

OFFICE MANAGEMENT FOR CO-OPERATIVES

**A Self-teaching Text
by John Launder
and the Co-operatives Panel
Intermediate Technology
Development Group**

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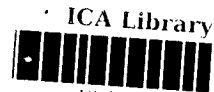
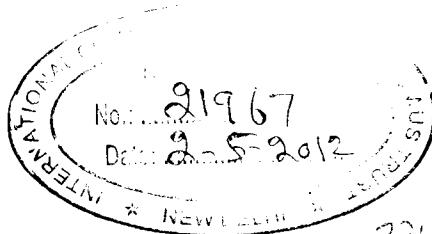
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PREFACE

This book is suitable for the managers and secretaries, staff and committee members of small and medium size co-operatives.

It can be used by study groups as well as by individuals studying alone.

For very small co-operatives having only a secretary a simplified version of the book can be produced by using the following units:

1.1, 1.2, 1.7, 1.8, 1.9.

Questions for thought and discussion 1.

All of Part 2.

Questions for thought and discussion 2.

5.2, 5.3, 5.4, 5.6, 5.7.

Questions for thought and discussion 5(b).

Study organisers will also want to obtain the "Study Organisers Guide"* which gives advice on how to use this book and others in the series.

* Available free from IT Publications Ltd., 9 King Street, London WC2E 8HN, U.K.

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INTRODUCTION

Office "management" was chosen as a title instead of office "organisation" or office "practice" because management is a wider term and one which includes organisation and practice.

Management also stresses the positive nature of an office. It is a popular idea that the office is the home of bureaucracy, that offices are not very useful. "Paperwork" is not popular with busy people.

This book aims to show that offices and paperwork are important because they exist in order to provide services to managers, that these managers need the services of a good office in order to run their co-operative effectively.

The book is in six parts.

Part 1 introduces the principles of office management;

Part 2 looks at essentials of a small office;

Parts 3 and 4 consider the subjects of staffing and controls in medium-sized offices;

Parts 5 and 6 are concerned with the details of records, correspondence, equipment and accommodation.

Accounting and book-keeping are a large part of the work of an office but the details of these are not included in this book. Useful publications on those subjects may be obtained from:

CEMAS/International Co-operative Alliance, 11 Upper Grosvenor Street, London W1X 9PA.

How to use this book

First read each unit on your own or to the group. Then test yourselves by answering the question or questions following each unit. Remember that merely thinking out the answer is not as effective as writing the answer down. The answers are given on the page following the question. If your answer is wrong, read the unit and question again, and try to understand why you gave the wrong answer. When you do understand why the answer in the book is correct, you can proceed to the next unit.

Then think about the questions on the yellow pages and discuss them with your co-workers. Again, if you write down your thoughts and answers, it will help you to learn.

1. BACKGROUND AND OBJECTIVES

1.1 How to use these white study pages

After reading a unit, write the answer to each question in the space provided. Write the answer *before you turn the page*. then turn over to compare what you have written with the answer given on the back of the page. This way you will make sure that each unit is clear in your mind before you read further.

Question:

When should you answer the question at the bottom of this page?

.....
(Write your answer here.)

1.2 This book is going to be used in many countries so it is necessary to explain what we mean by certain words;

COMMITTEE: This is the team of people elected by the members to direct their Co-operative Society. In some countries, it may be called a Board of Directors, a Committee of Management or a Management Committee.

Question:

What word is used for the team of people elected by the members to direct their Co-operative Society?

Answer to question 1.1

Write the answer *before you turn the page.*

Answer to question 1.2

The team of people elected by members to direct their Co-operative Society is called the COMMITTEE.

1.3 GENERAL MANAGER: He is the most senior member of staff of the Co-operative. In some countries he may be called the Secretary, the Secretary Manager, or the Chief Executive. He is responsible for reporting on the activities of the Co-operative to the Committee.

Questions:

- (a) What name is given to the most senior member of staff?
 - (b) To whom does he report on the activities of the Co-operative?
-

1.4 MANAGERS: A large Co-operative may have a number of people who are the senior members of staff of various departments. There may be a Sales Manager, a Store Manager, a Transport Manager and others. The most senior member of staff, who has authority over the department managers, is called the General Manager.

Question:

What name is given to the most senior manager, who has authority over the other managers?

Answer to questions 1.3

- (a) The name of the most senior member of staff is the GENERAL MANAGER.
- (b) The General Manager reports to THE COMMITTEE on the activities of the Co-operative.

Answer to question 1.4

The name of the senior manager who has authority over the other managers is the GENERAL MANAGER.

1.5 OFFICE MANAGER: When a Co-operative has a large office with a number of staff working in the office, the most senior member of the office staff is called the Office Manager. In some Co-operatives, he may be called the Chief Clerk or Office Supervisor. The office manager will be responsible to the General Manager for the efficient running of the office.

Questions:

- (a) What name is used for the person in charge of the office and its staff?
 - (b) To whom does this person report?
-

1.6 GENERAL PURPOSE: The general purpose of office management is to provide efficient services to the managers in order that the managers can run the Co-operative effectively. These OFFICE SERVICES are part of the Co-operative in the same way as machines and stocks of goods, and good management of these services is necessary for an efficient Co-operative.

Question:

(Write the missing words.)

An efficient Co-operative needs office

Answers to question 1.5

- (a) The name given to the person in charge of the office and its staff is the OFFICE MANAGER.
- (b) The Office Manager reports to the GENERAL MANAGER.

Answer to question 1.6

An efficient Co-operative needs EFFICIENT office SERVICES.

1.7 FIRST OBJECTIVE: The first objective of office management is the SECURITY OF ASSETS, in particular making certain that cash is kept safely and that all money transactions are properly recorded in a good book-keeping system.

Questions:

(Write the missing words.)

(a) The security of and other is the first objective of office management.

(b) Book-keeping is the proper recording of money transactions.

1.8 SECOND OBJECTIVE: The second objective of office management is the proper ORGANISATION OF INFORMATION. The office is the place where book-keeping records, accounts, letters and other documents will be kept. These need to be properly organised in a FILING SYSTEM so that managers and staff can find information easily and quickly.

Question

(Write the missing words.)

Proper organisation of needs a good system.

Answers to questions 1.7

- (a) The security of CASH and other ASSETS is the first objective of office management.
- (b) Book-keeping is the proper recording of ALL money transactions.

Answer to question 1.8

Proper organisation of INFORMATION needs a good FILING system.

1.9 THIRD OBJECTIVE: The third objective of office management is concerned with EFFICIENT TIMING. The information and records needed by the manager must be up-to-date. Procedures need to be established so that action is taken at the right time, for example payment of bills on time.

Questions

(Write the missing words.)

- (a) Managers need information which is
- (b) If action is to be taken at the right time, the office needs well established



1.10 Read 1.2 to 1.9 again, then answer these questions (by writing the missing words).

- (a) The is the senior member of staff of a Co-operative, and he is responsible to the
- (b) The general purpose of office management is to provide efficient
- (c) The three objectives of office management are:
 - (i) security of
 - (ii) organisation of
 - (iii) efficient

Answers to questions 1.9

- (a) Managers need information which is UP-TO-DATE.
- (b) If action is to be taken at the right time, the office needs well established PROCEDURES.

Answers to questions 1.10

- (a) The GENERAL MANAGER is the senior member of staff of a Co-operative and he is responsible to the COMMITTEE.
- (b) The general purpose of office management is to provide efficient OFFICE SERVICES.
- (c) The three objectives of office management are
 - (i) security of ASSETS.
 - (ii) organisation of INFORMATION.
 - (iii) efficient TIMING.

