<u>Kr</u>	<u>911.000.-</u>

Our working budget based on result budgeted of the old Hovslätt shop list year (1971) with a turnover of Kr 1.465.000.-

CC I	Kr	218.000.-	14,8 %
Wages	"	121.000.-	8,3 %
Social securities	"	30.000.-	2,1 %
Variable costs	"	50.000.-	3,4 %
CC II	"	17.000.-	1,1 %
Purchased dividend.	"	40.000.-	2,7 %

Upon the market survey as made the working budget said as follows:

	23.4 -31.12-73		1974		1975		1976		
	1.000 kr	%	1.000 kr	%	1.000 kr	%	1.000 kr	%	
Turnover	1.700	100	2.600	100	2.700	100	2.800	100	
CC I	284	16,7	434	16,7	451	16,7	468	16,7	
Wages	112	6,0	143	5,5	149	5,5	154	5,5	
Social Securities	31	1,8	39	1,5	41	1,5	42	1,5	
Rent	70	3,9	82	3,3	87	3,2	87	3,1	
Variable cost	37	2,2	26	1,0	27	1,0	28	1,0	
Depreciation	35	2,2	42	1,6	42	1,6	42	1,5	
CC II	./.	14	0,1	97	3,7	105	3,9	115	4,1
Purchased dividend	46	2,7	70	2,7	73	2,7	76	2,7	

./.. During the opening period 12/4 - 31/12 1973 has been counted in starting costs which has been estimated the sum of Kr 20.000.-

.../

	1977		1978		1979		1980	
	1.000 kr	%	1.000 kr	%	1.000 kr	%	1.000 kr	%
Turnover	2.900	100	3.000	100	3.100	100	3.200	100
CC I	465	16,7	501	16,7	518	16,7	535	16,7
Wages	160	5,5	165	5,5	170	6,5	170	5,5
Social Securities	43	1,5	45	1,5	46	1,5	48	1,5
Rent	87	3,0	87	2,9	87	2,8	87	2,7
Variable Cost	29	1,0	30	1,0	31	1,0	32	1,0
Depreciation	42	1,4	42	1,3	42	1,3	42	1,3
CC II	124	4,3	132	4,4	142	4,6	150	4,7
Purchased devidend	78	2,7	81	2,7	84	2,7	87	2,7

Time Table

The programme should be followed properly to abolish any possibilities of extra or additional cost. To keep programme and budget on right figure and right time the society decided that only one person should be in charge of the whole project, that is the general manager. The decisions were made after discussions with the technical side persons and KF's consultants.

Timetable of the project were made up by general manager and the details of the project were worked out upon this timetable.

General manager, co-ordinator of the programme carried out by contractors is subordinating the whole project assisted by local architect and controler.

Public Relation

The small town of Norrahammar Society's relation with member and community is very close. Any activities should be exposed to the community, it is not necessary to expense much on advertising costs. In the case of the opening of the new shop at Hovslätt, Norrahammar demolished an old house and cleaned the land which took two months, and has then been informed to the people who are living in the community and surrounding area of the new society shop.

Fixture

Very soon when the building is ready the KF's specialists are settling fixture such as said on sheet of local programme.

Together with the contractors adjusting if it is necessary all the plan with the actual work, arranging the layout according to the situation of the new shop. Put all the necessities in the proper places and can thus offer the customers a better and higher service.

Stream-line all sections of the gondolas to cover more variety of articles which makes a better out-look to attract customer to come and buy.

Based on the long period of experiences the KF's specialists assist the new shop manager and staff to set out display and such of the new shop and start making ordering list forwarded to general manager.

Conclusion

In conclusion I do sincerely believe that Konsum Föreningen of Norrahammar not only could proceed with the programmes of the opening of the new outlet, - supermarket called "Hovslätt Konsum" - which drawn in detail are put on papers programme, but I am sure that they will progress further in the future in consideration of these following factors.

1. The strong and well established apex organisation's KF
2. Long experiences of the Swedish Consumer Movement in the outlets' establishment.
3. Steady and well organized in accumulating data of experiences.
4. Continuously cristalized of the development.
5. Tremendous human investment of technical knowledge, in recruting personnel.
6. Proper planning according to timetable.
7. Higher efficiency of co-ordination in subordinating of projects.
8. Quality and loyalty of the members.
9. Direct and familiarity of relationship between members and management.
10. Well-supported and self financing by its members.

14th International Co-operative Seminar
September 4 - November 25, 1972

Individual Report by Mr LING DIUNG-SING Malaysia

THE DIFFERENT STAGES OF DEVELOPMENT DURING THE
ESTABLISHMENT PERIOD OF A CONSUMER CO-OPERATIVE SHOP,
FROM FEASIBILITY STUDY TO OPENING DAY

Introduction

As soon as the Board of Directors of a society decides that there is a need for the expansion of its retail outlets, they bring in the experts of the KFAI AB (a KF subsidiary) for consultation. Thus, projecting starts off by the local society indicating to KF its intention of setting up a new consumer co-operative shop at a proposed site.

In this way the local society can, with the assistance of KF in business contexts and KFAI in technical matters, at an early stage begin discussing the design of its shop and other questions relating to the size of the shop, the suitability of the site, the assortment, the pricing policy, the traffic and parking situations, etc, with qualified and competent experts. The local society therefore has a chance early of being able to make use of functional and commercial factors to build a proper shop to its own and public benefit.

This close integration and collaboration between local societies and KF has made it possible, down through the years, for the Swedish consumer co-operative movement to develop the systems drawn up for local programmes specially intended for the planning and effective functioning of retail premises; and it is through their centralized collaboration between technicians and business men that the Swedish consumer co-operative movement has become such a tower of strength today.

Feasibility Study

After ensuring that KF will support and finance the setting-up of this new shop (should the feasibility study indicate that the project is viable and feasible) in the event of the local society having insufficient funds to launch the project, the next stage will be the undertaking of the feasibility study which is a definite and essential exercise before operating a new shop, supermarket or any other retail outlet. Opening a ranch of any enterprise without a proper feasibility study should be treated as a serious lapse on the part of any management.

...../

In collaboration with the KF experts the local society's personnel then conducts the feasibility study based on the following:

1. Previous experience
2. Present statistical data and environmental factors which at present effect the business, and
3. Future planning (and proposed development) within the area of operation

The conducting of a feasibility study cannot usually be done only by the personnel of the local society without the assistance of KF experts, as it requires a good deal of expertise and basic research. The determination of whether the proposed site for the new shop is suitable or not depends on the outcome of the feasibility study. No matter how well-thought and -planned the new shop's assortment, pricing, selling system, the lay-out, the displays, the salesmanship, the customer relations, the shop hygiene and cleanliness, the sales promotion, the budgeting, or the window displays might be, if the location of the shop is incorrect, the prospects of a CC 2 will certainly be remote.

