



Studies and Reports



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CO-OPERATIVE MANAGEMENT FOR THE 1970's

**Report of the 39th International Co-operative Seminar,
Madison, Wisconsin, USA.
September 8th-18th, 1970**

“Co-operative Management for the 1970's” summarizes the proceedings, conclusions and recommendations made in the Seminar.

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CO-OPERATIVE MANAGEMENT FOR THE 1970's

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PART ONE

Theme

The constant aim of the International Co-operative Alliance in organising its annual International Co-operative Seminars is to select themes which correspond to the greatest common measure of interest amongst the national co-operative organisations responsible for appointing participants. Problems of management are the concern of co-operatives of every kind throughout the world, and never more than now, when management is coming to be understood as an art which draws upon a number of different scientific disciplines. The success, even the survival, of the co-operative form of association depends upon the ability of its members and leaders to evolve arts of management which meet the needs not merely of the competitive situation now and in the near future, but also of Co-operation's true nature and ultimate ends.

The theme of management, considered against the needs and circumstances of the next decade, in so far as they can be anticipated, was a happy choice for the first meeting of the Seminar in the United States—or indeed anywhere outside of Europe. For it was the Co-operative League of the USA which persuaded the International Co-operative Congress at Stockholm in 1957 to adopt a resolution recommending the organisation of Co-operative Institutes of Management on both the national and international levels. So far as the ICA is concerned, appropriate action had to wait upon the growth of its membership and financial resources, as well as a network of co-operative relations, not yet existing in 1957, between the ICA and UNESCO, the ICA and its affiliated organisations in North America, and between the latter and universities undertaking co-operative studies and research as part of their regular curriculum.

Sponsors

Thus the Alliance received the active assistance and

support as co-sponsors of the following organisations, most of which are directly affiliated to it:

Organisation of the Co-operatives of America
Co-operative League of the USA
World Council of Credit Unions (formerly CUNA International)
Co-operative Union of Canada
Conseil Canadien de la Coopération
Conseil de la Coopération du Québec
Wisconsin Federation of Co-operatives
Co-operative Education and Training Inc.
International Co-operative Training Center (University of Wisconsin)

From the representatives and officials of these organisations were constituted an Executive and nine sub-committees which between them covered every department of the planning, administration and activity of the Seminar. As a result of their enthusiastic and effective collaboration the Seminar provided an experience of exceptional richness in knowledge, ideas and stimulus for all who took part, in whatever capacity.

Participants

Reckoning as participants not only those who attended as students, but also those who presented papers, case studies and lectures, there were approximately 50 altogether. They came from 18 countries distributed over 5 continents. Europe was the most strongly represented among the students, contributing nearly one half of the total, followed by Asia with about three-tenths. North America, as might be expected, was most strongly represented amongst the professors and lecturers, but South America had only two Argentinian co-operators as observers. The African participants consisted of three from Nigeria and one observer from Gambia. The Asian contingent consisted of four from India, two from Japan, two from Malaysia and one from the Philippines. Apart from one co-operator from the USSR the European representatives all came from

countries with market economies, the largest contingent being sent by Sweden with four.

Of greater interest is probably the fairly even representation of different branches of co-operative activity. It is not surprising that education, training and research should be represented by seven directors or staff-members of Co-operative Colleges and training or research departments of co-operative unions, but there was also one elected lady member, part-time, of the education committee of a very large British consumers' co-operative. But besides one or two chief officers of non-trading co-operative unions there were also some heads of organisation and methods divisions and advisory departments of national organisations. Amongst participants normally engaged in business, there were four from wholesale distributive and marketing organisations and four from credit and banking. Insurance was represented by three, and industrial production by two members. Agricultural co-operation was represented by Argentina's two observers, but no student came from the housing or fishery movements.

From the point of view of status, it is interesting that seven participants held the office of president, director or general manager in their respective organisations and that as many more were heads of departments or deputy, or assistant managers. The overwhelming majority of participants were employed full-time in the Co-operative Movement, but two ladies—the education committee member previously mentioned and the secretary for consumer questions of the Swedish Co-operative Consumer Guild—may be taken as representing the outlook and attitudes of the membership of consumers' co-operatives. Despite certain obvious gaps, it will be apparent that the composition of the Seminar reflected a great variety of Co-operative experience which the members could exchange with one another and of standpoints from which they could assess the value of the suggestions made by the lecturers and writers of working papers.

Programme and Curriculum

The full programme of the Seminar and the subsequent field tour appears in the Appendix to which the reader is kindly referred for details. Here it is possible only to point out the most important features. Like every good programme for a co-operative seminar of this kind, the programme was a balanced mixture of theoretical exposition and discussion, concrete observation and social intercourse. The analytical study of management and its problems, presented for the most part in papers or lectures, followed by group and plenary discussions, constituted the *pièce de résistance* of each day's work. The thread or general line of thought uniting the whole series of discussions started from the fact that the concept of management has been and still is in rapid evolution from that of an authoritative centrally-directed system to that of teamwork, based on the understanding and acceptance of a common plan, in which each unit has its appointed role, but which is rendered flexible by constant critical revision of aims and methods. Such a participative system depends for its success upon effec-

tive methods of control and communication between all constituent elements and the line of thought naturally ended with the necessity for removing hindrances to communication and for adopting and perfecting all kinds of training and education which facilitate collaboration.

Intermediate, and facilitating the transition between these general studies and the direct observation of co-operative enterprises on the field trip in Wisconsin and the tour of parts of the USA and Canada, were the case-studies of particular institutions and areas of co-operative experience or experiment. These case-studies were valuable for more than one reason. In relation to the general theme they served to show how the application of principles of management and the attainment of its aims are necessarily modified by the circumstances of any given time and place. To distinguish general principles from incidental or accidental factors was an excellent exercise for the participants. Over and above this, however, the case-studies were useful in helping the participants, most of whom had no previous first-hand knowledge of the Co-operative Movements of the United States and Canada, to understand the origins of these movements, the reasons for the existence of the characteristic forms of Co-operative association and the difficulties each had to surmount in attaining its objects.

Social intercourse was facilitated, not merely by making a whole Sunday free for the participants to pursue their personal interests, either individually or in company, but even more by the generous hospitality of the President and academic staff of the University of Wisconsin, as well as the World Council of Credit Unions. The spirit of fellowship which reigned among men and women of so many different nations was not the least memorable of the participants' experiences. Moreover, its results can never be summed up in a report, for its influence may well be life-long.

Organisation and Methods

The organisation of the Seminar and the choice of methods of discussion and study owed much to the previous experience of the International Co-operative Training Center and its Director, Dr Adlowe L. Larson. The participants were due to arrive on 8th September and the proceedings opened on the 9th with welcomes conveyed by Dr L. Sieber, ICA Secretary for Education and Technical Assistance and Director of the Seminar, by Dr Larson and by Mr Stanley Dreyer, President, Co-operative League of the USA, on behalf of the co-sponsoring host organisations. After Mr Breen Melvin, President of the Co-operative Union of Canada and a member of the ICA Executive Committee, had responded, the special guests, amongst whom were Mr G. V. Rao, the observer from UNESCO, and representatives of the co-sponsoring organisations, were introduced. The procedures and operations of the Seminar were then explained by Dr Sieber and his Co-director, Dr R. Wayne Robinson, Professor and Co-ordinator for Development, International Co-operative Training Center, University of Wisconsin. Their information was supplemented by a briefing given by the two "thread men", responsible for maintaining conti-

nity throughout the course: Mr G. Lloyd Matheson, General Manager, Co-operative Insurance Services, Regina, Saskatchewan, and Mr Arne Melander, Head of ADO Division, Federation of Swedish Farmers' Co-operatives, Stockholm.

The functions of the "thread" or continuity men in a course, each session of which has a different chairman, are naturally of great importance, especially if the chairmen are not necessarily experts in the subjects under discussion. The thread men's task was not merely, by means of brief opening statements, to link the subject of any session with those discussed at previous sessions, but also by summing up at the end to register the point or conclusions reached. In addition, since they were well acquainted with the subject, they could give invaluable guidance to the chairman in keeping the discussion on right lines, in checking undesirable tendencies to digression and discursiveness and in maintaining the proper allocation of time between questions of greater or lesser importance. They might also intervene in order to call attention to aspects of the subject which were in danger of being neglected or ignored entirely. Their work enabled the Seminar to keep the theme as a whole constantly in view.

The principal aim of the organisation and the methods adopted in the Seminar was to facilitate the highest possible degree of active participation by those attending. It was decided to carry on the proceedings in the English language only and the nominating organisations were accordingly requested to appoint English-speaking members or officers. It was thus possible to avoid the loss of time entailed by consecutive, and the cost of simultaneous interpretations. The number of participants could be divided into four convenient groups for the purposes of discussion and some important subjects were discussed in both group and plenary meetings. In the session on education, however, discussion was initiated by a panel of experts, which included the lecturer, and continued by comments and questions from the floor. The important discussions on communications and the use of computer techniques in decision-making, conducted by Professors Groves and Vilstrup, were enlivened by the division of the participants into four groups to play a management game, which was an entirely new training device for most of them. Each group was presented with the same starting data relating to a dairy enterprise in competition with the others and the consequences of the first decision calculated on the computer formed the basis of the next decision and so on.

The documentation provided for participants included a number of background papers which were sent to them in advance, to reach them at their home base before their departure for the Seminar. These papers included outlines of lectures and case-studies, most of which indicated questions for reflection, problems awaiting solution or references for supplementary reading. Fuller texts were distributed in the course of the Seminar. Time was also allowed in the programme for participants to examine a special display of expertly selected literature on management topics. This not only

contributed to reinforcing the impressions gained during the Seminar, but also to further study of management problems by the participants after they had resumed their normal functions.

Evaluation

The results of an international seminar of this kind can never be fully evaluated because they can only be perceived or recorded in so far as it is possible to maintain touch with the participants after they have returned to their respective countries to continue their activity in their own Co-operative Movements. As a general rule, however, the stronger the impression made at the time by an experience of this kind, the longer its influence is likely to endure among the participants. The reports of the concluding sessions, the accounts of the Seminar submitted by participants to their parent organisations and correspondence reaching the International Co-operative Alliance during the two years since the Seminar was held, leave no doubt whatever that the Seminar left very strong impressions on all who took part, whether their main function was to "teach" or "lead" or to learn. It was the unanimous opinion that all had learnt very much and that the Seminar had been all the more instructive and memorable because of the atmosphere of fellowship in which it had been able to work.

Speaking on behalf of all the participants at the concluding ceremony, Mr G. A. Onagoruwa, General Manager of the Co-operative Bank of Western Nigeria, declared that participation in the Seminar had enabled them to understand better the weaknesses of Board members, of bureaucratic control and of the managers themselves. The Seminar had been a sort of mirror in which they could see their own weaknesses. Many had learned how they had lost their bearings and how poor their sense of communication had previously been. But they had also learned as managers and people of management, that the few areas of disagreement were not fundamental, but rather the result of arguing against different backgrounds. They appreciated that they had been given an opportunity to learn and to see at work what was a real team spirit. They had seen for themselves a demonstration of the friendliness for which the Co-operative Movement is noted and which enables a Co-operator moving from one part of the world to another to feel that he is among friends.