QUESTIONS FOR THOUGHT AND DISCUSSION

1(a) Look back at 1.7. What are the assets of your Co-operative which must be kept safe? Who is responsible for their safety?

1(b) Look back at 1.9. What actions need to be taken by the manager(s) of your Co-operative at definite times of the month or year? Are they always carried out on time; if not, what is the reason for this? How could methods be improved?

1(c) What kinds of information does the office provide for the Committee and Members? Are the Committee and Members satisfied with the information they receive?

2. ESSENTIALS OF A SMALL OFFICE

This section has been written especially for a small Co-operative with a single member of staff, perhaps a part-time secretary, but the essentials are the same for all offices.

2.1 CASH RECEIPTS AND PAYMENTS: All receipts of cash should be recorded immediately in an official receipts book.

All payments of cash should also be recorded immediately in an official payments book.

Do not use rough pieces of paper or your memory for these records. Proper, up-to-date, records of receipts and payments will make your book-keeping easy.

Questions

- (a) Where should receipts and payments be recorded?
 - (b) When should receipts and payments be recorded?
-

2.2 CASH SECURITY: Always keep the Co-operative's cash separate from your own personal cash. Cash should always be put in a heavy box, or in a safe, in a room which can be locked.

Never keep more cash than is necessary, all extra cash should be taken to the bank as soon as possible.

Remember that members will want to know that their cash is safe with you. When they are sure that their deposits are safe they will be encouraged to save with the Co-operative.

Questions

(Write in the missing words.)

- (a) Cash should always be kept in a place which can be
- (b) Any cash not needed in the near future should be

Answers to questions 2.1

- (a) Receipts and payments should be recorded in OFFICIAL receipts and payments books.
- (b) Receipts and payments should be recorded IMMEDIATELY.

Answers to questions 2.2

- (a) Cash should always be kept in a place which can be LOCKED.
- (b) Any cash not needed in the near future should always be TAKEN TO THE BANK.

2.3 BOOK-KEEPING: Your Co-operative is certain to fail unless somebody keeps good records of all money transactions. The very minimum records needed to be kept are the official books for receipts and payments; from these you can prepare simple accounts.

The Co-operative Law will usually require that you keep the books and records which are advised by the Co-operative Department.

The Co-operative Department will usually give you help and training in book-keeping.

Questions

- (a) Is it legally necessary to keep proper books and records of transactions?
 - (b) What are the minimum records needed for the preparation of simple accounts?
-

2.4 SOME LEGAL REQUIREMENTS: The Co-operative Law requires that you keep a MINUTE BOOK in which are recorded the proceedings and decisions of general meetings and committee meetings; also a REGISTER OF MEMBERS which contains details of each member of the Society.

You must have copies of the CO-OPERATIVES LAW, the CO-OPERATIVES RULES and your society's BYELAWS in the office. These, and a list of members, must be available to be seen by the public at all reasonable times at the office of the society.

Questions

- (a) What books and records are legally required to be kept in the office?
- (b) What books and records can be seen by the public?

Answers to questions 2.3

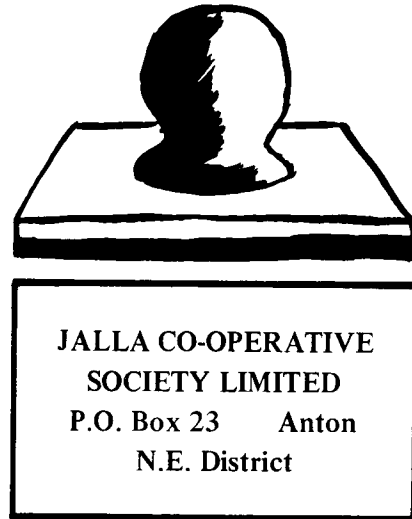
- (a) YES – it is legally necessary to keep proper books and records of transactions.
- (b) Official books of receipts and payments are the minimum records needed for the preparation of simple accounts.

Answers to questions 2.4

- (a) The following are the books and records which are legally required to be kept in the office.
 - Minute Book
 - Register of Members
 - Co-operatives Law
 - Co-operatives Rules
 - Byelaws of the Society.
- (b) The following are the books and records which can be seen by the public.
 - Co-operative Law
 - Co-operative Rules
 - Byelaws of the Society
 - List of Members.

2.5 OFFICIAL STAMP: An official stamp is a piece of rubber which when cut and used with a pad soaked in ink will produce a print on paper. It is used to print the Co-operative's name on papers and records.

A stamp saves time and gives documents some official status. It should be used on the receipts, invoices, letters and other documents of the Co-operative.



Question

What are the two purposes of an official stamp?

2.6 KEEPING OF BOOKS AND RECORDS SAFELY: A Co-operative's book-keeping records and other records and documents are valuable because they are difficult, often impossible, to replace. Some of them are private and only certain people should see them. They should not be taken away from the office. They should be kept in a heavy box or a room which can be locked.

Question

(Write the missing words.)

A Co-operative's records and documents must be kept safely because they are difficult to and because some are

Answer to question 2.5

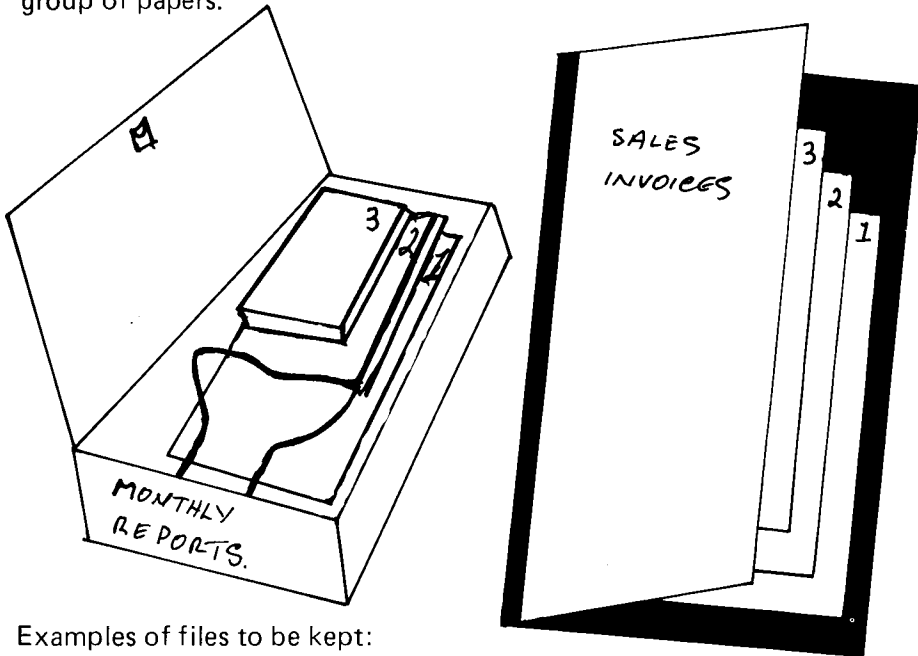
The two purposes of an official stamp are to **SAVE TIME** and to give documents some **OFFICIAL STATUS**.

Answer to question 2.6

A Co-operative's records and documents must be kept safely because they are difficult to **REPLACE** and because some are **PRIVATE**.

2.7 FILING: Filing is the method by which papers are stored in a well-ordered way so that they can easily be found and referred to. A file is a group of papers on a common subject.

These groups of papers are collected together in card folders or in box-files; each card folder or box is then labelled with the name of the group of papers.