Thus, the local society will then bear in mind that several factors to be brought to light by a proper feasibility study should contain the answers to the following questions, before deciding on the location of its proposed new shop:

1. How shall this retail outlet fit into the total network of co-operative shops within the area?
2. Is this new retail outlet going to be the main supermarket or shop dealing in a wide variety of food and non-food items?
3. Is it going to be the main supermarket in the area?
4. Is it going to be a food shop, dealing mainly with daily needed items of the people living in the area?
5. What type of customers/members are living within the area?
6. What kind of assortment do the customers expect?
7. Do the customers belong to the middle income group or lower income groups?
8. Are these people used to making their purchases from a self-service shop?
9. How many people/members are living within the area, and what is the total consumption potential of the people?

10. What has been the total purchases of these people/ members in other co-operative shops in the area?
11. What about the competition in the area? Who are the strongest competitors? What are they dealing in? What are their sales policies? What is their pricing policy? What is the size of the strongest competitor's shop?
12. What is the communication and transport system within the area?
13. What are the town-planning and community-planning moves for the future? What will happen to the neighbouring areas in future?
14. Will the area, where the shop is to be established, be able to attract customers from outside it?
15. What is the present total retail sales within the area?
16. Which are the main bus-stands in the area and where will they be located in the future?
17. Where are the present and future public parking places?
18. Is there any possibility of changing the proposed site of the shop to another site within the area in the future?
19. Is the area space of the site large enough for future expansion both for selling, storing area, as well as for parking?
20. What kind of commodities should this new shop deal in?
21. What is the sales turnover of this new shop expected to be?
22. What will the various services the customers would expect from the new shop? What are their buying habits?
23. Should we adopt the self-service system or not?
24. What are the distances between this area and the other townships?
25. What is the value of the landsite at present and what are the future appreciation-value prospects?

The local society and KF cannot, of course, hope to get ready answers to all these questions, but they will keep all these in mind and give some room for flexibility in the decisions, so that there is scope for adjustments in the shop's business and its internal environment under changed circumstances.

.... /

The approach for establishing the shop

Upon completion of the feasibility study and after the facts and figures in it have been analysed and the proposed project has great semblance of viability, the local society then takes the decision to set up a consumer shop in a particular locality of the area where the feasibility study was undertaken.

The approach for establishing the shop then follows these lines. The society will establish a shop which would meet the requirements of the customers/members as indicated in the feasibility study, plus an additional 15 percent expected increase in total sales of food for the year, following the feasibility study; an increase of another 15 % the next year, and a further increase of another 15 % for the third year, and so on. As far as non-food items are concerned, the approach should be to plan a shop with an assortment which can meet about 50 % of the members' total requirements. In addition to the above, restaurant or canteen may be opened. However, in the assessment of how much expected increases there ought to be in sales turnover, aims and figures may look a little optimistic and it may often be necessary to spread them over a longer period for achievement; but the fact remains that in order to cater for future expansion, it will be necessary for the society to plan the shop according to the requirements of five years ahead, and build a shop or supermarket which could later accommodate an additional 30 % of selling space.

In consultation with the KF experts the local society then continues with the drawing up of a local programme in which it is detailed in a written list all the space and requisites necessary to allow the planned turnover. The local programme is therefore the "foundation stone" on which all following projecting work rests.

In planning this, the society usually starts with the over-all whole and gradually approaches the details. The finished programme will thus describe the over-all whole and account for the details. The fundamentals in planning are therefore founded on a clearly defined basis which does not contain more details than are necessary for making a decision. Least possible work for the best possible decision is the order of the day here.

One requirement for this method of working, it must be mentioned here, is that the detailed particulars in the programme are correct. The decisions on the building of the type of shop, however, need not have to depend on a detailed blue-print showing the tables in the restaurant, or the outer face of the building, etc, but the lay-out plans should certainly indicate

..../

precisely the area and the situation of essential space requirements, such as SERVICE Area, Goods Handling Area, Restaurant Area, Office Area, Technical Area, Sales Area, Storage Area, Kitchen Area, Dining Area, Parking Area and other areas.

Building Construction Schedule

The next stage of the development process will be the drawing up of a Building Construction Schedule, to be followed up by a Working Schedule, but these schedules (the total time plan) will be designed to fit in with the decision for a definite OPENING DAY. Then again, the period between the decision to build and operate a shop on the proposed site, (after the feasibility study) and the opening day is dependent on circumstances such as:

1. The need for speed in setting up the shop or supermarket
2. The overcoming of restrictive factors, such as Town Planners' approval, etc
3. The ability to acquire the land at the correct price, and the period taken for transfer of ownership
4. The ability to have all present residents and public premises in the location evicted or moved to alternative sites, within the amount budgeted for this purpose, and the time to be taken for this.

Assuming that the above 4 major points are overcome, say, by the end of 1972 (hypothetical case), the local society will then make a decision to have this new shop's OPENING DAY set for the 31st of October, 1975, in order to take advantage of the pre-Christmas shopping by the customers.

Briefly then, the Building Construction Schedule and the Working Schedule for the years 1973, 1974 and 1975 (before Opening Day) should cover the following activities:

TOTAL TIME-TABLE

Year 1973

1. Drawing up of the Building plans
2. Drawing up of the Installation plans
3. Choosing the different equipments and materials
4. Determining the decor, the fixtures, and fittings
5. Calling for tenders and selecting the contractors
6. Evicting and removal of residents, homes and public buildings, etc, to alternative areas
7. Clearing and levelling of the site

.....

Year 1974

1. Piling work and construction of approach roads, and, where necessary, the extension of water and electricity supplies to the site
2. Construction and building begins and carries on

N.B. The contractors are responsible for the construction of the building. They must submit weekly reports to the society on the progress of the construction work. Penalties are imposed on the contracts for any undue delays in the construction progress. Time Schedule must be strictly adhered to.

Year 1975 (N.B. OPENING DAY is 31st of October 1975)

For the first six months of this year the construction work of the building would still be going on. However, by the end of June, the building should be very near completion. The floor must be ready by the end of June (although electrical and other fixtures are still being carried out) for the installing and emplacing of freezers, racks and other A-system fittings and fixtures. The KF consultants and experts are responsible for the installation of the A-system and the emplacing of the other fixtures and equipments in their proper and appropriate places and positions.

The storage area must be ready at least 6 weeks before Opening Day. The Sales areas must be ready at least 4 weeks before Opening Day.