Although the ICA's experience of international seminars stretches back over half a century, every seminar, being composed of different people with a changing variety of backgrounds, is an experiment in which there are factors which could not be accurately measured or are even completely unknown. For this reason the participants' estimation of the success of any seminar is as important as that of the organisers and the participants of the 39th Seminar were accordingly invited to meet and draft a statement not only indicating their satisfaction, but also suggesting points for consideration when future seminars of this kind were being organised. The practical recommendations made in their statement included first, a rather easier initiation into the activities of a seminar, through preliminary talks on communications and

social activities, so that participants would become more quickly acquainted, and also for longer breaks and intervals to ease the strain of listening to speeches in a language which may not at first be easily understood; second, a larger apportionment of time for the discussion of case-studies, so that types of co-operative which do not exist in some countries might nevertheless be more thoroughly understood by participants from these countries; third, that there should be more ample briefing before field visits and tours; fourth, that future seminars should be organised in Africa, Latin America, Asia and the Far East where Co-operative development needs stimulus and support. The fact that experience of the Seminar whetted the participants' appetite for more is the clearest evidence that, on the whole, it successfully met a conscious need.

PART TWO

CONTEMPORARY PROBLEMS OF CO-OPERATIVE MANAGEMENT

With the exception of the meetings convened to assess the value of the work done by the Seminar, the group and plenary discussions were not recorded. Nevertheless, a reasonably complete picture of the ground covered and the problems considered is obtainable from the scripts submitted by the experts who delivered lectures, presented papers and introduced case-studies. This part of the Proceedings is accordingly divided into three sections. The first consists of papers, lectures and supplementary material, all more or less condensed, dealing with the main theme of the Seminar in its different aspects. This material, consisting of the ideas, doctrines and suggestions of the authors, constituted, in the general opinion of the participants, the most valuable element of the Seminar. The second section consists of ten case-studies, to which is added the account of the conversion of a profit-business into a co-operative which seems to belong logically with them. The third section contains the substance of talks, with a wider horizon, dealing with International Co-operation in general and the importance of international exchanges of experience.

Section I

Lectures and Papers

This Section contains all the papers except the one by Mr A. Gomez, on The Co-ordinating Function in Co-operative Management, which unfortunately was not received by the ICA in time for its inclusion.

CHANGING CONCEPTS OF MANAGEMENT

by Dr John F. Mee, Mead Johnson Professor of Management, Indiana University, USA.

The Function of Management

In any society, management is a function that must be performed by some people in some manner. The practice of management requires a way of thinking for the process of setting and then achieving desired results through the application of human talents and facilitating resources.

Management is the most creative of all the arts because its medium is human talent. Management deals with the challenge of change; it is the launching resource from which social, economic, political and technological changes are rationally and effectively spread throughout society.

J. J. Servan-Schreiber, the French author, in his book *The American Challenge* (1968), commented that the gap between US and European industry is less technological than managerial. He stated that "the disparity lies in the 'Art of Organisation'—in the mobilisation of intelligence and talent to conquer not only invention, but development, production and marketing. American industry spills out across the world primarily because of the energy released by the American system—by the opportunity for individual initiative—by the innovative knack of teams—by the flexibility of business structure, and by the decentralisation of business decision".

The Process of Management

During the first half of the twentieth century, so called "scientific" management prevailed throughout business and industry. Management was practised as a "system of authority". There was heavy emphasis on centralised decision-making and rigid organisation.

Scientific management required a way of thinking that placed emphasis on an autocratic and authoritarian use of the linear (line and staff) structure for an organisation. Managers reacted to situations by centralised decisions. They were engaged in "activities-oriented management". They held "power over people" and directed their activities at work through standard work-procedures in an organisational hierarchy. Close supervision and control over work-activities prevailed. The concept of management as a "system of authority" was characterised by organisation and control.

The autocratic and authoritarian style of management reserved the performance of the functions in the process of management (planning, organising, directing and controlling) for top management only. The resources of the human talents in the organisation were ignored and neglected. Managers tended to manage the activities of the workforce.

"Scientific" management, with its autocratic system of authority-style and its use of rigid organisation and control of work-activities, served the managers of business and industry during the first portion of the century. However, changing human values, along with the increasing size and complexities of business firms, have necessitated a modification of past practices for managerial success and survival in an economy that is fast changing from an industrial to a technological and scientific society.

Changing Concepts of Management

During the decade of the 1960's, a much more creative and effective approach to the process of management has developed and evolved. Management in the decade of the 1970's is viewed as a

resource for a firm or a society rather than a system of authority. The emphasis is on "results-oriented" management instead of "activities-oriented" management.

The new mode of management embraces "participative" in lieu of "autocratic" management and the benefits of "power through people" instead of "power over people". Managers strive to use all the management resources available to them among the human talents in the organisation, instead of limiting management to their own individual capacities. Management results are deemed more important than the personal prestige attached to position in management.

A significant change in management thinking is the current belief of managers in their abilities to shape the future of their organisations instead of yielding to destiny. Managers are now seeking ways to "proact" to future desired results or objectives instead of merely "reacting" to changes in the competitive environment. Presently, managers are devoting more time to directing the future fortunes of their organisations through the formulation of strategic objectives and policies rather than merely managing the daily activities that become obsolete in a changing world. More consideration is given to the importance of writing the annual report as it is desired for 1975 than detailing all of the activities performed during the past year of 1970. Future results mean more for survival than past activities.

A dramatic example of results-management is that of the Apollo project. In 1958 the objective of the National Aeronautics and Space Administration was to develop complete capability in space. That mission was beautiful in concept; but it was activities-oriented. Trying to accomplish it was like trying to nail jelly to a tree. Scientists and engineers were busy with activities requiring billions of dollars, but results were difficult to evaluate.

In 1961, the chief executive officer of the nation made an announcement that changed NASA from an activities-oriented organisation to a results-oriented one. President J. F. Kennedy announced that by the end of the decade the United States should endeavour to put a man on the moon and return him safely. At this point, NASA had an objective that met the criteria for results management. The objective was specific and understood by all; it was quantifiable so that progress could be measured; and it was realistic as it was attained with difficulty. The success of the NASA Apollo project dramatised a managerial way of thinking that begins with the setting of the end result and then causing its achievement through planned and controlled actions integrated by a network of decisions beamed on the objective.

The current trend in management education and practice considers management as a resource and not as a manager operating from the apex of a pyramid system of authority. Multiple management resources are employed to determine the long-range or strategic objectives and then the short-range or operational objectives of an enterprise or institution. The objectives of the total organisational system are then translated into specific, quantifiable, and realistic objectives for each sub-

system organisational unit. Managerial and operating personnel take their responsibility and authority from the objectives and the nature of the work. People work to achieve definite results instead of performing duties or activities as prescribed by procedures. The people's resources are used to determine both the desired results and the manner in achieving them. People are employed and developed in an organisational climate with styles of management that permit them to acquire esteem and recognition through the accomplishment of goals or objectives. Financial incentives are basic; however, the management value-system provides for motivational factors in addition to monetary incentives. Supervision is in nature support with means of encouraging and developing personnel to perform work with a self-commitment to achieve their performance goals. Controls are established through goals for the self-control of personnel rather than for the control of actions through regimented procedures.

The Practice of Results-Management

The transition of any organisation or of any manager from a conventional management style to that of results-management with a participative management approach for the achievement of objectives will not come easy. Any transition will require at least five years of struggle and practice before confidence and competence will be realised. Managers who choose to delay their obsolescence by making the transition will often be reminded of Murphy's Three Laws:

1. Nothing is as simple as it looks;
2. Everything takes longer than it should; and
3. If anything can go wrong, it will.

Results-management involves a way of thinking far different from that used in a system of authority and activities-oriented style of managing. The criteria for the new participative management for results entails a modification of the process of management.

First the objectives or desired results to be achieved for a specified time in the future should be set so that all concerned have the opportunity to share in the process and will be committed to them. Furthermore, the desired results or objectives must meet the test of being:

1. Specific and understood and accepted by all concerned;
2. Quantifiable so that progress can be measured in achieving them; and
3. Realistic (which means attainable with difficulty).

Unless responsible managers can contrive to set results or objectives that meet this test, they will not make progress in the transition to the new way of management-thinking and practice.

Secondly, managers will find it necessary to engage in what is called causative thinking to determine the actions that will be required to achieve the desired results. Causative thinking requires a sharpening of planning skills.

Thirdly, managers must learn to develop

viable and flexible organisational relationships, built around the results to be obtained, rather than depend upon a rigid set of relationships based on a system of authority.

Fourthly, managers will depend more upon motivating personnel and providing a climate for creativity and innovation, as opposed to directing the activities. Every effort will be made to motivate employees towards a closure of actions for achieving the objectives. This is known as the Zygarnik effect.

Fifthly, managers will be compelled to establish management information systems that will provide workers with needed information to tell them their progress in meeting their objectives, so that they can use self-commitment and self-control instead of being controlled.

Benefits from Applying the Changing Concepts in Practice

The managers of Co-operative Associations may find that the transition to the new style of management-practice and thinking will bring them benefits over the old conventional style of managing. Such benefits can be:

1. Attracting, holding, and utilising the most competent personnel in a creative and dynamic organisational climate.
2. Developing the most competent and viable team for the survival and progress of their organisations.
3. Shaping their associations' future instead of yielding to destiny.
4. Meeting competition more effectively in a changing society.

The success and achievements of Co-operative Associations have made many contributions of lasting value to the life-styles and living-standards of many peoples. Their management practices have been effective in the past. Their management successes in the future may depend upon the adoption of changing concepts for the practice of management in a changing world.

ROLE AND PLACE OF CO-OPERATIVE MANAGEMENT IN ECONOMIC AND SOCIAL DEVELOPMENT—THE USSR EXPERIENCE

by Dr V. A. Nazarevsky, Senior Research Officer, Institute of World Economy and International Relations, USSR Academy of Sciences, Moscow.

The Central Union of Consumer Societies, *Centrosoyus*, includes not only trade organisations but also numerous processing and purchasing enterprises, and many other units which help to promote economic and social progress.

In 1969 the Soviet consumer co-operative system consisted of 15,860 consumer societies, 2,500 district, 144 regional and 15 republican unions of consumer societies.

Each co-operative society functions independently in accordance with its rules, its own

financial means and property, and has its legal status. Co-operative unions are formed on a voluntary basis; local co-operatives are free to join them or strike out on their own. The rights of the local co-operatives in the managing bodies of union branches are not determined by their economic power or amount of membership dues, but only by their total membership and the principle of "one member—one vote". The consumer societies do not have any financial obligations to the unions, except for contributing to centralised funds for training specialists and the provision of the material and technical facilities.