Examples of files to be kept:

- Membership application forms
- Letters to and from the Co-operative Department
- Letters to and from the Co-operative Union
- Invoices for purchases of goods
- Copies of invoices for sales of goods
- Monthly financial reports.

Questions

- (a) What is a file?
- (b) Why are papers kept in files?

Note: Unit 5.4 on page 57 gives more details on filing.

Answers to questions 2.7

- (a) A file is a group of papers on a common subject.
- (b) Papers are kept in files so that they can be easily found and referred to.

2.8 FILING SYSTEM: Inside the files, papers are placed in order and are not taken out of the file unless absolutely necessary.

Papers inside the file will usually be kept in date order. To find a document one looks for the date. Some accounting records are kept in number order, but these will also be in a rough date order.

Papers should be held securely inside the file. Some files have metal clips but a piece of string will also keep papers from falling out.

The files should then be properly stored in a cupboard or a box in a date, number or alphabetical order.

Questions

- (a) How can a document be found inside a file?
 - (b) Are papers ever taken out of a file and put back in a different place?
-

2.9 OFFICE AIDS: A DIARY will help your memory. It should be used to plan your work and future activities and to record past events.

For example – you would write in your diary that you have a village meeting to attend in 2 weeks' time. Then, at that meeting, you would record in your diary the events which took place.

A POCKET CALCULATOR, if available at a reasonable price, will make calculating work easier, quicker and more accurate. Alternatively, a "Ready Reckoner" (a book of tables) can be used.

Questions

- (a) A diary is used to plan activities and to record events.
- (b) A pocket calculator makes calculations, and more

Answers to questions 2.8

- (a) A document can be found inside a file by looking for the DATE.
- (b) Papers must NEVER be taken out of a file and put back in a different place.

Answers to questions 2.9

- (a) A diary is used to plan FUTURE activities and to record PAST events.
- (b) A pocket calculator makes calculations EASIER, QUICKER and more ACCURATE.

2.10 OFFICE HOURS: Remember that you and your office exist to serve the members of the Co-operative. You should plan your work and agree with the committee the hours each day or each week that it is necessary and convenient for the office to be open and these hours should be written on a sign outside the office.

For example:

BETA CO-OPERATIVE SOCIETY LIMITED	
OFFICE HOURS	
Monday	6.00 p.m. to 8.00 p.m.
Friday	6.00 p.m. to 8.00 p.m.

JALLA CO-OPERATIVE SOCIETY LIMITED	
OFFICE HOURS	
Monday to Friday	
9.00 a.m. to 12 noon	
1.00 p.m. to 5.00 p.m.	

Always be in the office during those hours, people may travel long distances to see you.

Question

What hours should the office be open?

Answer to question 2.10

The hours the office should be open are those necessary and convenient times agreed between the manager and the committee.

QUESTIONS FOR THOUGHT AND DISCUSSION

2(a) How are the cash and records kept safely in your Co-operative? Is excess cash banked as soon as possible? If no bank is near what other arrangements are possible?

2(b) Make a list of all the different types of documents and records that you have at your Co-operative. How are they filed; could the filing system be improved?

2(c) What office hours are necessary and convenient for your Co-operative? Are you always in the office at these times? Do members know the office hours?

3. STAFF

The major difference between a small office and a large office is the number of staff. Good management of staff is one of the keys to success.

3.1 STAFF QUALITIES AND DEVELOPMENT: It may be difficult for your Co-operative to find trained or experienced people or to pay high salaries to recruit them. However, if one can find keen people who want to work for Co-operatives and then give them good training, very good results can be achieved.

Good basic qualities for the staff of Co-operatives are intelligence, honesty and enthusiasm for co-operation. To these people, Co-operatives can usually offer good opportunities for training and promotion.

Questions

- (a) How is a Co-operative able to achieve good results if it does not recruit trained and experienced people?
 - (b) What qualities should new staff have?
-

3.2 RECRUITMENT: When a new member of staff is needed the job should be advertised as widely as possible. The advertisement should tell applicants to write a letter of application in the language which is used for business correspondence.

From the letters of application, you will see the qualifications, experience and writing ability of the applicants. Make a "short list" of the best 5-10 people and invite them to an interview.

At the interview, you have to find out their personal qualities. One good question to ask is "why do you want to work for a Co-operative Society?".

At the interview you might give them tests of skills if appropriate, e.g. typing, accounting, etc.

Questions

- (a) What can you find out from a letter of application?
- (b) What can you find out from interviews?
- (c) What can you find out from tests?

Answers to questions 3.1

- (a) If a Co-operative is unable to recruit trained and experienced people, it can achieve good results by finding staff with the right basic qualities and giving them a good programme of staff training.
- (b) New staff should have the qualities of intelligence, honesty and enthusiasm for Co-operatives.

Answers to questions 3.2

- (a) A letter enables you to find out qualifications, past experience and ability to write in the language needed.
- (b) Interviews enable you to assess personal qualities.
- (c) Tests can reveal particular skills such as typing, and book-keeping.

3.3 APPOINTMENTS OF STAFF: The manager should be allowed to choose who is employed since he will be responsible for the performance of the Co-operative's staff. Committee members and perhaps the Co-operative Officer may give advice to the manager.

The decision of who to appoint must be based on the suitability of the person to do the job. This means that the person with the highest qualifications may not necessarily be the best person for the particular job.

It also means that a relative of the manager or relatives of committee members should not be appointed unless he or she is definitely the most suitable person!

It is suggested that any appointment is PROBATIONARY for the first three months. During the period of probation, the manager can watch how the new employee works. At the end of this period, a permanent appointment can usually be made, or a new person can be recruited, if the first was not good enough.

Questions

- (a) Who should decide which person is appointed, and how is the decision made?
 - (b) What is the purpose of the probation period?
-

3.4 SALARY: Salary will be decided by what the Co-operative can afford and by the salaries paid by other organisations for similar work. If the salary is too low, a person may come to the Co-operative and leave for a better paid job when he has received his training. If the salary is too low for the member of staff to pay all his personal expenses, he is more likely to be dishonest with the Co-operative's money.

Each member of staff should have a salary scale. The scale shows how his salary will increase over the time. For example: a salary scale of £500 x 50 means a starting salary of £500 per year, with an increase of £50 each year.

Questions

- (a) Why should salaries not be too low compared with other similar jobs?
- (b) What does a salary scale of £700 x 60 mean?

Answers to questions 3.3

(a) The Manager should decide which person is appointed, with advice from the Committee, and the Co-operative Officer. The manager should choose the person who best suits the particular job.

(b) The purpose of the probationary period is to give the manager the opportunity to watch how the new employee works.

Answers to questions 3.4

(a) Salaries should not be too low compared with other similar jobs because good staff will leave for jobs with better salaries: and if salaries are very low, people will be tempted to be dishonest.

(b) A salary scale of £700 x £60 means a starting salary of £700 and annual increases of £60.

3.5 CONTRACT OF EMPLOYMENT: Your country will have various regulations concerning the employment of people. You should make certain that you know these regulations. Advice will usually be available from the appropriate Government Department.

An important part of employment law is the **CONTRACT OF EMPLOYMENT**. A contract always exists between an employer and an employee. To make everything clear, it should be in writing and signed by both the employer and the employee.

The contract will include: title of job, hours of work, salary scale, period of notice, number of days holiday per year, arrangements about sickness and any other information required by law.

Question

Is it necessary to have a written contract of employment?

3.6 HEALTH AND SAFETY AT WORK: Under employment laws, employers have certain responsibilities to their employees. Very important is the responsibility employers have for the **HEALTH AND SAFETY** of employees while they are at work. If employees become injured or sick as a result of dangerous or unhealthy working conditions, then the employer will usually have to pay compensation.