Six months before the Opening Day, the Manager and the other departmental heads (if these are already employed) should together with the KF consultants, decide and carry out the following:

1. Assortment required for the shop
2. Place orders for the goods
3. Ensure that delivery of non-food items are effected 6 weeks before Opening Day; canned and bottled food items 6 weeks before Opening Day, and fresh foods (or perishables) for between one and ten days before Opening Day.
4. Discuss and decide on matters regarding special offers, "extra-pris", demonstration areas and island displays
5. After the goods have been recieved, in conjunction with the KF consultants and other full-time employees, to effect the display of non-food items at least 3 weeks before Opening Day; the preserved, canned and bottled food items at least 3 weeks and the vegetables and other perishables 1 day before Opening Day.

N.B. One fact to be remembered is that the carrying out of the price-marking and the displaying of goods on the gondolas and racks and shelves too many days ahead of Opening Day would be a wastage of salary costs. It is a wastage to display goods too early before the Opening Day and then having the employees standing around more or less with nothing to do!

Staffing

1. The Manager should be employed one year before Opening Day.
2. The other departmental heads must be employed three months before Opening Day; and if possible 6 months before Opening Day these people should be available to discuss and decide with the Manager and KF consultants on the assortment required for the shop, the demonstration areas, the special offers the extra-pris and the island displays, etc
3. The staff in charge of storage should be employed two months before Opening Day
4. The Sales staff (full-times) must be employed three weeks before Opening Day
5. Part-timers (usually homewives who are ready-trained or have had such working experiences before) to be available for call-up duty one week before Opening Day.

N.B. Well before Opening Day, the Manager must be fully ensured that all the staff that are employed or to be employed have had the "Introduction Course" on how to work in a consumer co-operative shop.

Public Relations Activities

These must be well planned two months before and carried out before Opening Day. These activities include the provision of appropriate music and entertainments; advertisements in the papers regarding the new shop and its Opening Day. Pamphlets and brochures to be prepared and printed and distributed to the people especially to those living within the area of the shop's operations. There must be as wide a coverage as possible over TV and the radio; and a big write-up about the society and the new shop in the newspapers. Information vans to carry out information about the new shop to the residents within the area would help a great deal in arousing public interest.

.... /

Special activities before Opening Day

Two very important parties must be held before Opening Day:

1. A "Thank you" party for the employees of the shop (KF consultants involved are also invited) to motivate for staff and to give them an extra impetus for better work out-put
2. A cocktail party, on the evening before Opening Day, in the shop's premises, preferably with music and dancing and fashion shows and items given by current stage and film personalities. It is important that all important and useful personages are not overlooked when invitations are issued. Among the people to be invited, inter-alia, should be important people from the community, the government service, the T V, the radio, the press, stage, film and radio stars; people from the head office of the society, the directors, and Committee members and important leaders and office-bearers of associations and guilds, etc, etc.

OPENING DAY

The Opening Day will be on a Sunday at 1.00 p.m. The shop will be **gaily** and suitably decorated and there will be music and singing and fashion shows; it must also be ensured that the press gives the Opening Day a big write-up. Thus the new shop will open with a big "BANG"!

14TH INTERNATIONAL CO-OPERATIVE SEMINAR

September 4 - November 25, 1972

INDIVIDUAL REPORT BY: Mr. Abu Bakar Bin Othman Malaysia

HOW DOES THE CONSUMER CO-OP SOCIETY ORGANIZE ITS PUBLIC RELATION ACTIVITIES?

I.

First and foremost I would like to inform you about the situation of the society that I was attached to for the field studies. Below are some of the important points which in my opinion are worth mentioning:-

Name of society	Konsumentföreningen Alfa
Membership as of 1.1.1971	60,555
New members enrolled during 1971	3,589
Members resigned during 1971	1,808
No. of members as of 31.12.1971	67,336
Turnover for the year 1971	293.1 million Skr.
Number of sales outlets	84
Number of staff employed	1,261

In this society the public relations manager is directly below the general manager and his status is at par with the other managers, in that the P.R. manager is directly answerable to the general manager.

II. WHAT IS PUBLIC RELATIONS?

If one tries to define public relations, one has to look into many aspects of it, while others may define it as a means of communication, someone else may define it as the media for human relations. In actual fact public relations can be defined in many ways and there are many ways too of implementing public relations. I could quote for an instance one lecturer in our seminar who defined public relations as "the know-how to behave". Of course he was right when he defined P.R. as such and no one can dispute it. Take for an example a shop assistant in his usual working hours who always says "hello" and "thank you" - in reality he has had implemented public relation activities. The cleanliness of the shop for an instance also plays a major role in the implementation of public relations. Needless to mention the smiling faces of the salesgirls is also part of public relations.

III. PUBLIC RELATIONS AT THE SOCIETY LEVEL

As being mentioned earlier that the public relations manager is directly answerable to the general manager, naturally the P.R. manager is a busy man. In actual fact he is the contact man between the general manager and the other managers as well as the staff. Besides being the contact man within the staff as a whole, he is also the contact man to the elected members of the board. The activities within

49

the society are as follows:-

- 1) Information to the sales outlets within the society
- 2) Information to the management
- 3) Organizing education activities
- 4) Arranging for meetings
- 5) Arranging for other mass media
- 6) Personnel club

1) Information to the sales outlets within the society

Normally upon receipt of news regarding the price changes, the marketing manager will contact the public relations manager to inform all the sales outlets about the changes. The P.R. manager either uses the radio communications from the society's head office telling all these sales outlets about the changes or he will go to the outlets personally explaining why such changes should be done. In the meantime he will get all the information printed to the required amounts and distribute them to all these outlets. In course of his explanation to these sales outlets he will have to bear in mind that all this information has to be met with by the sales outlets as quickly and efficiently as possible. Should he meet with difficulties he should liaison with the marketing manager and discuss the possible means of solving the problems.

Information from KF for an instance must at once be transmitted to the sales outlets; normally it would be on sales activities for the certain periods of the year. The public relations manager has to contact the sales promotion manager of the shops and tell him all about the sales activities. He would then instruct the sales promotion manager to hold meetings at the shop level and to make announcements and also to carry on the advertising activities pertaining to the directives from KF about that period mentioned. Though the public relations manager is not directly involved in the sales activities of any particular sales outlet but nevertheless he has to see that that particular sales outlet should function to the manner expected by the society in particular and to the KF as a whole.

Of course the burden of the public relation manager would be much lighter if all the sales outlets had their own sales promotion manager because the function of this sales promotion manager and the P.R. manager's are almost similar. The only difference is that public relations manager at the society level give instructions to the sales promoter to carry on the advertising activities whereas the sales promotion manager have to implement the advertising activities. Touching on the sales outlets without the sales promotion manager, normally in a small Konsum shop, then the public relations manager has to do the advertising for that particular shop. In fact the posters and placards for this small Konsum shop are also prepared in the society and later distributed to this type of Konsum shop.

This is some of the information which the public relations manager has to transmit to the sales outlets and all this information regarding all the changes and so on have to be acted upon to the barest minimum delay. The P.R. manager would keep a record on all this information

and whenever possible he should make spot checks on all these sales outlets in order to find out whether all the information were well taken care of. In cases of this information being ignored the P.R. manager has to institute further action.