In 1958 *Centrosoyus* united 37.7 million members, and at the beginning of 1970 it had 58.6 million members. From 1965 to 1970, workers and employees of consumer co-operatives increased from 2.2 to 2.7 million people. This powerful organisation now serves almost 120 million people, about half the population of the USSR. The mass membership of this organisation has helped it to become one of the most important institutions involving working people in the economic and social development of the country. Yet the significance of consumer co-operatives is defined not only by membership-size, but also by the increase of their economic power. Their influence also depends on forms and methods of management, on the scope of their social activity. From 1951 to 1955 the co-operatives invested an average of 130 million roubles per year, and from 1965 to 1969 they invested an average of 626 million roubles annually. We can have a clearer picture of the investment policy in co-operatives only after the adoption of the draft of the national five-year economic plan for 1971-1975.

In 1950 the consumer co-operatives had 214,000 retail shops and 24,000 restaurants, cafes and tea-rooms. In 1969 they already had 386,000 shops and 71,000 restaurants.¹

For many years after the second World War, one of the most urgent tasks was the restoration of trading and processing co-operatives and the construction of many millions of houses to replace those ruined during the war. That is why during the 40's and 50's co-operatives were compelled to build, as a rule, small shops in rural areas. This retarded new forms of trade and technical advance.

By the beginning of the 60's, the shortage of trading and processing units had been overcome. Numerous small shops in the agricultural areas are now being replaced by large department stores and specialised stores. During 1969 the number of supermarkets increased by one-third. Every centre of that kind comprises a big department store, a restaurant, and a food store. These centres widely introduce home delivery, fetching customers from far-off areas, and taking preliminary orders for durable goods. Most of them organise self-service departments and buying by sample, which were difficult to introduce in the small stores we had during the 50's. Small retail shops now remain only in the thinly populated regions, to supply the most vital goods. Sixteen thousand automobile shops serve the same purpose.

¹In 1969 more than 34,000 shops had self-service.

In Belorussia (where during the war hundreds of thousands of buildings were completely ruined or heavily damaged), in the last two years there have appeared 17 supermarkets as well as many big modern department stores.

Many stores and supermarkets built in the last two or three years are achievements of the latest architectural thought. Such reconstruction became possible through the organising by Centrosoyus of a powerful central design institute, with dozens of local branches. Hundreds of standard designs have been worked out, making it possible to reduce investments by 20 to 30 per cent and at the same time to increase the flexibility of design and make it easier to take into account specific local conditions. Now nearly 90 per cent of all consumer co-operatives' stores are built in accordance with standardised designs.

The appearance of a practically new trade network has led to a number of significant changes. In the self-service stores the salesman is now more a consultant than a shopworker. Productivity per shopworker has increased more than 20 per cent, and in some districts by 30 per cent, in the last three years. For example, a supermarket in the small town of Kedainia, could increase its sales by 45 per cent with the same staff. As the experience of the last two or three years has shown, the time spent by customers on purchasing has been cut approximately one-third as a result of supermarkets and new methods of trade. But even now, one of the most important tasks for the co-operative management is the improvement of the quality of service, through the scientific study of consumer demand, scientific organisation of advertising, better training of retail workers and management personnel.

In the 50's and 60's there were also great changes in the co-operative industrial and wholesale enterprises both in quantity and quality. Small poorly-equipped workshops, for example, producing canned and baked goods are fully replaced by automatic plants. Now practically all the main industrial enterprises of the Centrosoyus are equipped with modern machinery. They use progressive organisational schemes and management methods.

Simultaneously a three-stage system of supplying shops with goods disappeared. Several years ago, goods were first delivered to the warehouses of regional co-operative unions, then they were sent to district co-operative warehouses, and frequently to the storehouses of consumer societies. Only then were goods delivered to the shops. Today, due to direct contracts with industrial enterprises, consumer co-operatives are able to take goods straight to their wholesale centres where they are distributed among the shops. Some of the wholesale centres now have their own computers.

These quantitative and qualitative changes are taking place without a considerable growth of the population served by consumer co-operatives, so the rural areas get better service. The much higher level of personal income of the population, and the basic reconstruction of its trade and industrial network have enabled the Centrosoyus to increase sales. Thus for the period of 1962-65 sales

of consumer societies increased by 33 per cent and during the following four years, another 41 per cent (in constant prices). Now nearly 30 per cent of the country's retail trade turnover is performed by the co-operative organisations.

Drastic reconstruction of the trade and industrial base, including the introduction of supermarkets along with big republic-wide and inter-republic wholesales equipped with computers and powerful industrial enterprises with modern technology, demand new organisational and management changes, from bottom to top of the whole co-operative system.

The co-operators' aim is to reconstruct the entire system of consumer co-operatives, including the programme of training and re-training co-operative workers. This change needs not a short-lived campaign, but permanent work in this field. These changes first of all have embraced the basic unit of co-operatives—the consumer society. In 1958 the average size of the consumer society was 198 members, and by the beginning of 1969 it had reached 366 members.

The average size of a consumer society now approaches annual sales of two million roubles and only several dozen consumer societies have at the present time sales of under 400,000 roubles.¹ It is far from easy for such societies to introduce new forms of trade. That is why Centrosoyus has processed data on 2,000 consumer societies with the help of computers, to determine the optimal size of consumer co-operative society under the present day conditions and planned level of the population's concentration.

Research has shown that it is useful to transform consumer societies into bigger bodies we call "Raipo", or a district union. From the beginning of the 70's consumer societies are little by little replaced by Raipo, or by enlarged consumer societies. Further concentration will develop in the 70's even at a greater rate. The concentration in consumer societies is also closely connected with demographic changes in the country. There is a rapid process of uniting small villages with a population of several dozen inhabitants. To reconstruct the old areas, the state annually invests many millions of roubles. The Centrosoyus management is obliged to supply this reconstruction with plans and drafts, taking into account migration processes.

The Centrosoyus management and the management of consumer societies and unions now head quite different organisations from those at the beginning of the 50's and even the 60's. Co-operative management now and especially in the future years will be busy solving new, more complicated problems which seemed impossible to solve a few years ago, but can be easily solved now only with the help of new special branches or units of the

¹The latest report, which goes into details, shows that we have 15,860 consumer societies. 29.1 per cent of them have sales which exceed two million roubles per year (1954 only 2.1%), 40.1% of societies now have one to two million sales (in 1954 only 7.4%) and 23.9% have sales between 600,000 and one million roubles (in 1954—12.6%). 5.6% of societies have sales between 400,000-600,000 roubles (in 1954—12.6%) and only 1.2% of societies have sales less than 400,000 (in 1954 more than 60%).

Centrosoyus—powerful scientific centres, which enable the management to develop and control all the processes of decision making. With the growth of qualified local specialists in the consumer societies, the Centrosoyus management concentrates more and more on designing and co-ordination of the whole strategic policy of the Co-operative Movement.

The scientific units are to play the role of the “brains trust” of the Co-operative Movement. These scientific units have recently obtained a powerful technical base, including four co-operative computer centres. Now all scientific branches of the Centrosoyus are co-ordinated by the leading institute, which is called “Central Institute of Scientific Organisation of Work, Management and National Trade”. Development of the scientific work at this Institute will speed up a lot of scientific projects, and their rapid implementation in the co-operatives.

The above-mentioned problems are only one part of the co-operative management work. The problem of co-operative democracy is closely connected with the scientific and technical revolution, as well as with the structural changes in the Co-operative Movement, resulting from the concentration of production and distribution.

The state, in accordance with the co-operative laws, supervises the activity of the consumer societies and consumer unions in order to guarantee their economic and social activity in the interests of society as a whole, but at the same time guarantees full independence of the Co-operative Movement. Self-management and economic independence of co-operative enterprises is expressed by having the co-operative members actually taking part in managing the business of their co-operatives personally and through their representatives—in the managing boards of all unions, including the central one. All members have equal, unqualified rights to elect and be elected to managing and control bodies of the co-operatives. Their most important right, guaranteed by the statutes and the whole mechanism of co-operative democracy, is to take part in decision-making and in the management of the co-operative; in determining its policy, aims, means and sphere of activities; in disposing of co-operative property; in approving the budget and the results of the co-operative's activities; in distributing and using co-operative profits; in determining relations with other co-operatives, and economic and social organisations.

In our country the co-operatives carry on their economic activity within the limits of all-national plans. Some foreign specialists see in this system some restriction or even a liquidation of co-operative democracy, but practice shows that, in reality, the planning system helps the co-operative management to avoid economic crises, painful competition, and anarchy in production. It also helps them to increase the rate of economic and social development. In reality, the plans for co-operative activity are the result of their own work, of their initiative. They try harder to work out their plans with optimal calculation of real possibilities of their fulfilment. And what is even more import-

ant, they are always discussed and become real plans only after the approval of them by the co-operative members at their meetings. All these vital problems are eagerly discussed by the members, and so there is no difficulty in gathering meetings which are always attended by most of the co-operative members. As a rule, those present take an active part in the discussion of all the items of the plan. As I have already mentioned, there have appeared some new features in economic and social growth which influence co-operative democracy. While working out the plans of concentration of consumer societies and district unions, the co-operative management and the scientific centres of the Centrosoyus think not only of economic effectiveness, but also keep in mind that the optimal economic efficiency can be achieved only through the constant development of co-operative democracy. That's why, while calculating optimal sizes of consumer societies and unions, the co-operative management always takes into account the preservation of close contact between rank-and-file management, for the mutual confidence of members and management.

In the process of creating big, modern enterprises there appears a new threat to the preservation of democracy. This threat is connected with the difficulty of controlling an ever-growing staff of hired specialists. The real control of their work can be realised by elected bodies and rank-and-file members only under one condition: widely spread co-operative, economic and technical education among *all* co-operators. That is why, from year to year, the Centrosoyus increases its efforts to educate the co-operative members.

The consumer co-operatives of our country prepare personnel for all of their branches and spheres of economic activities (i.e. trade, supplies, public catering, bakeries, construction, etc.), in five higher educational establishments with nine branches and departments.

Co-operative higher schools enrol persons with general secondary or specialised secondary education. Co-operative workers, members of consumer societies, and their children enjoy certain admission privileges.

The Centrosoyus also has a wide network of 120 special secondary educational establishments. The students of these schools receive a fundamental theoretical knowledge and practical training in co-operative work. They undergo practical training at co-operative and state trade enterprises.

In the 1960's the bulk of the co-operative workers had an opportunity to complete their training in special schools. Now we send workers to such schools before they start work and we also send old employees to make them better qualified. Special seminars are systematically held for co-operative activists to improve their knowledge with regard to public control and co-operative management.

By constantly expanding and improving the system of co-operative education, raising the qualifications of the specialist, and training rank-and-file members, the Soviet co-operatives now

have better resources to draw on, to elect more competent persons with special training to all of their elected bodies. By now, 91 per cent of the board chairmen of republican, territorial and regional unions of consumer societies have a higher or secondary specialised education. At the same time, the co-operative members as a whole are better trained and informed, which enables them to have a better understanding of managing their co-operatives.