The manager should make rules for health and safety, and make certain that employees know the rules and they obey them.

Question

Why might an employer have to pay compensation for injuries to employees at work?

Answer to question 3.5

Yes, it is necessary to have a written contract of employment.

Answer to question 3.6

An employer might have to pay compensation for injuries to employees at work because employers have responsibility under the law for the health and safety of their employees.

3.7 STAFF TRAINING: Co-operatives are a special type of business organisation with special responsibilities. Staff must be educated and trained for these responsibilities if the Co-operative is to be successful. They should also be encouraged to become members of the Co-operative where they work.

A training programme for staff should include:

- (a) Immediately on starting work, an INTRODUCTION to the job and to Co-operation.
- (b) Training about their job while they are working; this is called "ON-THE-JOB TRAINING".
- (c) TRAINING COURSES in general work skills.
- (d) Encouragement for staff to PARTICIPATE generally in Co-operatives as members.

Question

As well as training courses, what other forms of education and training should be included in a training programme.

Answer to question 3.7

As well as training courses, and INTRODUCTION to the job and to Co-operation, ON-THE-JOB TRAINING, and encouragement for PARTICIPATION in Co-operatives as members should also be included in a training programme.

3.8 STAFF EVALUATION: The successful development of the Co-operative will depend on the development of the staff. Opportunities should exist for the staff to be promoted to the higher positions and the better salaries.

Staff must be kept well informed that these opportunities exist so that they will be encouraged to develop themselves and to stay in Co-operative work.

A regular programme of staff evaluation will help. Every year, the manager should examine staff records, interview each member of staff, and prepare an annual report. The manager then decides if the person is ready for promotion to higher position, or if they should wait. The manager should be able to discuss his report with the member of staff.

Questions

(Write the missing words.)

- (a) The Co-operative should have opportunities for and a regular of staff evaluation.
 - (b) When and how is the staff evaluation done?
-

3.9 PROMOTION OF STAFF: Promotions are a difficult part of office management. Bad promotions may cause good people who are not promoted to leave the Co-operative. Bad promotions may also make work difficult for the person promoted.

Promotions require careful judgement. Ability is a good qualification for promotion, but it is ability to do the new job which is looked for and not ability in a present job.

Seniority on its own is not a good reason for promotion. A large number of years' service does not always produce ability.

Questions

- (a) What things are caused by bad promotions?
- (b) What type of ability is a good qualification for promotion?

Answers to questions 3.8

- (a) The Co-operative should have opportunities for PROMOTION and a regular PROGRAMME of staff evaluation.
- (b) Staff evaluation is carried out every year, by examining records, by interview, and by preparing an annual report.

Answers to questions 3.9

- (a) Bad promotions can cause (i) good people not promoted to leave, and (ii) a person badly promoted to have difficulties.
- (b) The ability to do the new job is a good qualification for promotion.

3.10 STAFF RECORDS: These are important for good management of staff in the same way as accounts are important for good management of money.

An individual file should be kept for each member of staff. In the file should be:

- Personal details – age; children, etc.

- Contract of employment and salary details

- Annual evaluation reports

- Training record

- Holiday and sickness record.

It may be appropriate that two files are kept. The first is an open file that is available generally in the office, and the second is a confidential file that contains annual evaluation reports and which is available only to the manager.

Question

What should not be kept in an open staff file?

Answer to question 3.10

Annual evaluation reports should not be kept in an open staff file.

QUESTIONS FOR THOUGHT AND DISCUSSION

3(a) If you are studying as a group, take it in turns for small groups to interview people, either for appointment or for evaluations. Discuss the style of the persons doing the interviewing; are they finding out as much as possible from the person being interviewed?

3(b) What dangerous or unhealthy conditions are present at your place of work? What can be done to make the place safer and more healthy?

3(c) What training courses are available for the staff of your Co-operative? Are they useful to the work of your Co-operative? How could they be improved?

3(d) Discuss the usefulness and possibilities of holding training sessions at your Co-operative for a few hours each week.

4 CONTROLS AND CHECKS

4.1 DELEGATION: One of the keys to good office management is the combination of DELEGATION and CONTROL.

Delegation is the handing down of responsibilities for some work to staff of lower rank. Control procedures and checks are then used by the manager to make certain that the work is done correctly and on time.

Some managers find it difficult to delegate important but simple work to staff of lower rank; these managers will use a lot of their time on simple but important jobs because they do not have good controls. They may also make junior staff unhappy by not trusting them with responsibility.

Questions

(Write the missing words.)

- (a) Good office management needs a combination of and
- (b) Delegation is the handing of

Answers to questions 4.1

- (a) Good office management needs a combination of DELEGATION and CONTROL.
- (b) Delegation is the handing DOWN of RESPONSIBILITIES.

4.2 INTERNAL CONTROL: When the manager delegates work to members of staff of lower rank, he should continue to have control of all work through a system of PROCEDURES and CHECKS.

When there is a regular procedure for each piece of work, and the procedures and work are checked by someone else, then this is internal control.

Procedures and checks are particularly important for cash and book-keeping, but they are also necessary for work such as the receiving and sending of letters, filing, the use of stationery and equipment, the receiving and making of telephone calls and all the other parts of office work. Procedures and checks will keep costs down and efficiency high.

Questions

- (a) Why is internal control necessary?
 - (b) What are the two parts of a system of internal control?
-

4.3 INTERNAL CHECK: Procedures are the methods of office work; the manager must design a set of REGULAR PROCEDURES so that all parts of the office work can be completed.

To support and strengthen these procedures, there should be a SYSTEM OF INTERNAL CHECKS. This means that one person's work is checked by another person. In some cases, one junior member of staff will check another junior member of staff's work. For more important work the manager will check the junior member of staff's work.

Example: One junior member of staff is responsible for all the postage stamps. His records and stock of stamps are checked by the member of staff responsible for cash; the cash and cash records are checked by the manager. By checking the cash and cash records the manager is indirectly checking the postage stamps.

Questions

- (a) What do we mean by a system of internal checks?
- (b) What are the purposes of internal checks?

Answers to questions 4.2

(a) Internal control is necessary so that the manager continues to have control of work he has delegated.

(b) The two parts of a system of internal control are PROCEDURES and CHECKS.

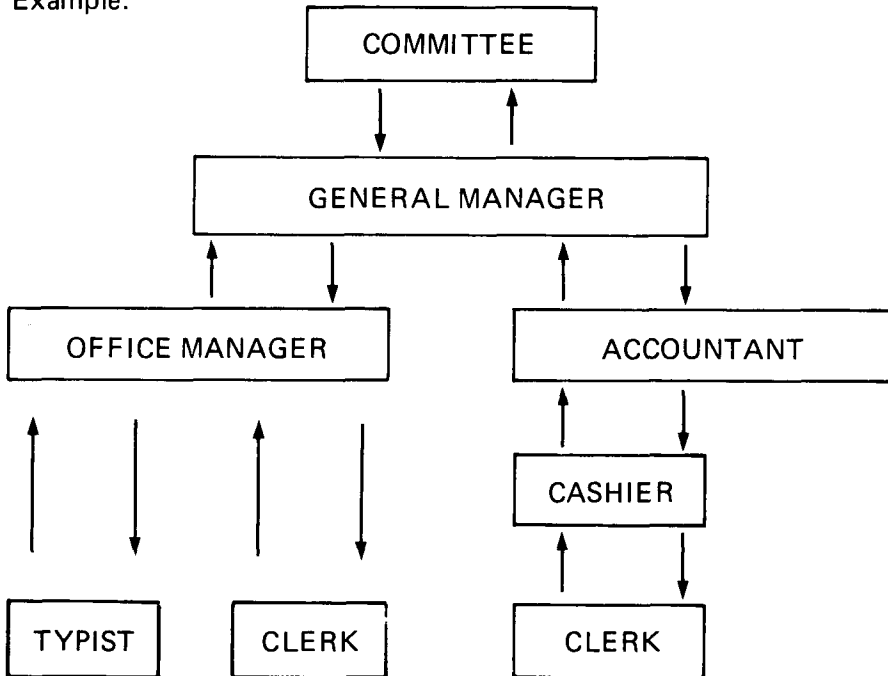
Answers to questions 4.3

(a) A system of internal checks means that one person's work is always checked by another person.