2) Information to the management

The sales outlets after having channelled their montly reports on their activities to the P.R. manager would then expect comments from the society's head office. It is here that the P.R. manager has to pass all this information to the management through the meeting of the management. A full text of the report is compiled and presented at the meeting by the P.R. manager. In all cases the P.R. manager would be in close collaboration with the secretary of the management and extract the minutes of the meeting and also make necessary observations wherever matters relating to public relations activities.

It is of prime importance that these comments and recommendations made by the management should then be transmitted back to the various sales outlets so that they are being kept informed.

Besides presenting the reports from various outlets to the management, the P.R. manager after conducting his own survey over other activities including sales activities of a competitor or other private enterprises, would also supply this information to the management.

More often than not the public relation manager receive information from KF periodically. In case the information is touching on sales activities, then the P.R.-department of the society would communicate with the marketing manager. After having a decision the P.R. manager would then pass all this information to the responsible man in the shop. Likewise the P.R. manager has to do the same thing to the other managers at the society if matter affecting their departments.

In short the public relations manager is responsible to organize meetings, be it with the directors in the society and also with the elected members of the society.

3) Member education

In order to ensure that the members within the society should always remain loyal, education activities should be implemented even at grass root level. This education activity is one of the responsibilities of the P.R. department within this society.

While bearing in mind that education is a continuous process, the education activities are carried out in stages and the planning is done by the P.R. department. Normally the education activities are carried out from September and finish in February or March. In each district within the society there is at least a study organizer and the P.R. department would then give information to the study organizer about the various programmes and the types of subjects to be taught in each particular district. Besides having these study organizers there are three study consultants employed by the society and these consultants receive information and directives from the P.R. department. It is rather fortunate for this particular society that there is an ABF within the society and the function of this ABF is to carry on the education activities of the society.

Now you may wonder how these organizations carry the task of education for the society. At first these organizations would hold a 2-day conference and in the conference they will discuss in details about the courses for that particular period. All the relevant information is then carried out to various districts within the society by the study organizers. In normal cases the three study consultants would make recommendations to each district as to what type of courses would be beneficial to the members of that district.

Perhaps I should touch on the various stages of education activities. Well, to begin with the elected members should be taught simply because they are very near to the ordinary members and being the members' representatives they should be in a position to inform members about the society. The subjects taught for these elected members are usually the background history of the co-operative movement, the functions of the society to which they belong, principles of co-operation, rules and by-laws of the society. Then after completed the course on the above subjects the elected members have to undergo a correspondence course organized by ABF in close collaboration with the public relations department and the consultants. The subjects are more in details and the continuation of these subjects which they have learned earlier. In order to keep these elected members in regular touch with the subjects and to be very sure they really understood everything, they have to sit for another course next year where question papers would be sent to them individually. The organizers would correct the question papers and all answers from these members would be recorded. In case the answer is wrong, a model answer would be despatched to these members.

Education activities for ordinary members also play a major role to the well-being of the society and as such simpler subjects are taught. More often the subjects confine to consumer goods and some practical hints on these goods. For these members, the study organizer (normally elected member) invites them to come for such a course and initially the organizer would give them a brief explanation about the society, the need for co-operation and of course the objectives of co-operation.

Talking about P.R. activities within the society and in view of the fact that education play a major role, I think it is dutybound for me to write on the consumer guilds too. In this society the P.R. manager also organized and directly is responsible to this consumer guilds. Information about consumer goods are transmitted to these guilds and members of the guilds are invited to discuss about the subjects in a very frank atmosphere. The functions of this guild are more educational and also to some extent of a great help for the consumers as a whole. Here at the meeting of the guild information is given about what to buy, which brand of product is of better quality and so many other important as well as interesting subjects for the consumers.

Now that the elected members are educated (co-operative education), the members at grass root level have been introduced to co-operative subjects, the consumers are informed about the consumer goods, the P.R. department have to go to the board members. Of course the board members are very well versed with co-operative activities and as such there is a separate course for board members only. The

board members are taught on detail studies of co-operation covering all the various scopes of co-operative activities.

4) Arranging for meetings

It is within the jurisdiction of the public relations department to organize and arrange meetings for both the district meeting and elected members' meeting.

Elected members' meeting

The P.R. department upon request made by the executive management to inform certain information on the situation of the society to the elected members would invite these members for a meeting. The agenda is fixed by the P.R. department in close collaboration with the secretary of the executive management. In the notice for the meeting, the P.R. department would have to give explanation why such a meeting is called upon. In the event the elected members would like to get certain information regarding any particular department, they would request the public relations department to fix a meeting between them and the director of that particular department.

District meeting

The agenda for this meeting is prepared at the society by the P.R. department and also invitations to the meeting are sent out from the society to that particular district. At this meeting the P.R. manager will talk on all the activities of the society, discuss the annual report and also the accounts. Should there be any other problems within the district the P.R. manager should be able to solve it at the meeting, failing which he would make a report to the society's head office. It is here that at this meeting the members in the district would get a clear picture of their society and also analyse the current situation of the society. This is due to the fact that the district does not produce their own annual report.

5) Arranging for mass-media

The P.R. manager as I have mentioned earlier is the contact man between the society and the public at large and as such in order to keep the public informed about certain activities he has to make press releases periodically. Take for instance there would be some activities within the region of the society, say a visit by other co-operative leaders from abroad, he would get in touch with the press and make arrangements for the press to come to the society for an interview. Another example is when a new sales outlet is to be opened in the very near future, the P.R. manager would inform the public of such situation in the newspapers. He would ensure that the public should be well informed. More often than not the relationship between the public relations manager and the press are always cordial. I would not at this juncture detail more about the frequent advertisements in the newspapers which is part and parcel of public relations activities, but I would touch on the other ways of communications with the public. The radio for instance

play a big role in informing people and that is one of the reasons why the P.R. manager has to request the radio personnel to record some of the events which is of importance occurred in the society. A good example is when a new sales outlet is opened and of course there would be a lot of speeches from distinguished guests around the area, and as usual the board members would make speeches pertaining to the society and the sales outlets. These speeches would be recorded by the radio and broadcasted to the listeners and thus another form of public relations activities has been implemented.

With the modernisation and high standard of living the public perhaps does not listen to the radio often enough. Therefore the P.R. manager has to contact the T.V. now. The general manager perhaps would like to inform the public as to why there is a need for a department store in a certain area and he wanted his opinions to be discussed by the community or city councillors. The P.R. manager has to liaison with the T.V. authorities whether they would televise the forum held. The whole context of the meeting would be more with the public if they could see it on the T.V.,

6) Personnel club

I would wind up the public relations activities at the society by going into this club. The saying "All work and no play make Jack a dull boy" certainly bears a deep meaning in this society. It so happened that the P.R. manager is the chairman of this club and of course the activities within this club would booster the good relationship between the personnel and the management. Bearing in mind that while maintaining the relationship the principles have to be adhered too, the personnel cultivate the sense of belonging and working as a team. The club in its original self create more public relations amongst the personnel.