THE PLANNING FUNCTION IN CO-OPERATIVE MANAGEMENT

by Mr R. A. Willson, President, Willson Associates Limited, Calgary, Alberta, Canada

The marketing vice-president of a large non-co-operative business once told me that if co-operatives ever got good management to go along with the sense of mission of some of their members, they would be fearsome competitors. He overstated on both counts: I have met some highly effective managers of co-operatives and some co-operative members with little sense of mission.

But if co-operative management is to become more effective and the sense of mission of co-operative members is to be reinforced, then the function of planning must be pursued with consummate skill and sensitivity: planning which grows out of the hopes of the people it serves, and is tempered by an understanding of what is attainable, brought to a sharp focus by an informed, pragmatic manager.

Signs of Progress

There is some progress towards this goal among co-operatives. We may cite increased investment in research into product, service, process and market opportunities: disciplined inquiry which must precede effective planning. There is willingness to change the services and the structure in anticipation of changing customer expectations: flexibility of response which is requisite to planning. We may observe understanding of the need for planned development now of the managerial skills the enterprise will need in the future. There are more co-operatives creating the post of planning director at the top management level.

These are superficial examples of a trend. Some observations of a qualitative nature may be more revealing, as follows:

- (1) Increasingly one may observe the planning process to be starting with an objective appraisal of present strengths, weaknesses and trends—a safeguard against wishful thinking, and symptomatic of more mature management.
- (2) There is growing inclination to involve all members of management, regardless of function, in the assembly of plans, and to see the active participation of increasing numbers of employees of all ranks. This is not a task for one specialist!
- (3) There is increasing emphasis upon the continu-

ous process of planning, as distinct from the plan as an end in itself. This insures against the hazard of pursuing yesterday's plan, oblivious of today's signals of possible irrelevance. Perhaps we may paraphrase Marshall McLuhan in suggesting that the *process* is the plan!

Risk and Dangers

Planning by managers of co-operatives may be observed to be improving, but there are hazards to which we should be sensitive:

- (1) Plans are frequently seen to be the exclusive preoccupation of the chief executive and his staff. But the success of the plan depends on commitment to it by all those charged with carrying it out. Commitment can be only to one's own objectives—or to a larger objective which one has participated in identifying. Thus, yesterday's "chief planner" is becoming a coordinator of planning and of action programmes which grow out of analysis of the existing situation, and out of the hopes and dreams of as many of the participants as possible.
- (2) Willingness to see plans as means rather than ends, and therefore subject to continuous review and possible change, must be reinforced continuously. A carefully prepared plan takes on considerable elegance in the minds of those preparing it. But the surrounding circumstances, both internal and external, will change tomorrow. What is needed, then, is continuous appraisal of the likelihood of the plan achieving desired results, besides recognizing changing environment and interim progress. From the appraisal must come continuing reaffirmation of the plan—or departure from it. Plans may not be written on the wind, but they must surely not be engraved in stone lest they serve exclusively as memorials.
- (3) It is sad indeed to see the fine enthusiasm with which plans are frequently launched turn gradually into mere compliance, apathy, and finally, hostility, because of management's failure to follow through to conclusion. If there is no insistence upon performance, the plan dies. Results must be pursued with at least the same diligence as marked the development of the plan itself. People cannot be rallied to achievement by a manager who is inconsistent in his pursuit of objectives.

And if no recognition of performance is provided for in the total planning process, the initial sense of commitment will not be sustained. Recognition of performance does not mean praise exclusively. It can also mean criticism. Continuing evidence must be furnished to all those responsible for carrying out a plan that their effort and their achievement genuinely matter.

Errors in Execution

Three glaring errors by managers of co-operatives have been observed in this context:

- (a) when people are appraised on the basis of personal characteristics rather than on the evidence of their

accomplishment of tasks supported by the plans of the organisation, they become quite unsure about what they have to do to win, and the plans will be detoured as a result.

- (b) when rewards are granted for reasons other than accomplishment of objectives and assigned tasks, the incentive to pursue a plan to completion is seriously diluted.
 - (c) when budgets are prepared out of context with the actions required by a plan, a distressing conflict of interest is created among the managers participating.
- (4) Too frequently, the chief executive wants immediate return for the investment in planning. Many excellent plans have been abandoned because those involved were unwilling or unable to wait for the desired results to mature.
 - (5) A very great risk is that of permitting an individual or an organisation to pursue results which are not really feasible, given the resources and opportunities available. A manager must surely resist the temptation to try for something quite beyond reach, even if buoyed by the enthusiasm of his people. Yet, at the same time, he must cultivate the motivating effect of a challenge.

Prospective Benefits

If there are hazards to be avoided, there are also benefits to be secured when the planning process is properly implemented:

- (1) A well conceived plan, growing out of the involvement of all people concerned, will give added confidence to the leaders and all members of an organisation, and create the opportunity for a sense of achievement.
- (2) More things will be carried to completion and a lesser number of important actions will be left undone, in the presence of planning. For planning requires the definition of priorities. The existence of priorities helps to avoid the paralysis resulting from having too many things to do in a given period of time.
- (3) Communication within an organisation and with its environment should be enhanced by planning. One can observe the satisfaction of all people concerned in discussing their objectives and the organisation's objectives freely, once it is understood that these are part of the total plan of the enterprise.

The Content of Planning

With due recognition, then, of the hazards and benefits deriving from planning—what should the plans contain? To what critical considerations must they be addressed?

- (1) There must be identification of the hopes for the enterprise and the minimal achievements which will satisfy its members and its leaders.
- (2) There must be a disciplined, objective appraisal of the external opportunities open to the

organisation, and of the forces influencing its likelihood of success.

- (3) There must be a clear picture of where the enterprise is headed, if we change nothing.
- (4) There must be a detailed programme of actions, integrated with each other, calculated to move the enterprise from its present position to where it desires to be—with a timetable of accomplishment.
- (5) Resources needed to complete the planned actions must be identified and available.
- (6) There must be established a programme of collaboration among units of the organisation—an understanding of their interdependence, and provision for informed support of each other's actions in pursuit of overall enterprise purposes.
- (7) The plan must include examination of capital, manpower, facilities, market development, environmental support—in a climate conducive to commitment of all concerned to carry the plan through to completion.

Necessary Conditions

Throughout the process, my own experience has highlighted the necessity of heeding two cautions:

- (i) To enhance objectivity and diminish wishful thinking, to reinforce ability to change plans when opportunity or disappointment dictates, it is essential to record the assumptions upon which the plans are built, and the actions launched.
- (ii) Commitment to attain the results contemplated by the plan can be secured only by involving as many members of the organisation as possible in identifying hopes, analysing the present situation and pooling ideas—before the plan is confirmed.

We are enabled as managers, through skill in planning, to achieve the ultimate personal goal of having something to say about our own destiny—to cause, in some degree, our future to happen. This is a supremely challenging proposition—and an extremely enriching realisation. We owe it to the organisations with whose leadership we are entrusted to develop this skill, and we owe it to ourselves if we are to enjoy the experience of guiding a mission to its destination, rather than being frustrated passengers.

THE ORGANISING AND DIRECTING FUNCTIONS OF CO-OPERATIVE MANAGEMENT

by Mr K. G. Howard, Management Consultant, Selkirk, Manitoba, Canada

Management functions are frequently divided into Planning, Organising, Directing and Controlling. In an earlier paper, the planning function was discussed and attention was drawn to the importance of establishing objectives. In order to achieve these objectives, the tasks to be done must be identified, grouped and correlated, through the functions of organisation.

A. The Organising Function

Principles of Organisation

To ensure proper organisation, careful attention should be given to the following principles.

- ★ The work to be done, set out in the objectives of the plan, is analysed and the specific tasks to be performed are identified and grouped. The numbers and kinds of positions which will be needed are determined.
- ★ An organisational chart is prepared, providing for maximum co-ordination of positions and effective communication within the organisational structure.
- ★ An objective is written for each position on the organisation chart, and in a few words the main purpose of the position—why it exists on the chart—is stated.
- ★ Responsibilities and corresponding authority for each position are clearly written.
- ★ The span of control of each supervisory position is established, to ensure that each such position has responsibility for an appropriate number of key result areas. It is to be noted that span of control refers to the numbers of key result areas for which a supervisor is responsible, and not the number of persons reporting to a supervisor.
- ★ Unity of command is maintained, by ensuring that a person is not held accountable to more than one superior in the same key result area. An employee, however, may be accountable to two superiors, if they are in different key result areas.

Pyramidal Structures

Traditionally, military and religious organisations have been built on a triangular, or pyramidal structure, showing the position with the highest authority on the top of the chart—at the apex of the pyramid—with positions having lesser authority placed beneath in a fanning out pattern. A similar structure has been adopted for many business organisations.

The organisational structure may take different triangular forms, depending on how the planners analyse and group tasks. In analysing a particular work unit, for example, in which twenty five tasks are identified, the planner may decide to:

- (a) assign all the tasks to one position. In this instance all twenty-five tasks would be carried out by one subordinate, reporting to the supervisor;
- (b) create five subordinate positions reporting to the supervisor, each having five tasks to carry out;
- (c) assign the tasks to twenty-five different positions, all reporting to the supervisor. In this case, the work would be performed by twenty-five subordinates.

Similarly, in deciding the organisational structure of a department or division, a number of alternatives may be considered. For purposes of illustration, let us assume that there are 224 tasks to be performed. These tasks may be divided and

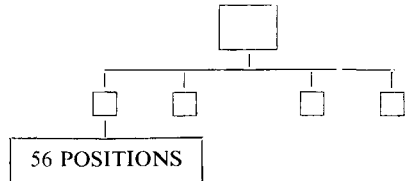
grouped in different ways, using varying numbers of levels of management. A decision may be made to:

- (a) have 224 positions reporting to one executive.



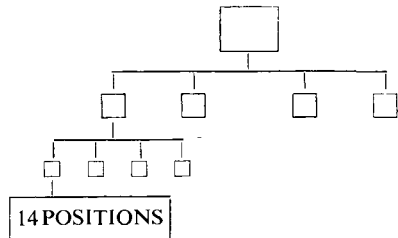
one level with one executive

- (b) have four executives reporting to a senior executive, each supervising 56 positions.



two levels with five executives

- (c) have four executives reporting to the senior executive, each of whom has four executives reporting to them, and each of these latter executives has fourteen positions reporting to them.



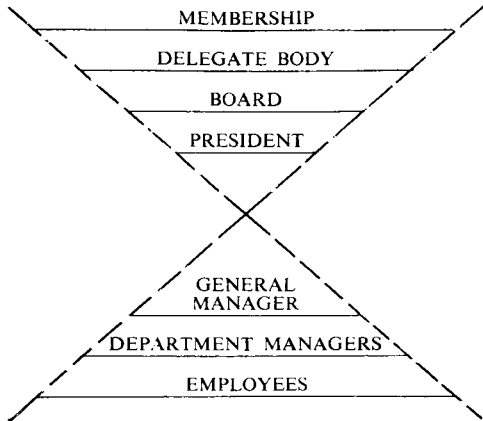
three levels with twenty-one executives

Organisational Structure of a Co-operative

The foregoing organisational charts are not sufficient for co-operatives, as a co-operative organisational chart must show not only the employee structure, but also the ownership and control system—the membership and elected officials.