(b) The purposes of internal checks are to support and strengthen procedures.

4.4 ORGANISATION CHART: In any office with staff of different ranks, there will be lines of **AUTHORITY AND DELEGATION DOWNWARDS** and lines of **RESPONSIBILITY UPWARDS**. An organisation chart shows these lines in a diagram.

Example:



In this example the general manager has authority over, and delegates to, the office manager and the accountant. These people then delegate to, and have authority over, the staff of lower rank.

The junior staff are responsible to the more senior staff. In the above diagram the Accounts Clerk is responsible to the Cashier who is responsible to the Accountant.

Questions

- What do the arrows pointing *upwards* in the organisation chart show?
- What do the arrows pointing *downwards* in the organisation chart show?

Answers to questions 4.4

(a) The lines pointing upwards show RESPONSIBILITIES.

(b) The lines pointing downwards show AUTHORITY and DELEGATION.

4.5 JOB DESCRIPTION: The simplest way for staff to understand their responsibilities is to give each of them a **JOB DESCRIPTION**. This is a written statement saying which procedure and checks that member of staff is responsible for.

It is not necessary to write in detail each procedure and check; these should be understood from on-the-job training. What is important is the responsibilities of each member of staff for those procedures and checks.

Clear job descriptions make internal control clear, and make internal checks possible.

Example: A **JOB DESCRIPTION FOR A JUNIOR CLERK**.

Responsible to the office manager for the following:

Procedure: Open and record mail inwards.

Procedure: File all letters and documents.

Procedure: Record all receipts and issues of postage stamps.

Procedure: Record all mail outwards.

Procedure: Record all receipts and issues of stationery.

Procedure: Record telephone calls in and out.

Check: Assist typist by checking letters and documents typed.

Deputy: For typist (see 4.6 below).

Plus any other work delegated from time to time.

Question

(Write the missing words.)

A job description is a written statement saying clearly the member of staff's for procedures and

Answer to question 4.5

A job description is a written statement saying clearly the member of staff's RESPONSIBILITIES for procedures and CHECKS.

4.6 HAND-OVER: The internal control needs to be flexible enough so that procedures and controls continue when members of staff are absent due to sickness, holidays and training.

Hence each member of staff must be able to **HAND-OVER** their work to a **DEPUTY** during short periods of absence. This must therefore form part of training.

It is important that the system of regular procedures and checks continues at all times.

Question

What is the name used for a person who takes over duties during periods of absence?

4.7 to 4.10 explain the most important controls for security and expenses.

4.7 CASH CONTROLS:

- (i) Only **ONE** person should handle, and hence be responsible for, the cash in hand.
- (ii) Cash should be **LOCKED** in a safe at all times when it is not being handled.
- (iii) Any surplus cash should be **BANKED**.
- (iv) Cash transactions should be written **IMMEDIATELY** in the official books for receipts or payments.
- (v) Cash records should be **AGREED** with the actual cash in hand daily, and checked regularly by another member of staff.
- (vi) **CHEQUES** should be used instead of cash at all possible times.

Questions

- (a) How many people can handle the cash in hand?
- (b) What should be done with any cash not needed immediately?
- (c) How can a Co-operative reduce the number of transactions of cash?

Answer to question 4.6

A person who takes over duties during periods of absence is called a DEPUTY.

Answers to questions 4.7

- (a) Only ONE person can handle the cash in hand.
- (b) Any cash not needed immediately should be BANKED.
- (c) A Co-operative can reduce the number of transactions of cash by using CHEQUES instead of cash at all possible times.

4.8 LOCKS AND KEYS:

Office doors: Usually the manager will be responsible for locking the office at night and opening it in the morning. It may be necessary to allow certain persons such as a cleaner to have a key as well but these extra keys should be closely controlled.

Safe keys: Choose a safe with two locks so it needs two keys to open it. One key is kept by the manager and one by the cashier or person responsible for the cash. Having two different people with different keys doubles the security. (If your safe has only one key, you can make an extra lock with a chain or bar secured by a padlock.) Spare sets of keys should be kept at the bank.

Other keys: As well as cash, other assets and the books and records need to be locked away. Security is increased by locking them in cupboards inside the office. Very valuable records should be kept in the safe.

The manager should be responsible for issuing any keys and he should keep a register of them.

Questions

- (a) Why are two locks recommended for a safe?
- (b) Who controls the keys?

Answers to questions 4.8

- (a) Two locks are recommended for a safe to double the security.
- (b) The manager controls the keys.

4.9 BUDGET: A budget is the means by which a Co-operative's expenses are APPROVED, AUTHORISED and CONTROLLED.

A Co-operative's budget is a statement of estimated expenses which are *approved* by the Committee or General Meeting. The manager is then given *authority* to spend the Co-operative's money on these approved expenses only.

Control by the manager is done by comparing each month the actual expenses with the approved expenses. If the actual expenses are higher than the approved expenses the manager has two choices; he can try to reduce expenses in the following months or he must ask for authority to spend more than the estimated expenses.

Special note: Budgets are an important subject and the situation can vary greatly for different Co-operatives. Further study on budgets is strongly advised and sections on budgets can be found in most accounting and management textbooks.

An example of a budget is on page 49.

Questions

(Write the missing words.)

- (a) A budget is the means by which a Co-operative's expenses are, and
- (b) Control of expenses is done by comparing expenses with expenses.

Answers to questions 4.9

(a) A budget is the means by which a Co-operative's expenses are APPROVED, AUTHORISED and CONTROLLED.

(b) Control of expenses is done by comparing ACTUAL expenses with APPROVED expenses.

EXAMPLE OF BUDGET AND BUDGET CONTROL

Item	Estimated Expenses per year	Estimated Expenses per month	Actual Expenses January	Actual Expenses February	Actual Expenses March
Salary -					
Office Manager (1)	2,400	200	180	180	180
Accountant (1)	1,800	150	145	145	154*
Clerks (2)	2,100	175	175	175	175
Stationery	48	40	24	52*	31
Telephone	240	20	22*	24*	28*
Postage	120	10	6	6	9
etc					
etc					

* Notes

Expenses for the accountant's salary will need action.

Expenses for stationery are high in one month only.

Expenses for telephone will need to be controlled more closely.

4.10 SIGNATURES: The byelaws of the Co-operative usually contain details of persons who have the authority to sign on behalf of the Co-operative. The manager will usually be responsible for signing all documents but he may delegate some authority to other members of staff if the byelaws allow this.

Cheques: Cheques should be signed by two people, the manager and a senior member of staff or the manager and a committee member. Both must satisfy themselves that the payment is correct before they sign.

Cheques should not be signed until the details have been written on the cheque.

The officers who may sign cheques are stated in the byelaws and their signatures must be registered at the bank.

Cash Payment Vouchers: All cash payments must be approved on a cash payment voucher by a person who does not handle the cash. This will usually be the manager. Different people may be given authority to approve small items of cash expenses.