The activities within this club include social and sporting activities. Games are organized at district level and society level. While some are not very keen in sports, the club often organize social functions like dancing and picknicking. Courses that would be beneficial to the members like learning other languages, cooking and so on are also held.

IV. PUBLIC RELATIONS AT THE SHOP LEVEL

Three most important aspects of public relations at this level would be as follows:-

- a) Advertising
- b) Sales promoting
- c) Customer relations

a) Advertising

By nature human beings are attracted by curious things and therefore advertising plays a big role in order to get the customers to feel the liking for the items advertised. Unfortunately the authorities prohibit advertising over the T.V. and therefore it is only the press that keeps advertising going more effectively. Of course

posters and placards to some extent attract the attention of customers too. Perhaps you may ask me how advertisings are carried out. Well, upon receipt of the sales planning from KF, the sales promotion man would hold meetings with various departmental heads in the shop telling them the outline of the sales activities during a certain period. For an example during week 47 - 49 the manager for the shoe dept. wanted to have a special drive on winter shoes. The advertising man would prepare the advertisements and advertise in the papers. At the same time he would also prepare placards and posters to be used in the shoe department. Maybe the manager of the ladies and gents departments would like to have a special drive in ladies and man's stockings during week 47 - 50. The advertisements should be made in week 48 and also the placards, price posters are to be placed in this department.

Besides preparing the advertising materials, posters and price labels the advertising manager has also to look for the competitors types of advertising. Details like prices on goods from the advertisements by the competitors and the number of items advertised are taken and compared with the shop's advertisements. It is of vital importance that the advertising should be done in the most appropriate ways in order to attract the eyes of the customers. Likewise the periods during the advertisements should be in concurrence with the types of items advertised.

b) Sales promotion

Sales promotion within the shop is the best possible means of increasing sales and at the same time the customers would be loyal and feel that they would only patronise the shop if the sales promotion activities are carried out very efficiently. In order to ensure that the sales promotion activities are successful, the sales promotion manager should only select a few items and efforts must be taken to really achieve the goal during a specified period. The articles selected should normally be attractive in the eyes of the customers in order to make the customers have the feeling of buying these special items. Also the kind of goods to be included in this sales promotion activity should be new arrivals of latest food or fashion for instance. Of course special sales activities should also be carried out for seasonal items (e.g. Christmas items) like winter shoes and so on which is relevant to the climatic conditions. Reports from various department managers could indicate the goods or items which are slow moving. For such an item it could be cleared out, should it be in the sales promotion activities.

When a shop is involved in this sales promotion activities, the pricing policy of the management should be determined too. Therefore the prices of the articles included in the sales promotion activities should be marked in the manner which are attractive to the customers. Usually the prices of the items are lower than the normal prices but the margin would be around the same because of the large amount sold and in fact while carrying these sales promotion activities on certain items the customers would perhaps make other purchases on other goods. Sales promotion activities in this respect is just to attract the customers to come to the shop.

Abu Baker Bin Othman

8
55 334:658.7 (063) (485)
SWE
9200
10.4.73

c) Customer relation

I would rather say customer relation is the most important aspect of public relations activities at the shop level. It is the customer who could decide the fate of the shop in the future. Therefore in order to keep these customers and also expect potential customers some means of public relations should be emphasized. First and foremost the personnel in the shop should be well-behaved and having pleasant manners. The cleanliness of the shop too would have a good customer relation to the shop and customers would prefer to shop in a shop having soft light music on. Periodical announcement during the shopping hours on certain items would be most welcomed by the customers. Perhaps I should list down some types of public relation (particularly customer relation) in the shop. They are as follows:-

- 1) Greetings
- 2) Giving gifts
- 3) Special opening hours for handicapped
- 4) Gimmicks to draw attention
- 5) Customer information e.g. choose the right food, pamphlets distributed etc.
- 6) Customer's corner

The customer relations mentioned above are being implemented to the customers who are already patronising the shop. For those customers who have never visited the shop before and in order to draw them to the shop, pamphlets and other information are being posted to them. By doing so perhaps they would become the potential customers of the shop.

Of course there are many other public relations activities at the shop level which I do not mention but anyhow these three main activities are the most important so as to ensure the viability of the shop or supermarket.

V. PUBLIC RELATIONS ACTIVITIES IN THE OPENING OF A NEW SHOP

In order to create awareness of the public that a new shop is to be opened on a certain day, public relations activities should be intensified about one month in advance. Take for an instance that a shop is to be opened on Thursday of the 23rd week various activities prior, during and after opening day have to be carried out. Amongst the activities are those mentioned on the schedule sheet attached.

ACTIVITIES	W E E K							
	20	21	22	23	24	25	26	27
Big posters on window	-----							
Posters on walls		-----						
Pre-advertising			-----					
Advertising around the opening day				→				
Follow up advertising					-----			
Pamphlets			-----					
Meeting to thank helpers			—					
Press information				—				
Inauguration party				—				
Premier arrangements				—				
Presents to children					—			
Workers to wear emblems					-----			

14TH INTERNATIONAL CO-OPERATIVE SEMINAR

September 4 - November 25, 1972

INDIVIDUAL REPORT BY: Mr. Moh Din Jusoh Malaysia

HOW IS THE PRICING POLICY CARRIED OUT IN THE CONSUMER CO-OP SOCIETY OF YOUR FIELD STUDIES?

Society: Konsum Alfa, Gävle

1. INTRODUCTION

1.1. The society

Konsum Alfa, the local co-operative retail society of Gävle operates on following 84 outlets:

- 8 department stores including restaurant and hypermarket
- 69 supermarkets
- 6 mobile buses
- 1 laundry

having a total turnover of 293.1 million Skr (for year ended 1971). The society is served by a regional warehouse situated at Gävle city. It is fortunate that the warehouse and the society's head office happen to be in the same place.

1.2 The management

The society comprises 31 districts with a total membership of 62,336. The management of the society is entrusted to 16 elected members and the general manager who has the same right and privilege as the elected members.

1.3. The executive and staff

The routine execution of retailing and connected activities rest on the management directors consisting of the:

- general manager - chairman
- marketing director
- director for food
- director for department stores
- planning and development director

who are the employees of the society. The total personnel employed by the society (1971) is 1,261 people.