These dimensions may be added to an existing organisational chart in which the employee structure is shown in pyramidal form. The membership may be indicated at the top of the chart, with the delegate body, Board of Directors, Executive Committee and President beneath them, in succeeding order, reflecting the delegation of authority from members to elected representatives. Authority then may be shown to flow from the president to general manager (or whatever title the senior employee position may hold), and downward to other employee positions in the co-operative. This may

be represented:

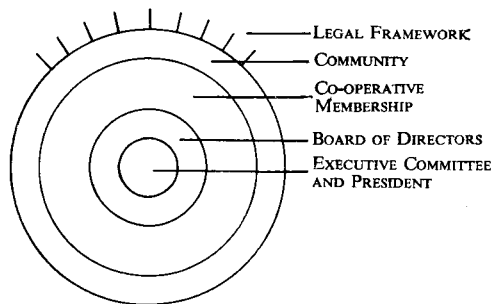


In this structure the membership and elected official organisation takes the form of an inverted pyramid, connected to the traditional employee pyramidal structure through the positions of President and General Manager.

The extent of management authority which is delegated to the General Manager may vary, at the discretion of the elected officials, and many large co-operatives have salaried full time presidents who exercise some managerial functions. This is not reflected in the pyramidal organisational structure. In addition, lines and boxes tend to indicate rigidity in structure, and do not reflect the dynamism and continuing change characteristic of the modern co-operative.

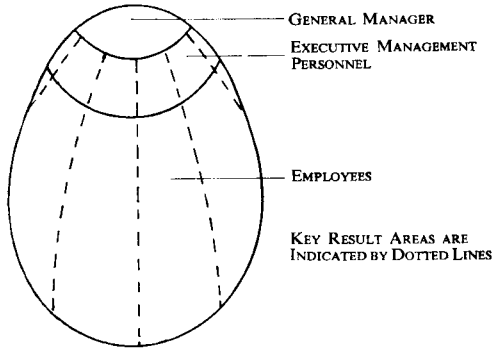
An Alternative Approach to Co-operative Structure

A circular structure may be preferable to represent the dynamic, evolving nature of a co-operative. In the membership and elected officials structure the President and Executive Committee are depicted at the centre of the organisation, not at an apex, serving co-operative members within a community. All activities are bounded by a legal framework specific to the community the co-operative serves.



The employee organisational structure might be depicted as three dimensional oval, or egg-like, reflecting the devolution of authority from the senior management official to other employees.

With the General Manager, other executive management personnel constitute a team, each of whom has responsibility for Key Result Areas. Subordinate staff report to superiors in specific Key Result Areas.



As the senior management position reports directly to the position of president, this may be shown by placing the position of president immediately above and adjacent to that of the general manager.

Member Education and Member Relations

Distinguishing co-operatives from other kinds of organisations are the member education and member relations programmes, emanating from the Board and by-passing the senior management employees. Through these programmes the member has direct contact with his elected representatives.

Principles of Organisation Apply

In the organisational structure described above, the principles of organisation referred to earlier in the paper still apply, but are to be interpreted within an organisational framework which permits increased flexibility and capacity to respond to change, and which is more suited to the requirements of increasing emphasis currently being placed on the function of directing.

B. The Directing Function

When the plan has been established and an appropriate organisational structure has been developed, each manager in the co-operative initiates and guides action to achieve the objectives of the plan, within the key result area or areas for which he is responsible. This is the directing function. Activities carried out in this function include training, teaching, motivation and supervision of employees, and issuing directives.

In the years immediately ahead, the manager will have a continuing need to reappraise human values in business, to bring into harmony the corporate needs for productivity and high quality of service on the one hand, with the need for job satisfaction and self-fulfilment of employees on the other.

The manager will have concern not only for

task completion but equally for the development and optimal utilisation of the potential of subordinates. Increased emphasis is likely to be placed on participative management, in which decision-making is shared with subordinates, while ultimate responsibility for the decision rests with the manager. The manager will provide leadership to subordinates to ensure that existent procedures are carried out effectively, and more important, will stimulate creative innovation by encouraging them to think of "break-throughs" to new knowledge and methodologies.

The manager of the 1970's will be looking for results, and will face a continuing challenge to meet diverse and changing requirements of both consumers and subordinates. In this decade, the directing function will receive increasing attention as a key element in the accomplishment of these objectives.

THE DIFFERENCE BETWEEN RUNNING A CO-OPERATIVE AND A NON-CO-OPERATIVE ENTERPRISE

Some practical experience from Scandinavia, Lecture by Mr Arne Melander

Some Definitions and Background Problems

In comparing a co-operative enterprise with a non-co-operative enterprise—the latter will be referred to as a company in this lecture.

If you are going to start a company you need an idea, money and ability to realise the idea. In order to start a co-operative you need all the items mentioned above but in addition you need the support of the majority of the members. To form a co-operative is not a matter of brilliant ideas. On the contrary, it is hard work to persuade reluctant members that it is really worth while to start a new enterprise. In brief, the pioneer who is going to initiate a co-operative society has to be a missionary, a politician, a diplomat and needs the energy of ten.

The goal of a private company is primarily to make profit on invested capital, while the co-operative is created in order to supply a particular kind of service or goods to its membership. The law, however, usually admits that co-operatives as well as companies do make profit (surplus). The rules determining how this surplus should be distributed among the owners/members are different. While the stockholders of the company are rewarded according to the amount of their shares, co-operators are remunerated according to the volume of their trade with their society. From the legal point of view this gives an advantage to the co-operative society, as the surplus is looked upon as resulting from the members' mutual business and therefore surplus refunded to members are tax free for the society.

As to capital, the main difference is that the capital of a company is usually fixed within certain limits, while the share-capital of the co-operative society varies with the number of members.

— In a company shares cannot be refunded to members, in a co-operative a member who withdraws can have his share repaid.

In a company the share is a commercial commodity that can be bought or sold. Co-operative shares are not for sale. Nor can a co-operative as such be sold.

— In a company the criterion of success is often as simple as the maximum return on this or that investment. In a co-operative, on the other hand, the economic result must in the long run be measured in terms of net return to members rather than to the profit to the society as such. The objective of a company is first of all profit making. A steady profit is the ideal of most shareholders. The objectives of a co-operative are normally manifold.

Differences in Attitudes

One of the most interesting and difficult problems to tackle in a co-operative is the different attitudes from members in different situations. Take for instance a member of the Board of Directors in a farmers' multi-purpose co-operative. One day he comes to the co-operative to deliver his crop of oats. The summer has been wet and the quality of the oats is not the best. As a producer he naturally wants the best possible grading and starts an argument with the staff about the fine quality of his crop.

Some months later he pays another visit to his co-operative, this time in order to buy feed for his animals. He now starts an argument because he considers the feeding stuffs too expensive. He is a clever fellow who knows the prices charged by the other forage companies in the town. He complains and tells the manager what he thinks of the way this co-operative is run.

On a third occasion he participates in a board meeting. A draft of the annual report is presented and, as first speaker, our man starts complaining about the bad results and takes the opportunity to give a short report of the other two incidents.

In brief, he wants high prices for the products he delivers, lower prices for the feeding stuffs he buys and better business results for his co-operative. Unreasonable—yes, but very human indeed!

How the Board of Directors Works

In one form co-operatives and companies are rather similar. In both cases the Board of Directors has to shape the policy of the enterprise and to check that its intentions are carried out by the manager. But now to the differences. In the company the Board of Directors is normally satisfied if the profit is good and steady over a number of years. In the consumer co-operative the most important consideration for the member is that he or she can rely upon getting good qualities at competitive prices. In farmers' co-operatives, the governing considerations are usually those of prime importance to the farmer in marketing the products of the farm. In order to emphasise this we may say that the co-operative is an extension of the farm. This makes it necessary for a member of the Board to participate much more in the daily work of the

business than in a company or even a consumer co-operative.

As we have already remarked, the economic interests of the society do not always coincide with those of the members. That might give the Board rather complicated problems to solve. For example, in a co-operative slaughterhouse a lively discussion arose about the generation of steam. For the time being oil was used but a group of members suggested that wood might be used instead. In their district they had rather large forests and they found it difficult to sell the smaller sizes of their timber. The manager reacted strongly since he immediately found out that it would be more expensive for the society to heat with wood than oil. The director who had raised the question pointed out that the members would gain more by selling their timber than the society would lose by giving up oil heating. The problem grew still more complicated when the other directors, who did not have any woodland, opposed such a transaction. Similar problems have often to be considered at board meetings. It can be quite difficult to reconcile the interests of the members with those of the society.

How the Managers Work

The manager of a co-operative society must not be a dictator but a very good democrat who always takes into consideration the very differing interests of various types of members. It is further essential that he keeps the members well informed about his doings and projects. On one hand, he has to keep business transactions secret in order to avoid interference from competitors. On the other hand, he has to keep members informed in order to get support of the majority at annual meetings and similar occasions.

The members of the Board of a company might have any occupation. Mostly they are managers, bankers, lawyers or members of other professions accustomed to participating in similar decisions.

In Sweden, according to the rules, the members of the Board of a Farmers' Co-operative have to be themselves active farmers. Even the best farmer may not have sufficient experience or even ability to make valuable and correct judgements concerning investments of several million dollars and for a period of 15-20 years ahead. This puts quite a burden on the shoulders of the manager who has to persuade reluctant members to make the right decisions and really understand what they have decided upon.

How the Staff Works

Normally, one would not think that working for a co-operative would be different from working in an ordinary company, but it often is. Let me take a few examples. The member of the staff of a company comes into contact comparatively seldom with the owner, if he is not employed in an extremely small enterprise. In a co-operative, on the contrary, he might very well be in daily contact with the members.

The success of a co-operative depends in several ways on how the members are treated. Our co-operative pioneers often advocated the idea that

the staff member himself ought to be a farmer or son of a farmer in order to be a good staff member.

Co-operation in Developing Countries

From what has been said above I think it is clear that co-operatives are by no means easier to manage than companies.

What advice should be given to developing countries about the promotion of companies or co-operatives? I have had many discussions on this problem, and I nearly always encourage the co-operative way for many reasons.

I will mention two basic ones:

- (a) By introducing Co-operation you engage far more people than you do when you start a company. It is fascinating to read co-operative history and find out how much farmers and workers have learnt by creating the small primary co-operatives which form the basis for the huge organisations of today.
- (b) Without talking politics or even commenting on the international situation there is undoubtedly a need to co-operate before it is too late. Co-operation has been a help to self-help and must continue to be so. One of the difficulties of today is to adapt activity to the prevailing conditions. I think it is necessary to start with primary co-operatives with not too complicated objectives. I warn against trying to copy or import co-operative systems which are not adapted to local conditions.