Cash Receipts: Will be signed by the person handling the cash.

Letters: By signing all the letters, the manager has the final check on the correctness of letters.

Questions

- (a) Which document gives the details of officers authorised to sign cheques?
- (b) What is the qualification for the person who approves cash payments?

Answers to questions 4.10

- (a) The BYELAWS state the officers authorised to sign cheques.
- (b) The qualification for the person who authorises cash is that he or she is not the person who handles the cash.

QUESTIONS FOR THOUGHT AND DISCUSSION

4(a) Draw and discuss an organisation chart for your office. Unit 4.4 will help you with this.

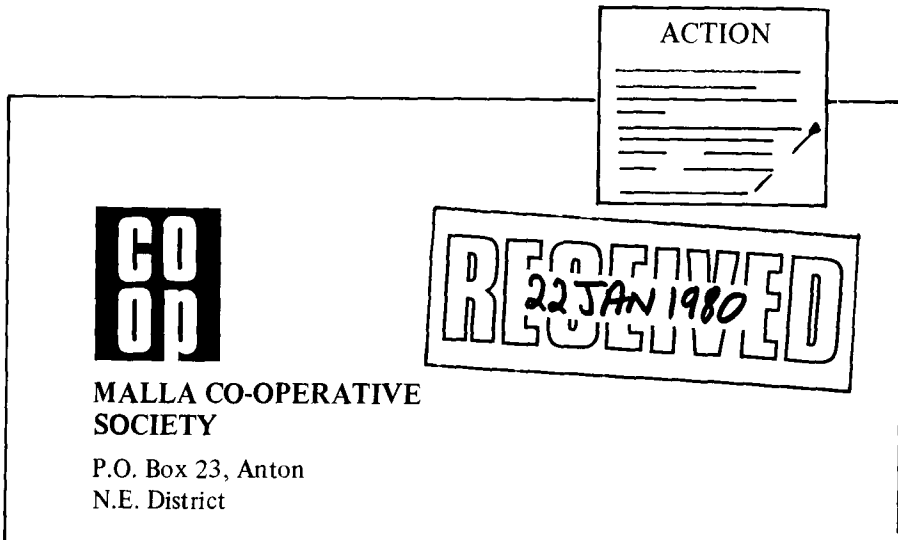
4(b) Write two job descriptions for two people in your office and describe how they check each other's work. Unit 4.5 will help you with this.

4(c) Look back at Unit 4.7. Are all these rules used in your office? If not, why not? Could you increase members' confidence, and hence their savings, by having better controls of cash?

5 BOOKS, RECORDS AND DOCUMENTS

5.1 LETTERS INWARD: When the mail arrives, every letter or package is opened (except those marked private or confidential) and recorded in a LETTERS INWARDS BOOK. Then the date of arrival is written or stamped on every letter or document such as an invoice.

Next, an ACTION SLIP should be attached to letters with a pin, and all the letters and documents are given to the manager to see.



The manager should see all letters and documents when they arrive. He may take action himself or pass them to the other members of staff with instructions for action written on the action slip.

After all action has been taken, the action slip is marked P.A. (put away). This means the letter or document can be filed away.

Questions

- (a) What four things happen to the mail before any "action" is taken?
- (b) What is the final action on a letter or document?

Answers to questions 5.1

(a) The following are the four events which happen to the mail before any "action" is taken.

(i) The mail is opened (except that marked private or confidential).

(ii) It is recorded in the letters inward book.

(iii) The date of arrival is written or stamped on.

(iv) An action slip is pinned to it.

(b) The final action on a letter or document is P.A. (Put Away – on the file).

5.2 BUSINESS LETTERS: An example –

- | | |
|-----|---|
| (1) | Sione Kava Co-operative
Society Limited
P.O. Box 27
ANTON |
| (2) | 27th October. 1979 |
| (3) | Your reference: 22/14/B |
| (4) | Our reference: Training/47 |
| (5) | The Registrar of Co-operatives,
P.O. Box 224,
JALLA. |
| (6) | Dear Sir,
Thank you for your letter of the 23rd October, 1979, with
information on the training courses. We wish to send our
Accountant, Mr. Smith, on the Accountants Course.
Your faithfully, |
| (7) | J. Brown
MANAGER. |

All business letters should include:

- (1) The full title and address of your Co-operative.
- (2) The date.
- (3) Any reference the other organisation put on their letter to you. This helps them to find their file of letters to you, when your letter arrives at their office.
- (4) This should be the file reference. The name or number of the file and the page number used for the copy of this letter which is on the file.
- (5) The full title and address of the other person or organisation.
- (6) Some reference to the earlier letter to which you are responding.
- (7) The name and title of the person signing the letter is typed or written clearly below the space for signature.

Question

Why was "Our reference: Training/47" put on the above letter?

Answer to question 5.2

Any incoming reply to our letter should say "Your reference: Training/47". When that letter arrives we can refer to previous letters on the Training file.

5.3 LETTERS OUTWARDS: If possible, letters should be typed. A clear and neat letter gives a good impression of your Co-operative.

When a letter is typed or written, one or two extra copies should be made. One copy is put on the file for that subject; in 5.2 this was the Training file. A second copy can be put on file which contains copies of all letters outwards.

All letters outwards should be signed by the manager; other members of staff may write a letter but the manager should read and sign all letters before they go out.

Before letters are posted, they should be recorded in a **LETTERS OUTWARD BOOK**. In this book is written the date, the name of the person or organisation, the file reference and the postage.

Questions

- (a) Who signs letters outwards?
- (b) What two types of record are kept of letters outwards?

Answers to questions 5.3

(a) The MANAGER signs letters outwards.

(b) Copies of letters are kept on FILES, and a LETTERS OUTWARDS BOOK is kept as a record. These are the two types of record which are kept of letters outwards.

5.4 FILING: Every letter or paper on a file must have a FILE REFERENCE. The name (sometimes a number) of the file and the page number of the letter or paper together, make the file reference. So when a paper is put on a file, a number, which follows the previous number, is given to it. The paper then has a reference, such as "Co-operative Dept./112". This means that the paper is page 112 on the Co-operative Department File.

Files are given the names either of *subjects* (for example Training, Taxation, Annual Reports) or *organisations* (for example Co-operative Department, Co-operative Union, ABC Company Limited).

A system of CROSS-REFERENCING is necessary. Some letters may belong in two files; for example, a letter to the Co-operative Department about training. Some letters may be about two subjects. Cross-referencing means making notes on one letter or paper which direct you to other letters and papers; for example, on the copy of a letter in the Training File: "see Co-operative Department/112", and on that letter: "see Training /23".

Quick and complete information is a very important service the office gives to managers and a good filing system of all letters and papers is the key to a good service.

Questions

- (a) What is in a file reference?
- (b) What is cross-referencing?

Answers to questions 5.4

- (a) A file reference contains the name (or sometimes number) of the file, and the page number of the letter or paper.
- (b) Cross-referencing is the making of notes on one letter or paper which direct you to other letters and papers.

5.5 OFFICIAL STATIONERY: When the Co-operative has enough money it can have its stationery printed with its name, address and telephone number. Official printed stationery shows members and others that the Co-operative is business-like and has a definite status. People will usually take more notice of a letter which is written on printed stationery.

A special design will increase the effect.



You will also need official forms for book-keeping purposes, such as invoices, receipts, credit notes, etc. These can also be printed with the Co-operative's name.