2. PRICING POLICY

2.1. The society and KF

The society being a member of KF and purchases its assortment

through KF has to rely a great deal of its pricing and planning activities upon KF. In determining its pricing policy the society has to take 2 major factors into consideration. At such, once a year discussion is held between KF personnel who are responsible for net prices of the assortment and the society's personnel responsible for gross prices.

2.2. Budgeted CCII

In determining its gross price, the society will press on a certain margin in order to achieve its CCI target and hence CCII to enable the society to fulfil its obligations to the customers and members effectively.

2.3. Price level and competition

While a certain percent of the average margin is a necessity for the society's survival, the society has to bear in mind the existence of neighbouring competition from the private sector and thus the society's prices should be low enough to compete on the market.

2.4. The society and regional warehouse

In order to achieve the two above factors, the society and the regional warehouse are working very close together. The society will ask the warehouse because of its experience and know-how to fix the gross price on each single article. In this case the warehouse is responsible for the average margin that they have promised the society.

3. THE REGIONAL WAREHOUSE AND ITS PRICING POLICY

3.1. Net price and margin

The regional warehouse and also the society know the prices of goods whether KF own products or those of private manufacturers at net price (cost price including transportation, if any). How to achieve the budgeted turnover and CCII and at the same time to fight competition? Another important consideration is that the price is acceptable to the consumers.

3.2. Price investigation

3.2.1.

The warehouse deploys an investigation scheme by selecting 90 articles comprising of almost 60 % of the total assortment of the competitors; and making use of the housewives to shop at the competitors' outlets and then bringing the articles to the warehouse for price comparison and testing. Such undertaking will enable the society to determine its competitive prices for its assortment.

3.2.2.

The society collects newspaper advertisements of the competitors for a certain period to check their prices and make comparison therewith.

3.2.3.

The society keeps its own newspaper advertisements for a certain period of previous years and analyses the turnover of its outlets for the period.

4. ACTIVITY ASSORTMENT

4.1. Activity determination

The overall activities in regard to retailing of certain assortment for a certain period is determined by KF. However, the regional warehouse together with the society and retailing outlets plan their own activities based on the master plan of KF. The policy followed in the society is that no department can purchase direct from any source of supply other than the warehouse.

4.2. Planning activities

The sales promotion officer of the warehouse receives the activity plan from KF 9 weeks in advance. He is responsible for preparing preliminary activity plans to be discussed by the planning committee which comprises himself, the director concerned and the shop manager. (The composition of the committee depends on the type of activities either food, non-food.) The accepted plan will be handed to the sales council which is directly responsible for the sales. The sales promotion officer in this case will prepare the necessary sales supports including:

- placards
- recipes
- advertisements
- pamphlets

4.3. Activity policy

4.3.1.

In choosing the right activity assortment, the policy followed is that the articles of the same nature or requirement will be placed at the same point.

4.3.2.

3 articles of the assortment will be selected with one important item at a low price.

4.3.3.

The low-priced articles will be effective for only 14 days.

4.3.4.

The sales activities will be done at alternate activity points on alternate weeks, thus reducing the activity load of the manager and his personnel.

60

4.4. Pricing of the activity assortment

The low price policy of the activity articles is possible to be introduced on the following criteria:

4.4.1.

The KF industry or private manufacturer because of the bulk buying of the society for the activity allows a certain percent reduction of the price (normally between 5 and 20 %). The society then will reduce the price of the same articles by the same discount - thereby retaining the average margin.

4.4.2.

Discount is given for similar reasons for 2 activity articles. The society in this case will reduce the price of the third activity article by the aggregation of the 2 articles while maintaining the average margin.

4.4.3.

The society owing to certain favourable reason may initiate an activity of a particular article, for instance coffee. The determination of the price and amount to be retailed by any outlet is decided by the society.

5. PROBLEMS OF ACTIVITY

5.1.

As part of sales support to create awareness of demand to the consumers, advertisements for activity articles are placed in the newspaper. In the operating district of Konsum Alfa, there are seven local newspapers, some of which cover one or more 'outlet' area. Activity pricing of a particular outlet and area may affect the normal pricing of the same articles not 'activated' in another outlet which is covered by the same newspaper; thereby creating psychological suspicion among the consumers.

Sales support by advertisement for this region will therefore be expensive.

5.2.

The KF regional warehouse may have surplus stock of a particular assortment. The easy way out to 'get rid of' this article is to send to hypermarket for disposal. Such procedures bring a great impact on prices of similar commodity retailed at other society's outlets. Through negotiations such practice of the warehouse has been discontinued.

6. PRICING WITHIN AN OUTLET

6.1. Hypermarket against other outlet

The society in establishing a hypermarket has a low price policy

61

at its outlets because of its location, organisation and degree of service. The external hypermarket of the society at Valbo, the first of its kind in Sweden, bring about competition not only from the private traders but also other society's outlets nearby. Price difference at other outlets must be attractive enough to stimulate turnover to meet the budget.

6.2. Domestic competition

To arm an outlet of the society against domestic competition, the price must be at a bargaining position compared to the competitor. The manager is given the power to change the price accordingly to suit local requirements. The onus of finding and maintaining a competitive and bargaining price has to be carefully viewed and acted promptly. Personal contact/investigation is to be done any time. Sales support is intensified.

7. LÅNEKÖP (Borrow and buy)

The consumer co-operative movement has always had a cash pay system for its sales. With the increase of consumer demands for more sophisticated and expensive assortment like TV sets, deep-freezes, cameras etc., such articles have to be stocked at the stores of the co-operative society. While the private sector has the monopoly in selling these articles on instalment or hire purchase basis some time ago co-operative movement and so this society has developed a "låneköp" (borrow and buy) system offering an alternative and low rate of interest.

In "låneköp", the society gets the loan from the bank on behalf of the consumer member on paying 10 % of the price of the articles on delivery, and the society's undertaking of KF money as guarantee, the consumer member has to pay only the normal interest for the period and the amount of loan. Repayment of the loan has to be made by the consumer member to the bank.

8. PRICES AND COMMUNITY**8.1**

From the information gathered from a number of consumers, I am given the impression that they are of the opinion that the society's outlets offer on the whole a low pricing policy for the goods. A few commented that it is difficult to find the required articles at hypermarket.

8.2.

At a place to be operated by the society, the community insists on competition despite arrangement the society has been made with the competitors. Permission to operate will be granted only if a private store is prepared to commence business within the building to be rented.

9. ACKNOWLEDGEMENT

My thanks are due to the General Manager, Management Directors of the society and also the staff of the regional (Gävle) warehouse for their assistance and information provided. In particular, I

Moh Din Jusoh

6.

62

would like to mention the host of our group Mr. Eric Sigmundsson who has spared this energy and time for the group. Also thanks are for the manager and staff of the Sättra Centrum supermarket of the society for allowing the group to work for one week.

Special mentioning is due to Mr. Malte Jönsson, his supporting staff of the SCC, individuals and societies for the role played in this seminar.