When the Movement Grows

When a growing co-operative movement it might be felt that other forms than the co-operative society are more apt for the activity aimed at. I should like to give you an example:

When primary co-operatives want to expand their activities they have sometimes created new co-operatives. For instance in Sweden the dairies combined to form a milk powder co-operative and the slaughterhouses started fat-rendering co-operatives. However, none of them were successful. The milk powder plant was transformed into a company and the fat-rendering co-operative became a department of the Swedish Meat Marketing Co-operatives. Thereafter both enterprises have turned out successfully. What can the reasons be? Here are some of them:

The enterprise gets too complicated. Members lose control over it, have very little realistic opportunities to participate and control decisions. The interests of the membership are too diversified.

As head of a consultant department for 25 years I have seen more of the difficulties than of the successes. Nevertheless I am still very confident about the future of co-operative enterprise.

CO-OPERATIVE COMMUNICATIONS IN MANAGEMENT

by Professors Frank W. Groves and Richard H. Vilstrup, Department of Agricultural Economics, University of Wisconsin

Designing Effective Co-operative Communications

Improving communication in co-operatives will be

the major challenge of management and boards of directors in the 1970's. The growing centralisation of management functions will mean longer, more complex communications channels between the member and management.

To succeed in the future a co-operative will need an effective communications programme that ensures a smooth flow of information to members and reliable feedback from members. Management staff responsible for co-operative communications will have to employ the latest communications methods and electronic techniques and develop a basic understanding and application of social, psychological and economic disciplines.

Programmes of the Future

Constantly changing economic and social conditions will require innovative and imaginative programmes with fresh ideas and new dimensions, reflecting the changing needs of the member and his co-operative. The competitive need for giant co-operatives with sufficient volume to have an impact on the market will compound the problems of communicating policies and actions to large numbers of individual members in a wide geographic area. The declining percentage of active member participation appears to be significantly related to the size of the Co-operative.

New communications technology will greatly enhance the ability to reach more members. Print, voice and visual equipment will improve dramatically in the years ahead. Member audiences will be more sophisticated and harder to impress. The level of co-operative training and communication must be skilfully designed to reach the better informed and educated member of tomorrow.

The member communications staff will need to be an integral part of the management team. Successful member communications programmes will require the assistance, knowledge and involvement of the entire organisation staff and member leadership groups. To be effective they must be backed by strong financial support and specific policies from co-operative board and management.

Vigorous programmes of leadership development will be essential to guarantee market support. Channels for member feedback relating to the needs and desires of the membership will also be needed. Research and attitude-surveys of the membership will play a larger role in structuring new programmes and services. Co-operatives will continue to be a source of community leadership. Their broad base of ownership makes them uniquely qualified to respond to community needs.

Members of the Future

The member of the future will expect more from his co-operative. He will have more opportunities of comparing its performance with competitors. Modern transport will diversify his choice of markets. Member communication programmes will need to be wider in scope and activities. As members will demand more services from their co-operatives, the trend to provide a greater variety of services and fringe benefits will continue. Major

co-operatives have already demonstrated the effectiveness of member-insurance, travel and education-consultation. Such services may prove to be a fundamental requirement for successful member relations in the future. The changing composition of membership requires increased emphasis on programmes for women and young people, the members of tomorrow.

Communications programmes which generate strong membership support, loyalty, education, participation and leadership, combined with a highly-trained management team, will continue to be the key to the successful co-operative in the future.

Training Younger Members

A successful Danish Co-operator has warned that a co-operative without an effective member educational programme will last a generation and a half. Many co-operatives in more than one part of the world are approaching the second half of one generation. The founder members who recognised the need for a co-operative and joined to organise it may already be retiring. Every co-operative must face the task of educating younger members and developing new leadership. Young members beyond the first generation, must be aware of the value of the co-operative, why it was formed. What has been accomplished and its future goals. The variety of service, quality products and innovations offered by competitors to new, young members continues to improve, while narrowing profit margins may reduce the current economic advantage of co-operative membership.

Personnel responsible for member relations must constantly keep in mind, when planning programmes for younger members, the paradoxical situation of modern co-operatives, i.e. striving for operational efficiency on the one hand and simultaneously losing close contact with the members on the other. Co-operatives must grow as fast or faster than their private competitors if they are to survive, but in achieving rapid economic growth they will at their peril allow their members to feel disregarded and that control has been removed from the local level.

Information and Participation

The aim of a communications programme is to encourage members to seize the opportunities offered by their co-operative of becoming actively involved in its management as a delegate or director. The programmes should provide members with information they cannot get readily, if at all, from any other source, and some should be oriented to groups with special interest, such as women, young people and newer members. Unless members are informed about their co-operative, it soon becomes just another place to do business.

Certain differences between co-operatives and other types of business organisation are unique and have a direct bearing on the farmers' communications problems. First, the customers of a co-operative are normally its members, who own and control it. They cannot come to right decisions unless they are well informed. Second, the management committees (boards of directors) are normally

lected from among the members. New and inexperienced directors need special information and training. Third, managers are normally full-time professionals, not necessarily members. Fourth, co-operatives communicate and take important policy decisions more or less publicly, not behind closed doors. Fifth, members often expect more from their co-operative than from independent enterprises and are concerned that co-operative practices and policies should be in the public interest.

Results of Effective — and Defective — Communications

Money spent on strategically planned and carefully evaluated member-communications yields returns like a good investment. Experienced co-operative leaders know that effective member relations build up a reservoir of understanding and goodwill in the membership. These tend to be cumulative within the organisation and stand the co-operative in good stead in periods of difficulty and crisis when loyalty, confidence and support are needed.

On the other hand, co-operatives can be seriously weakened by the spread of false information or unfounded rumours, for loyalty can be undermined, confidence withdrawn and custom diminished thereby. Years of effort in building a sound co-operative image can be brought to naught through the absence of the true facts or information at the right time. Positive information programmes enable truth to start ahead of rumour and ensure that false reports are not taken at their face value but scrutinised in the light of known facts and evidence available.

Communications and Management

Co-operative management executives have need of communication skills nearly every hour of the business day—talking, writing, reading and listening. Every major management decision or action depends on getting a message through to members, directors or employees. Developing effective communications should be an aim of every manager and co-operative leader. Successful execution of planning, organising, directing, co-ordinating, controlling and staffing is dependent on the abilities of management, staff and board to communicate.

Communication must be a two-way process, for feedback is an essential component. In co-operatives communications feedback from members and employees is essential to sound decision-making by management. It can provide precise data and guidance to the management and policy team. Too frequently high-level management lacks direct touch with the points where sales are effected, service performed and contacts made. Smooth-flowing receiver channels packed with reliable information about current conditions enable decisions to be made on a broader basis.

The Communication Process

The communication process is very complex: its theory and practice draw upon many arts and scientific disciplines. Even when it is regarded simply as a process of passing information from one

person to another, it is in fact, not simple. The "sender" may initiate the process by transmitting a message, but the "receiver" alone can complete it. The sender may attract the receiver's attention, but may still not make him understand. Communication is effective only when the message is received and understood, but the process is not completed until a return signal or feedback is received. The process therefore passes through successive stages from the idea of the message in the mind of the sender, its formulation and the choice of the medium and its transmission to its reception, interpretation and understanding by the "receiver", followed by his response in the form of acceptance or rejection, transmitted or fed back to the original sender, when the circle is completed. Repetition of the process leads to greater familiarity, and the circle tends to resemble a spiral leading to ever more completeness of understanding and co-ordination in action.

Obviously the success of the communication process depends on the clearness, accuracy and appropriateness, having regard to all the circumstances, of the message, beside the intelligence and state of mind of the receiver. The art of communication, therefore, consists in a great measure of skill to surmounting the obstacles and avoiding the risks in the way of complete understanding. These may be illustrated by the problems to be solved by the management of a co-operative society, desirous of securing its members' understanding and approval of its decision to close down a branch, no longer remunerative, by which they are accustomed to be served. The persuasive communication which eventually gets approval not only contains a clear statement of the expected advantages, but anticipates the questions which will be asked and objections raised by members, especially if the advantages can only be gained at the price of certain disadvantages.

Seven C's of Communication

The chances of getting any message across to the receiver can be improved, according to certain American experts, by keeping in mind the following 7 considerations:

1. *Credibility.* Communication starts with a climate of belief. This is built by performance on the part of the source. The receiver must have confidence in the sender. He must have a high regard for the source's competence on the subject.
2. *Context.* A communications programme must square with the realities of its environment. The context must provide for participation and playback. The context must confirm, not contradict, the message.
3. *Content.* The message must have meaning for the receiver and it must be compatible with his value system. It must have relevance to him. In general, people select those items of information which promise them greatest rewards.
4. *Clarity.* The message must be put in simple terms. Words must mean the same thing to the receiver as they do to the sender. The farther a message has to travel, the simpler it must be.

An institution must speak with one voice, not many voices.

5. *Continuity and Consistency.* Communication is an unending process. It requires repetition to achieve penetration. The inquiry must be consistent.
6. *Channels.* Established channels of communication should be used—channels which the receiver uses and respects. Creating new ones is difficult. Different channels have different effects and serve in different stages of the diffusion process.
7. *Capability of Audience.* Communication must take into account the capability of the audience. Communications are most effective when they require the least effort on the part of the recipient.

Downward and Upward Communication

Information normally flows from top management and the policy group downward to staff and employees. Besides efficient methods and technical perfection, communication requires careful consideration of human relations. The methods commonly adopted include the memo., the newsletter, the public address system, staff meetings and personal contact which may be used as alternatives but also combined simultaneously, or in succession. Information should be clear, concise and carefully designed to be correctly interpreted throughout the network. Effective movement of information downward involves delegation, planning, confidence and continuous training. Factual information is most effective when it is issued in writing by a source of recognised authority.

Upward communication completes the two-way flow and provides feedback for the management and director policy-making team. If the upward flow is distorted, is restricted or breaks down, top management can be deprived of sufficient information to make key decisions. Risks include the possibility, even probability, that upward communications may be edited so as to make them more acceptable or more favourable from a certain point of view. The message may be screened in order to filter out information which would set the performance of certain employees or departments in a bad light.

Management desiring to improve upward communication have a choice of various methods to adopt, such as: suggestion systems; opinion surveys; encouragement of staff visits or letters from employees; presence of top-level staff at informal functions.

Communication is inevitable, whether formal or informal, planned or unplanned. In its absence rumours, falsifications and distortions fill the wind. Even complete silence acts as communication by conveying impressions that interest is lacking or information is being deliberately withheld. In any community informal communication, commonly called 'the grape vine', exists within the formal or official information system. It flourishes most strongly where the formal system is ineffective. Co-operative societies, through their very constitution, are likely to have several systems of informa-

tion operating simultaneously, between directors, management, employees and members, because the multiplicity of contacts outside of the board room and the society's business premises. It is therefore all the more important, if the co-operative is to be and remain an effective democracy, that its leadership should ensure that matters of common concern, are, as much as possible, matters of common knowledge.