The stock of stationery should be controlled. Printed stationery should only be used for official business, it is also expensive. Very careful control should be kept of accounting stationery which could be used in a fraud. Accounting stationery such as receipts, invoices and credit notes should be pre-numbered when printed and then a register kept of the numbers as they are received. Stock of such stationery should be stored in the safe or a locked cupboard.

Questions

- (a) Why should a co-operative spend money on printed stationery for letters?
- (b) Why is careful control kept of the stock of accounting stationery?

Answers to questions 5.5

(a) A Co-operative should spend money on printed stationery for letters since this shows that the Co-operative is BUSINESS-LIKE and has a DEFINITE STATUS.

(b) Careful control is kept of the stock of accounting stationery because this could be used in a FRAUD.

5.6 MEMBER RECORDS I: When a person joins the Co-operative, an **APPLICATION FOR MEMBERSHIP** should be prepared and then signed by the member. Part of the application form will be an agreement to the bye-laws of the Co-operative.

SIONE KAVA CO-OPERATIVE SOCIETY LIMITED	
APPLICATION FOR MEMBERSHIP	
	Date
Name	Age
Address	
.....	
Occupation	
First payment of shares	
I wish to join the Sione Kava Co-operative Society Limited, and if accepted, I agree to its bye-laws.	
	Signature

It was one of legal essentials in Section 2 of this book that a **REGISTER OF MEMBERS** is kept in the office. The Co-operative Law says the Register must contain the following information for each member:

- (i) Name, address and occupation.
- (ii) The date he or she joined the society.
- (iii) The date he or she left the society.
- (iv) The name of any nominee.

Each member usually has a **MEMBERSHIP NUMBER** and member records may be filed either in number order or in alphabetical order.

Members are usually given a **PASS BOOK** which acts as a membership card and also contains details of transactions.

Questions

- (a) What agreement is made on the Application for Membership?
- (b) Must a Register of Members be kept in the office?

Answers to questions 5.6

- (a) On the Application for Membership, the member agrees to the BYE-LAWS of the society.
- (b) Yes. According to Co-operative Law, a Register of Members must be kept in the office.

5.7 MEMBERSHIP RECORDS II: As part of the book-keeping system, records will be kept of the SHARES and any SAVINGS or LOANS of each member. These will be recorded in ledgers (or record cards) in the office.

This information is also recorded in the members' pass books if they are used.

There must also be some method of recording each MEMBER'S TRANSACTIONS with the Co-operative. For different Co-operatives, these transactions could be deliveries of produce, payments for produce; purchases of supplies or consumer goods, etc. These transactions will be recorded in the ledgers (or record cards) in the office and might also be recorded in the members' Pass Book.

The advantage of giving Pass Books to members is that they have the information as a separate record. Also it promotes their interest in their co-operative.

Question

In what two places can records of shares, savings and loans be recorded?

Answer to question 5.7

Shares, savings and loans can be recorded in the LEDGERS (or record cards), and in Members' PASS BOOKS.

5.8 SALARIES AND TAX: When your Co-operative employs staff, you will usually have to deduct income tax from their salaries and pay the tax to the government.

It will be necessary, often by law, to keep records of each member of staff's salary payments and tax deductions. At the end of the year, you will have to give a statement to the government showing the total salary payments and total tax deductions for each employee. Also if an employee leaves the Co-operative you will give him a similar statement to take to his or her new employer.

If the Co-operative has a large number of staff a record card or ledger page for each member of staff will be necessary. (However, if the number of staff is small, a card or page for all staff will be enough.)

Example:

SALARY AND TAX RECORD						
Name: J. Smith						
	Monthly Salary	Extras	Total	Tax 15%	Other Deductions	Net Payments
Jan.	200.00	—	200.00	30.00	1.00	169.00
Feb.	200.00	10.00	210.00	31.50	1.00	177.00
Mar.	200.00	—	200.00	30.00	1.00	169.00
Apr.						
May						

Questions

(Write the missing words.)

- (a) Records must be kept of salary payments and
- (b) Statements for the government are issued and statements for employees are issued

Answers to questions 5.8

- (a) Records must be kept of salary payments and TAX DEDUCTIONS.
- (b) Statements for the government are issued AT THE END OF THE YEAR and statements for employees are issued WHEN THE EMPLOYEE LEAVES.

QUESTIONS FOR THOUGHT AND DISCUSSION

5(a) What information is needed by the managers of your Co-operative? What are the sources of this information?

5(b) Can you think of situations where your Co-operative would make a loss instead of a surplus, because there was no efficient filing system?

5(c) What member records are used in your Co-operative to assist:

(i) Book-keeping.

(ii) Member involvement in the affairs of the society.

Can you think of improvements?

6 OFFICE BUILDING AND EQUIPMENT

6.1 LAND AND BUILDING: The Co-operative will choose, according to the funds available between three ways:

- (i) Purchasing an old office.
- (ii) Building a new office.
- (iii) Renting an office.

In each case, certain legal procedures will have to be followed. If purchasing or building, the Co-operative must have clear **LEGAL TITLE** to the land and the building. (Legal title is a document which proves that the Co-operative owns the building.) If renting a building, a proper **LEASE**, or document setting out details of the rental agreement, should be obtained from the landlord. Since large sums of money will be involved, the advice of a lawyer will usually be necessary.

When building a new office, if possible the members should help with the building work. This will reduce the costs, but not the value, of the building. Members will be more closely involved in the Society if their help can be encouraged in this way.

Questions

- (a) What is legally necessary when purchasing or building an office?
- (b) What is legally necessary when renting a building?

Answers to questions 6.1

- (a) When purchasing or building an office, clear **LEGAL TITLE** to the land and building is needed.
- (b) When renting a building, a proper **LEASE** is needed.

6.2 OFFICE PLANNING I: Planning the office means making the best use of the space available. The layout of the office will influence the efficiency of the staff and much detailed planning is needed for this. The layout of your office will depend on the detailed work of your Co-operative but there are some essentials for all offices.

Office SECURITY is very important. The office should have strong doors with strong locks and the windows should also have locks. Windows should have metal bars across them.

Inside the office, one part should be made into a CASH OFFICE. This should be separated from the general office and the front part should be a counter; all cash transactions are made across the counter.

Questions

- (a) As well as locks, what else will help to stop break-ins?
 - (b) Describe the Cash Office.
-

6.3 OFFICE PLANNING II: Inside the office there must be space for VISITORS and at least one room where *private meetings* can be held.

One member of staff will have their desk next to the entrance, they will meet all visitors and direct them to the manager or other members of staff. There should be an area where visitors can sit and wait.

The manager must have a room in which he can close the door and have private talks with members, visitors or staff.

A special room for large meetings is not necessary; the manager's office should be big enough for meetings such as committee meetings and bigger meetings can be held in other places.

Questions

- (a) How is the office planned for visitors?
- (b) How is the office planned for private meetings?

Answers to questions 6.2

- (a) In addition to locks, WINDOW BARS will help to stop break-ins.
- (b) The Cash Office is a separate part inside the office, with a counter at its front so all cash transactions are done across the counter.

Answers to questions 6.3

- (a) The office is planned for visitors by locating one member of staff next to the entrance to meet all visitors. There is a waiting area nearby.
- (b) For private meetings, there is at least one room, usually the manager's office, to which the door can be closed.

6.4 OFFICE PLANNING III: The Co-operative should provide in its office planning for the comfort of the staff. If staff are working in bad conditions they will not be efficient; however staff should not expect too many comforts.

Many things can be done in the building and planning of the office to provide cool, light conditions. In hot countries one large office is cooler than many small ones, proper use of shades can give light and coolness.

There may be legal requirements concerning office conditions such as space-per-worker, toilets, heat and light. You should check for these with the appropriate government department.