Gävle
November 1972

14th International Co-operative Seminar
September 4 - November 25, 1972

Individual Report by Mr ANG THOEN HOCK, Malaysia

WAREHOUSE, SYSTEM OF CENTRALIZED BUYING, STORING,
PACKING AND TRANSPORTATION

Regional Warehouse

Lagercentralen, or in short L.C., is known in Sweden as a Regional Warehouse. To really understand the Swedish consumers' context of a warehouse, is not easy to an ordinary layman, who had no contact and connection with the structural set-up of the consumers movement. To a layman, the function of the warehouse simply means the place to store your goods for delivery to the shops as and when they are required. But this is not so in the Swedish consumers movement. Storage is only one of the many functions. As an introduction, it may be correct to interpret that the functions and activities of the Regional Warehouse in Sweden are similar to that of a middleman within the framework of the consumers movement where the profit and loss are equally shared by the societies, in proportion to their purchase.

Before Regional Warehouse

Let us now look at the system of warehousing, before the introduction of the Regional Warehouse to the Swedish Consumers movement. From information received, the first step taken to introduce the Regional Warehouse was in 1948, with the conversion of the Visby Society's store into a Regional Warehouse.

Before the introduction of Regional Warehouse, the societies were having a system of Central Warehouse, where such warehouse acted as a storage for the societies' goods and were part and parcel of the societies' functions. The smaller societies, for economic reasons and unable to have one, could share with the bigger societies the central warehouse.

Normally, the most centralized and bigger Domus in the society would act as the central warehouse.

Development of Warehouse

The conversion of the old central warehousing system to the present Regional Warehouse was a slow process. In the case of Borlänge, the process of conversion took nearly 2 years before the Regional Warehouse became fully operational. The

goods from the central warehouse were slowly transferred to the Regional Warehouse.

In some societies the buildings together with the lands of the central warehouse were sold to private enterprises and from information gathered, factories have now sprang up on the very ground, where once stood the central warehouse.

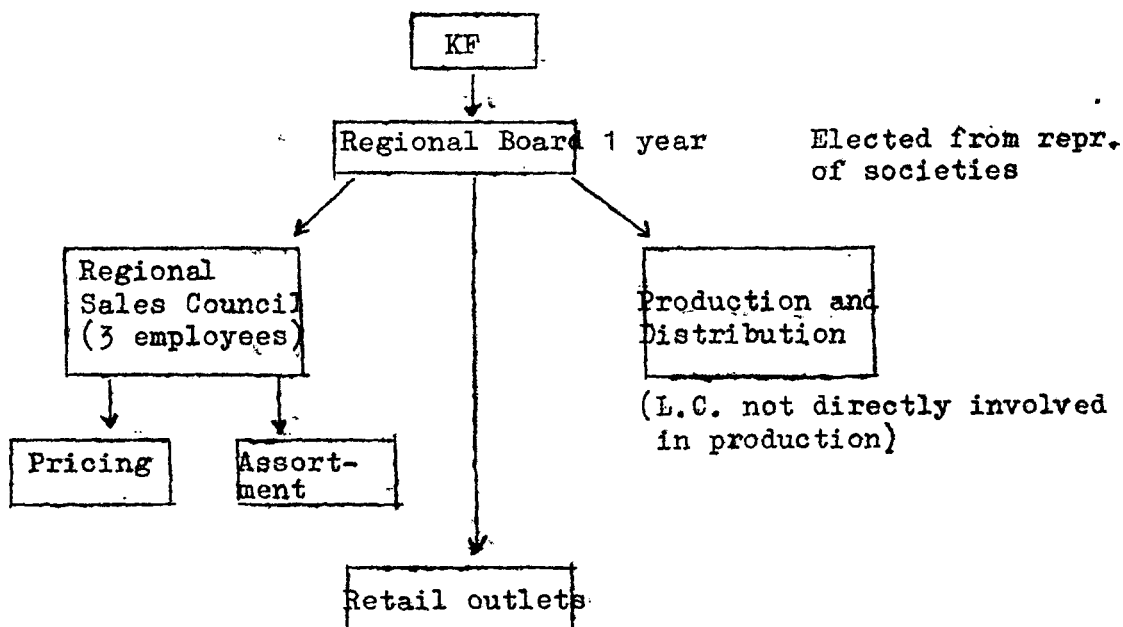
In the early years, there were 50 Regional Warehouses in the whole of Sweden, but the KF specialists found that less Regional Warehouses would be of more benefit to the societies. Today, there are 15 Regional Warehouses and 1 National Warehouse in the whole of Sweden.

The Reasons for Establishing Warehouse

Briefly, the following were the reasons for the establishing of Regional Warehouse:

- a. more storage space required as the central warehouse of societies were unable to cope with the demand for more space, as the retail outlets and range of assortment expanded.
- b. the concentration of bigger warehouse, to combat the increase cost of labour.
- c. bulk purchases, thus cheaper price of goods for members
- d. more concentrated efficiency of KF specialists on purchase and delivery
- e. easier transportation
- f. as a protection of the consumer movement from the private manufacturers

Administration



The legal and formal owner of the Regional Warehouse must be first understood before the administrative structure could be explained. In a closely knitted organisation like the consumers movement in Sweden, the relationship among the fractions could not be clearly defined. KF, the Society, the Regional Warehouse and the shop outlets are so inter-related that one has to depend on the other for survival.

Since KF is directly responsible for the salary cost and the capital cost of the Regional Warehouse, we have to assume that KF is the legal and formal owner of the Regional Warehouse.

If KF is the legal owner of the Regional Warehouse and the societies the main user, a system of management should be evolved where both KF and the societies should have a joint say and responsibility.

A Regional Board consisting of elected members from the societies, for a period of 1 year, manages the affairs of the Regional Warehouse. Since the functions of the warehouse are of a specialized nature, only Directors and Managers of societies are eligible to become Directors of the Regional Board. The number of representatives to the Regional Board from societies' level, would depend on the amount the societies purchased from the warehouse during the past year.

From information gathered, the number of Board Members in Borlänge are 9 and are made up of 5 Directors and 3 Managers from the different societies with the General Manager of the Regional Warehouse as a Board Member with power to vote.

Assisting the Regional Board are 2 Councils, namely the Sales and the Production and Delivery Councils. Full-time managers of societies are members of these councils. The Regional Warehouse in Borlänge has 3 members in each of the councils.

The pricing and assortment policy of the Regional Warehouse is within the responsibility of the Sales Council.

In brief, the duties and responsibilities of the Regional Board are as follows:

- a. to supervise the efficiency operation of the warehouse
- b. to serve as a liason between KF and the societies
- c. pricing and assortment policy
- d. staff management

Finance

As had been stated earlier, the legal ownership of the Regional Warehouse is KF. Since KF is the legal owner, the question may arise as to whom lies the responsibility of financing the warehouse.