Policies, Objectives and Criteria

A sound communications policy is no substitute or palliative for defective management which results in a co-operative offering goods or services inferior to those of its competitors. But effective communications are an integral part of efficient management under present-day conditions. Such a policy must therefore be backed by the active commitment of the management, both elected and salaried, and adequate finance to achieve its stated objectives. The policy and objectives should be laid down in writing and made available for reference in the form of brief general guide lines, e.g.:

- To establish a communications system for sending meaningful information from management to the members and to return relevant feedback from the members to management.
- To keep members apprised of the newest production techniques and the latest market information.
- To develop leadership potential among the members.
- To assist members in meeting their responsibilities as citizens of the community, state and nation.

The characteristics of an effective communications system are some, or even all, of the following features:

1. provide the members with sound, factual information about the co-operative. Basic information should include at least the following:
 - (a) qualifications and duties of directors;
 - (b) role of members and their responsibility to the organisation;
 - (c) the goals and objectives of the organisation;
 - (d) current operating status of the co-operative and its financial position;
 - (e) advantages of patronising the co-operative;
 - (f) significant changes in policy and operations that may affect the members;
 - (g) the opportunities to support the co-operative in the community;
 - (h) the role of key management personnel;
 - (i) how members are represented.
2. include complete educational programmes for youth, members, directors, employees and management.
3. be adequately staffed and budgeted in order to accomplish the intended purpose.
4. be clearly defined in purpose, method and expected results.

5. provide for feedback from the members to directors and management.
6. take into account the economic status, environment and ethnic background of the members.
7. convey a society image that accurately reflects society policy.
8. include the use of outside sources for information and help in planning effective programmes.
9. be able to motivate members to action.
10. provide information that is applicable tomorrow as well as today.
11. be periodically evaluated by attitude and information studies.

Factual Knowledge and Research

The basis of any effective communications system is accurate, systematised knowledge, kept constantly up-to-date. This knowledge concerns first of all, the members of the co-operative, their age-range, income levels, geographical distribution, educational levels, dominant needs and desires, attitudes and opinions. The difference of outlook between youth and age is a main factor in determining the manner and method of communications approach. Educational levels determine power of comprehension and the presentation, wording and illustration of information material. Geographical location determines needs and desires for different kinds of goods and services as well as outlook and attitudes and the need for attitude and opinion research, or the establishment of members' advisory committees.

In addition, the co-operative must take into account the nature and strength, the organisation and methods of the competition it has to meet, and not shrink from making realistic comparisons with its own performance. Full and accurate information about competing enterprises is the only firm basis for commercial as well as communications strategy.

It follows that information gathered must be arranged and stored in a manner which permits it to be used readily by all—board members, managers, staff members—who may need to use it. It must be the specific function of some person with good organising talent and, where possible, some library training, to take charge of the co-operative's stock of documentation and be responsible for its growth and improvement. Regular reference to this documentation will enable both directors and managers to analyse their successes and failures, to define their problems, to present members with truthful, well balanced reports and to make more accurate forecasts of future needs and developments.

Ten Commandments of Good Communication

The practical conclusions to be drawn from the doctrine expounded in the preceding pages are summarised in the following "commandments" extracted from a document prepared under the auspices of the American Management Association in 1955:

Seek to clarify your ideas before communicating.

Examine the true purpose of each communication.

Consider the total physical and human setting whenever you communicate.

Consult with others, where appropriate, in planning communications.

Be mindful, while you communicate, of the overtones as well as the basic content of your message.

Take the opportunity, when it arises, to convey something of help or value to the receiver.

Follow up your communication.

Communicate for tomorrow as well as today. Be sure your actions support your communications.

Last, but by no means least: Seek not only to be understood but to understand—be a good listener.

THE BOARD OF DIRECTORS IN CO-OPERATIVE COMMUNICATIONS

by P. O. Mohn, Director of Co-operative Education, Extension Service, US Department of Agriculture

Membership communications as a function of the Board of Directors, either as a group or of each individual board member, are widely interpreted. The interpretation and the practice are basically unique to each co-operative.

Virtually all contacts between the Board of Directors, individually and collectively, made with individual co-operative members are a form of membership communication.

Implicit Responsibilities

Each board member has some specific responsibilities in membership communications that are implicit. These are: (a) setting examples to other members; (b) showing loyalty to the co-operative; (c) accepting majority decisions in voting; (d) being alert to needs and desires of members and bringing these to the attention of the Board at appropriate times; and (e) being responsive to inquiry, either by informed reply or by reference to appropriate sources.

Explicit Responsibilities

Some key functions of the Board are an explicit part of the Board's role in member communications.

First, the Board is part of the management team in the overall direction and operation of the co-operative. While the Board should not be involved in day-to-day operational decisions, board action on objectives and policies, as well as approval of plans, affects the operations of the co-operative. These decisions have a direct impact upon the function of the member relations departments, specifically, and the total membership communications function, generally.

Second, the Board is accountable to the members for the performance of the co-operative and, by definition, has a major stake in whatever membership communications thrusts the organisation develops.

Third, two major functions of the Board of

Directors—planning and control—are two key parts of the overall concept of communications. Planning should be related to the needs of the members, and control is that function which provides the Board with some relative indication of performance in various areas of the co-operative.

Control is of utmost importance in a total membership communications programme. Without effective indicators of what is communicated to members, board members will not fully comprehend the effectiveness (or ineffectiveness) of their organisation in serving member needs.

Member communications cannot be a substitute for sound business performance. However, a membership programme is needed, even if the co-operative is performing at 100 per cent of its capability in meeting the needs of members to its fullest extent.

Responsibility and Authority of the Full Board

Basic to the communications process is the need to establish objectives. This is a responsibility of the Board of Directors. The Board must determine what they wish to accomplish with a membership communications programme.

The programme should be designed to encourage a dynamic two-way communication system between the members and management team. Such a system would provide management with the opportunity to react quickly to meet the changes or to gain participation quickly in a new service or product.

The Board of some co-operatives has a membership relations committee. In others the membership relations staff reports directly to the Board. However, sound management practices would indicate that paid staff should report to management and the maximum Board involvement would be through a Board Committee which would review performance of management and be concerned with developing policies and objectives; approving plans and budgets; and expect management to execute the programme.

One co-operative in the United States appoints a committee from the general membership to assist the Board in formulating policy and assisting management in developing a membership programme. Another has five advisory members who work with each of the Board members in conducting a member relations programme. In still another co-operative an elected group of about 150 members out of a membership of 30,000 serve as an extension or a part of the membership relations department. This group serves as a direct communication link between the members and the Board. They also provide a forum enabling management and the Board to communicate—in both directions—with membership.

Where there is no formal management-executed member relations programme, the Board members should play an important role. Board members should be fully informed on all major matters of the co-operatives so that they can answer questions and discuss issues intelligently.

One of the basic arguments against Board members spending much time with members is that a Director usually does not have sufficient time to do the job and he may do it poorly or ineffectively. However, most co-operative leaders believe that the Board members do have a major responsibility in communicating with members, both from the standpoint of members' needs and communicating to the members what the co-operative is doing and the direction it is going.

Policies That Need to be Established by the Board

Policies should be established pursuant to a meaningful membership communications programme. An issue that faces the Board in establishing policies on informing membership is the dilemma between misinterpretation of information given, if that cannot be complete, and uninformed speculation. There are numerous examples where uninformed speculation on the part of the membership has created major problems in co-operatives. On the other hand, if the information is not fairly complete, then misinterpretation might occur of the limited facts disclosed to the membership. Where a co-operative has other constitutional levels between the Board and the individual members, the Board has to establish a firm policy on what information goes to whom in the organisational structure. Another basic policy issue relates to information to the members following a major decision, such as starting a new service which will only affect a part of them. Policies need to be established with respect to the manner in which the membership is to be informed. Should this be done by management or should it be done by the Board? Should it be done by press release, by the House Organ, or a special letter to members or by combination?

The Board should establish policy on informational newsletters, area meetings, advisory committees, and the like.

Management and Boards in the United States, Canada and most of Europe have an information policy of "managed information". Because of the highly competitive nature of business it is deemed prudent that many items of discussion that relate to the direction of a co-operative and the particular timing of this direction should be kept confidential to the Board and management until the actual decisions have been made.

However, a few co-operatives in the United States and some in Europe adopt a more liberal policy of open information. For example, when issues to be decided come before the Board of Directors, such as a co-operative going into a new venture, an advisory committee is established by election or appointment. A proposition is discussed with this advisory committee to get their reactions. The final decision-maker, of course, is the Board of Directors. However, the advisory committee does provide an important insight on the pulse of the membership. This approach has proved to be an effective communications device for these organisations.

Board and management are either vigorously opposed to or highly in favour of open Board

meetings. Most agree that there are times when the Board should meet in an executive session to discuss items of a highly sensitive nature. Advocates of open Board meetings point to the opportunity of giving members a better understanding of the organisation and, in effect, of having a direct and immediate membership communications system. Those opposed to open Board meetings feel that attendance by members only delays the decisions of the Board, provides fragmented pieces of information to members who attend occasionally, and creates more confusion and dissension in the co-operative than benefits that could be derived.

Policy also needs to be set by the Board with respect to the amount of research needed to ascertain changing member needs or member reactions prior to a merger or acquisition, building a new processing plant, or discontinuing a branch store.

Programme Evaluation and Control by the Board

Another major responsibility of Boards is to set-up some type of evaluation to measure performance in membership communications. In far too many co-operatives membership communication becomes an overall job "that must be done", sometimes with the word "unfortunately" added.

An effective way for the Board of Directors to evaluate management performance on membership communications would be to establish this as a key performance area. Some of the key indicators related to the membership communications programme are: (1) the number of favourable, compared to the number of unfavourable letters received from members; (2) the number of new members versus those that drop out; (3) the ratio of member sales to total sales; (4) the number of inquiries from non-members; (5) attendance and interest at meetings; (6) number of contacts made with Board members and management concerning the affairs of the co-operative. Each Board can establish others as predicted by their needs relating to the type of co-operative and other unique features of their organisation.

If any of these key indicators reveal deterioration in membership communications, the Board should be aware of this and, either in co-operation with management or through management alone, find out why and correct the communications programme.

The Board might seriously consider establishing a membership committee that would handle this evaluation, rather than having the entire Board do it. A small committee of the Board could take more time in sifting the various aspects of the programme, discussing them with management, helping to establish additional objectives and policies which might be required in order to meet some pressing needs of the members, and making recommendations to the full Board.

Consideration should also be given to working with a member relations department on such things as *informing members*, *area meetings*, *newsletters providing assistance and materials for members*. *Individual Board members* might also make direct contact with community leaders. This

should be done according to the same standards as the field staff in membership communications, and it should be done entirely in co-operation with the membership communications department. The primary responsibility of the Board would be to formulate ideas and carry out specific assignments, as agreed upon between the overall Board of Directors and management. The Directors in some cases could be used effectively in testing new ideas with the membership, especially with key leaders. Directors can also be most effective in being available to members—or other customers—for ideas and suggestions which might otherwise never be articulated.