Two important requirements for staff comfort are TOILETS and a REST AREA. Generally if toilets are not available nearby then toilets at the office will be needed. Some space where staff, can rest, make drinks and eat meals will make the office more than just a workplace to the staff.

Question

How can you plan for coolness in the office building?

6.5 FITTINGS: After the general plan of the rooms and space has been decided, the office needs to be fitted. Fittings are the fixed furniture and equipment.

Shelves and cupboards will be expensive to purchase as units. A local carpenter should be able to make the fittings at a much lower cost and also he will make exactly what is needed.

The most important fitting will be the SAFE. This should be fixed to the floor and walls with cement.

Questions

(a) What are the advantages of using a local carpenter to make the shelves and cupboards?

(b) How is the safe fixed?

Answer to question 6.4

A cool building can be planned by having one large room instead of many small ones and by proper use of shades.

Answers to questions 6.5

- (a) A local carpenter's services would be advantageous because he can make exactly what is needed, and at a lower cost.
- (b) The safe is fixed by cementing it to the floor and the walls.

6.6 OFFICE FURNITURE: Each member of staff will need a table and a chair. Tables should be large, especially for staff doing accounting work, and chairs should be well-made for people who spend a lot of time sitting in them. Most tables will need a spare chair so people can work together and visitors can sit down. Tables are cheaper than desks and more useful.

When you have a large number of files, a proper filing cabinet will be needed to store files in good order. The filing cabinet should have a lock.

One very large table, usually in the manager's office, will be useful for meetings. Meetings are more effective when people can have papers on the table and can write at the table.

Questions

- (a) Why have spare chairs at tables?
- (b) Why is a very large table useful at meetings?

Answers to questions 6.6

(a) Spare chairs at tables are necessary so that people can work together, and visitors can sit down.

(b) Meetings are more effective with a large table because people can have papers on a table, and can write at the table.

6.7 OFFICE EQUIPMENT I: Two essential pieces of equipment for a medium or large office are TYPEWRITERS and ADDING MACHINES.

A typewriter makes letters and documents clearer and more business-like. Even a small second-hand typewriter will produce a clearer and more businesslike letter than writing by hand. Figures are very much clearer when typed.

For accounting documents a typewriter with a long carriage will be very useful.

An adding machine which prints the figures on a roll of paper will make accounting work quicker and more accurate. The print-out can often be used as a summary, e.g a summary of invoices.

Both manual and electrical typewriters and adding machines are available. Electric machines are faster but more expensive; also they are difficult or expensive to repair and are useless if the electric power fails.

All office machines need regular maintenance or their clearness and accuracy will be reduced.

Questions

- (a) How are typewriters useful?
- (b) How are adding machines useful?
- (c) What are the disadvantages of electric machines?

Answers to questions 6.7

(a) Typewriters are useful because they make letters and documents clearer and more businesslike; figures are very much clearer.

(b) Adding machines are useful since they make accounting work quicker and more accurate, and can produce print-outs for summaries.

(c) Electric machines are more expensive, more difficult and expensive to repair, and are useless if the electric power fails.

6.8 OFFICE EQUIPMENT II: The Co-operative will usually want to produce a larger number of copies of some papers. Notices of meetings, annual reports and accounts, and educational papers are three examples.

For this copying, a **DUPLICATING MACHINE** will usually be used. The notice to be produced in large quantities is typed on a special "stencil" and the stencil is used in the machine to produce all the copies.

Duplicating machines are expensive. If your Co-operative needs to be able to duplicate papers but would not use a machine very often, then alternatives to buying one may be possible. For example, a number of Co-operatives could share a machine or the Co-operative Union could provide a duplicating and copying service.

Question

What are possible alternatives to buying a duplicating machine?

6.9 TELEPHONES: If telephone services are available and are necessary to your Co-operative's business, then they are a useful and fast way of doing business. Telephones are expensive and the costs and benefits should be studied closely. Two important benefits which are difficult to measure are the time saved when a telephone call is made instead of a visit, and the fact that people will want to be able to telephone you; your Co-operative may lose valuable business if it does not have a telephone.

A telephone system for outside calls will have one central telephone and then one or more extensions. All incoming calls come to the central telephone, and the member of staff in charge of the telephone can switch the call to an extension telephone. The manager should have an extension telephone on which he can talk privately. Other extensions should only be given to members of staff who use the telephone as a large part of their work; other staff can use the central telephone.

Use of the telephone should be carefully controlled and all calls out should be recorded and checked with the telephone bill.

Questions

- (a) What are two important benefits of having a telephone?
- (b) What is included in a telephone system for outside calls?

Answers to questions 6.8

Possible alternatives to buying a duplicating machine are:

- (a) A number of Co-operatives could share a machine; or
- (b) The Co-operative Union could provide a duplicating and copying service.

Answers to questions 6.9

- (a) Two important benefits of having a telephone are:
 - (i) the time saved by telephoning instead of visiting, and
 - (ii) the fact that people are able to telephone to you.
- (b) A telephone system includes a central telephone and one or more extension telephones.

6.10 CONTROL OF BUILDINGS AND EQUIPMENT: Like all other parts of the Co-operative's business, the buildings and equipment need proper RECORDING and CONTROL. In the beginning a *budget* for the building costs, fittings, furniture and equipment will be prepared. Since the expenditure will be high, very careful planning and thinking of all alternatives will be necessary before the final budget is agreed.

A budget will also be necessary for the running costs and this should be studied at the same time as the budget for building and purchases. It may be that larger expenditure in the beginning will keep running costs low in the future.

After equipment and furniture have been purchased, a record should be kept in a PROPERTY REGISTER which records the purchases, sales and depreciation of the equipment, furniture and other fixed assets. A stockcheck of these should be taken regularly and any losses investigated. Losses can be reduced by locking the equipment away at night and by never leaving the office open and unattended during the day.

Questions

- (a) What is done before the budget is agreed?
- (b) How can losses of equipment be reduced or prevented?

Answer to questions 6.10

(a) Before the budget is agreed, very careful planning and thinking of all alternatives is undertaken.

(b) Losses of equipment can be reduced or prevented by locking items away at night and by never leaving the office open and unattended during the day.

QUESTIONS FOR THOUGHT AND DISCUSSION

6(a) The most convenient sites in town for an office building will usually be the most expensive to buy or rent. Is it necessary for your Co-operative's office to be in the centre of town? For which people must your office be convenient? How important is the outside appearance and internal appearance of the office?

6(b) What are the advantages and disadvantages of:

- (i) Purchasing an old office.
- (ii) Building a new office.
- (iii) Renting an office.

6(c) Draw a plan of your office showing the position of rooms, fittings and furniture. Is this the best use of the space available? Is it possible to improve it and make the office more efficient?

6(d) What improvements in your office management have you made since you started to read this book? What ideas do you have for improvements?

Office Management for Co-operatives

This book is a self-teaching text about the organisation and practice of a co-operatives office. It demonstrates that efficient management can only function if there is an effective office which provides a good service to a manager. It is this service which enables him to run his co-operative efficiently.

The book looks at the principles of office management, the subjects of staffing and control, and the details of the essential records, correspondence and accommodation that are required to provide that service to the manager.

This publication should prove useful to the managers of both large and small co-operatives, as well as to a co-operative which only employs a part-time secretary.

The author of the publication, John Launder, is a tutor at the International Training Centre, Loughborough, UK. Previously he worked with co-operatives in Tonga in the South Pacific. The text was prepared with the co-operation of the Co-operatives Panel of the Intermediate Technology Development Group, of which he is a member.

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