There are 2 types of expenditures - capital and current expenditures. KF is responsible for the capital to finance the cost of land, building, stocks, fittings, furnitures and all equipments in the warehouse. All approval for any alteration or extension to the warehouse, any purchase of machinery and equipment of capital expenditure would come from KF. The societies do not own anything. Even the payment of the staff's salary is done by KF.

But how could it be possible for KF to foot all the capital costs and the salary costs when in accounting term, the regional Warehouse is a separate identity from KF? Where does KF get the finances from? Here lies the beauty of the Co-operative Consumer Movement in Sweden, where KF is looked upon by the societies, warehouses and the retail outlets as the financier and guidance of the whole movement.

Let us now look at the role the societies play in financing the Regional Warehouse. The Regional Warehouse would sell to the societies the goods at net price plus cost incurred by the warehouse. The cost incurred by the warehouse is calculated on a point system. Different warehouses determine the points differently in relation to the cost incurred by them. The warehouse price then becomes the net price of the shops. Any profit or loss incurred by the Regional Warehouse would be shared among the societies in proportion to their purchases. In brief, this point system at present prevailing at the Regional Warehouses is the financial role played by the societies.

Storing

The storing arrangements of goods in all Regional Warehouses are similar. An Assortment Committee on KF level, consisting of representatives from all warehouses, decides the arrangement of goods in all warehouses and these warehouses would follow KF directives in order of the Price Index Book. Only heavy articles are placed near the loading bay.

The articles on shop level are, as far as possible, displayed and numbered in the same way as in the warehouse, so as to assist the manager of the shop to place the orders to coincide with that of the warehouse. But all orders

...../

coming from the shop would again be fed into the data processing machine of the warehouse, who would arrange the orders in the respective storing position of the warehouse.

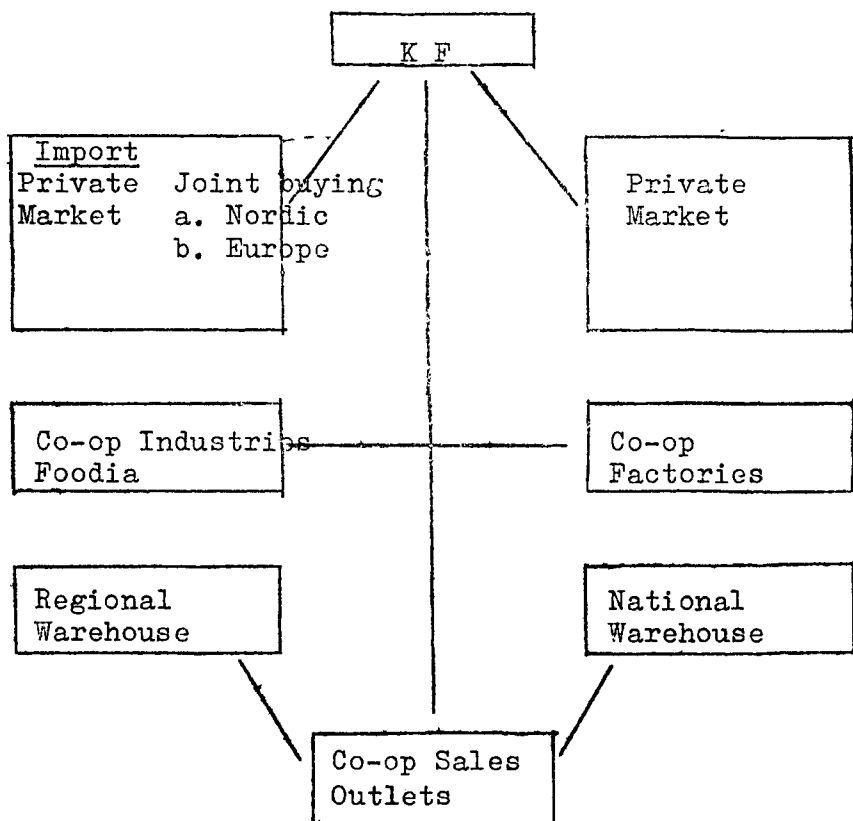
Perishable goods, like fruits and vegetables, are stored in the cold room of the warehouse, but such goods do not stay long in the warehouse, as the rate of turnover is very high.

Deep frozen goods are stored in freezer room with a temperature of - 27 C.

Packing

Packing of food products are normally done by the warehouse. Packing, weighing and pricing are mostly done by machines with very little manual labour. Fully automatic or semi-automatic machines, depending on the types of food products, are being used to price mark, weigh and pack such goods. The products that go through these machines are cheese, tomatoes, potatoes, fruits and vegetables. Non-food products are normally not packed by the warehouse.

Centralized buying



...../

The above chart shows the system of centralized buying system at present prevailing in the KF and this could also be taken as the system of distribution in the consumers co-operative set-up in Sweden.

As a matter of principle, the warehouse do not venture into their own purchase. Most of the purchases are done in consultation with KF. KF would negotiate on behalf of all the Regional Warehouses for all prices, quality and quantity required by the warehouses. As for distribution, the warehouses would get the supply directly from either Foodia, private manufacturers or co-operative factories.

But this central purchasing of KF does not necessarily mean that the society and the Regional Warehouse are not allowed to have direct purchases, if another purchase from different source is more beneficial. But KF has to be consulted first.

Transport

One of the basic objects for the establishment of Regional Warehouse was to streamline the mode of transportation within the movement. Towards this object the Regional Warehouse has succeeded.

Today, food products are able to reach the retail outlets daily. Even if the employees of the retail outlets are not in the premises of the shops, the goods could be left at the loading bays of the shops without any fear that such goods could not be accounted for. As for non-food products the delivery is done on a fixed day of the month.

The costs for transportation to any retail outlet, irrespective of the distance are the same. But perishable goods and food products cost more in transportation, due to the fact that they do occupy more transport space. It is not possible to squeeze these food products without spoiling them.

Many types of transportation, like rail, loading pallets, pallet trucks, pallet stackers, forklift trucks and lorries are used by the Regional Warehouse.

Other functions

The Regional Warehouse has more functions than those mentioned above. Sales planning, receiving orders from retail outlets, advertisement and information are some of the other functions of the Regional Warehouse.

CONCLUSION

In conclusion it may be imperative to examine the advantages and benefits to the movement from the establishment of Regional Warehouses. They are as follows:

- a. More efficient and cheaper transport cost
- b. More centralized and storage space for goods, thus creating more selling areas in shops
- c. More effective and bulk purchases, thus resulting in lower cost of goods
- d. More systematic ordering system, thus resulting in more efficient delivery of goods
- e. More collaboration and co-operation between societies and KF
- f. More specialized concentration on central buying by KF