Another effective tool which a number of co-operatives are using is a newsletter issued to the members from the Board of Directors. This is usually less frequent than a management newsletter. Some co-operatives using this technique issue a quarterly publication.

The Role of the Individual Director

Individual Board members should take a positive—and perhaps an aggressive—approach to membership communications. Perhaps the most important point is that member communications expect of the Board member, for example, loyalty to the co-operative, doing business with the co-operative, speaking positively about the co-operative and certainly attending meetings. Another way the individual Board member can be aggressive is by refuting rumours concerning his organisation, or if the individual Board member cannot, reporting those rumours to management or the membership communications committee. Unfounded or distorted rumours left uncontradicted can frequently make serious dents into the effectiveness of the organisation.

The aggressive individual Board member should certainly discuss the progress of programmes of the co-operatives with members and non-members alike. But by no means should he discuss confidential issues or issues where he is unsure of the interpretation or unsure of the posture of the co-operative. Individual Board members will not have sufficient time to visit all the members they would like. In most cases they are not remunerated for doing so and perhaps it is not fair to expect very much effort outside of Board meetings and incidental contacts with members.

Obviously, all activities by individual Board members should be within the scope of a policy established by the Board and under the rules established by the Board or by the membership communications committee. Probably the most effective contribution of individual Board members is alertness to pending problems and changes in their community and bringing these to the attention of the Executive and/or Board of Directors.

Individual Directors should take a leadership role in meetings as well as making every effort to get attendance of members at these meetings, by helping members to recognise their need to participate.

The individual Board member should identify himself with his geographic constituency or

his commodity constituency as the case might be. Yet, in this delicate membership communications process, he should subjugate this vested interest to the overall welfare of the co-operative.

Summary

The Board of Directors has a significant role in the membership communications programme. However, a sound membership communications programme for one co-operative may not be a sound programme for another. A basic guide to a co-operative Director in making decisions relating to a membership communications programme can be found in answers to the following questions:

1. What are the objectives for such a programme?
2. Can we establish policies on:
 - (a) How to inform members
 - (b) What kind of information is to be provided to members?
 - (c) How to listen to members so that the co-operative can be responsive to their needs
 - (d) What tools are to be used to maintain close membership communications?
3. What are the key indicators for evaluating our membership communications programme?
4. Should a Board membership-communications committee be established?
5. How can the Board as a whole listen to the membership and communicate with them?
6. Are Board members good customers, active campaigners, alert to members' needs, and alert to reactions of members to changes in their organisation?

Probably the most effective question which each Board member could ask is, "What is the Board doing to improve the two-way communications system between the membership and the management team?"

THE CONTROL FUNCTION OF MANAGEMENT

by Mr Henry Dykstal, Assistant Managing Director, Research and Development, Credit Union National Association, Inc., Madison, Wisconsin

Control is the most difficult function of the management process to specify and define. In order to understand it thoroughly, there must be an understanding of the total process of management. This is necessary because control is the result of what happens if the other functions are properly understood and performed.

All management must start with a plan. The plan must be integrated into the fundamental purpose of the organisation. The plan must be well thought out, based upon sufficient research to make it a workable device. Assuming that purpose is well defined, then work can commence on the development of the plan. Each of the objectives of the plan must meet certain criteria. It is generally agreed that the criteria should include the following:

1. A plan must be written. To write a plan requires much greater discipline than just think-

ing about it. It allows for greater analysis and evaluation. It also makes the follow up easier.

2. A plan must be specified in terms of measurable criteria. It then becomes more objective and contributes to the evaluation of performance. Some areas of work are very difficult to qualify. However even recognising these, objective measures should be strived for.
3. A plan should be reasonable and attainable. Plans that cannot be accomplished have very limited value. Accomplishment itself has high motivational impact.
4. A plan should also require improvement. The job of management is not only to make things happen, but also to prove effectiveness. Plans are a fundamental instrument in accomplishing these objectives.
5. Plans must also be significant. Too often great amounts of time are spent on items which do not contribute significantly to the overall purpose of the organisation.

Once objectives are developed, based upon the above criteria, it is only then that work can commence on the accomplishment of the plan. The function of control then becomes a factor. Control must be exercised on a regular basis. If the objectives have been concretely specified, the control can be achieved.

As previously mentioned, objectives must be significant. That is to say that objectives must be set in critical areas. In any organisation, these result-areas are generally the following:

1. material and supply,
2. facilities,
3. organisation,
4. finance,
5. production,
6. sales,
7. personnel,
8. member relations, and
9. public relations.

Before objectives can be set in any of the above areas, considerable research must be done. Key indicators must be identified in each of the result areas. This will provide sufficient information on which to set meaningful, measurable and workable objectives.

What are the purposes of control? Control can do a number of things such as:

1. Force effective planning. Questions like: what are the company's objectives? Are objectives consistent with organisational purposes? What changes are required in existing plans? Control generates questions of this sort.
2. Report progress toward accomplishment of objectives. This is the general purpose of control. Without it, management cannot be effective.
3. Pinpoint trends and alert management long before the direction is irreversible.
4. Control is also a valuable tool in evaluating results for future plans.

5. Control prevents unauthorised behaviour. Control not only monitors progress toward a goal, but also identifies action which is contrary to the principal objectives of the organisation.

In order to make the control effective, one must be well acquainted with the tools available. These are essentially the following:

1. Budgets and forecasting
2. Audits
3. Observations
4. Outside experts
5. Reports

The budget is a tool which is developed once a plan is crystallised. It is the part of the plan which deals with the financial considerations. Once drawn up it then becomes a device which can be referred to on a regular basis to determine the extent to which financial objectives are being met.

The audit is a check after the fact. It is oriented in the past and generally negative in character. It can be used as a control over financial record-keeping or over the organisation. Although extremely necessary, it is not a tool a line manager can use effectively in daily management control.

The inspection tour is a tool all managers must use regularly in order to control effectively. Regular visits, observations and questions can tell a manager a great deal of how effectively the objectives are being met.

Outside experts are frequently brought in to evaluate the performance and progress of an organisation. They are useful to the extent that they bring in a different point of view.

Reports are critical in the control process. Once objectives are set, reports have little or nothing to do with the organisation's objectives. Reports of this kind are of little value in control.

Summary

Control is a function of all of the other elements of management. Control by itself is useless; it must be tied into the plan process. It is the result of effective organisation and direction. If employees are managed properly, not only will specific job assignments be understood, but there will be a degree of effective control. This, in the long run, is the ultimate aim. There are many tools that can supplement an effective management system. These must be utilised to achieve specific results.

CO-OPERATIVE EDUCATION —PROBLEMS OF THE 1970's

by Mrs Mary Jean McGrath, Co-operative Education Specialist, International Cooperative Training Center, University of Wisconsin

New problems are being faced in this era; no society has had previous experience of them. Furthermore, these problems are common in many parts of the world, in the developing, as well as in the so-called developed economies.

These sudden changes in our way of life have

to be identified and clearly recognised for what they are before we can learn to make these changes work for us instead of against us. They profoundly affect our education work in co-operatives.

Change has been so rapid, it has thrust all of us into a situation where the old stabilities no longer give us support; values taken for granted no longer serve as a rational basis for our lives.

The Change from Traditional to Contemporary Living

In comparing the life-styles of today with the past, one thing that stands out clearly, regardless of cultural variations, is the vast change from traditional life.

In the past, people shared common values, repeated familiar and approved patterns of conduct, worked long hours, but found the work satisfying because they could see the results of their labour, and furthermore, work was necessary to life.

In contrast, the people of today are constantly faced with the necessity to make choices, with new situations to which they must adapt, with new skills to be learned for new kinds of work—often work that is not satisfying either because the end result cannot be seen, or because the work is not seen as useful. Frequently, decisions have to be made on social, economic and political questions, as well as on moral issues, for which no precedents exist.

Competition for Attention

Today, men work shorter hours, but research has shown that they often have less free time at their disposal,¹ which means less time for co-operative education.

Furthermore, modern life has brought with it fierce competition for attention. Those the co-operative is trying to educate—the directors, employees, members and general public around the co-operative—are being constantly distracted by a constant flow of messages from the mass media. The mass media—the newspapers, magazines, radio, television, motion pictures, records and tape recordings, billboards, posters and bulletins—that can be so powerful an educational tool, can also be a major distraction.

Today people are exposed to a constant stream of information, entertainment and advertising from many different directions, at home, at work, in the streets, shops and offices. Many radio stations broadcast twenty-four hours a day, and the transistor set is the constant companion of millions.

In brief, the persons we are trying to reach with co-operative information are being assaulted on every side by messages of all kinds from many different sources—all in competition for their attention.

The Communications Overload

The modern man, busier than ever, bombarded with messages, with impressions, with ideas, with appeals, experiences a *communications overload*.

¹Simon de Grazia, *Time, Work and Leisure*. The research and publication were financed by the Twentieth Century Fund.

Just as with an electrical overload, a fuse blows, the system breaks down.

The communications overload is not a simple phenomenon; it usually involves (1) a message or content-overload, with too many ideas competing for attention, (2) a sensory overload, with too much sound, colour, movement, print, and (3) an emotional overload, with too many appeals for commitment to conflicting ideologies, causes or movements.

As a result, *resistance* builds up to all types of messages, which is a compound of scepticism, emotional fatigue, and finally, boredom.

In addition, the *speed-up* in work, travel, plus the *geometric increase in information*, or the knowledge revolution, combine to make it more difficult to concentrate attention, especially on abstract ideas, such as the principles of co-operative enterprise.

Technology and Culture

The cult of efficiency, and the increasing dependence on technology have radically changed middle-class life styles in one generation. But as usual, cultural change has not kept pace with technological change. The result has been a profound disorientation of modern man. Even a co-operative, which might hold some answers to part of these grave problems, cannot be heard in this negative climate.

Among the effects of these developments on man are a pseudo-sophistication, the growth of a spectator or consumer-attitude, a trend toward rejection of intellectual values, combined with a swing toward the emotional, and the phenomenon of withdrawal—what cannot be comprehended or dealt with is pushed out of the consciousness.

This withdrawal is perhaps the most serious problem to be faced by co-operative educators: how can we open up that consciousness again?

Co-operation's Educational Problems

Among the specific problems co-operatives face in education are (1) the substitution of promotion for education, (2) the over-dependence on printed materials or publications, as a medium of education, (3) a failure to relate the co-operative education directly to the co-operative enterprise, (4) failure to integrate co-operative philosophy and co-operative business, and (5) neglect of youth education in co-operation.

Despite the real difficulties of co-operative education in this era, the movement has never had the opportunities or the tools that are available today to do the job. Co-operative educators today have a chance to do what was not possible before: to reach the vast majority of the people with the message, what co-operatives are, and how they can help to make democracy a practical reality in economic life; how co-operatives provide an opportunity to build an economy and a world based on respect for the infinite value of each human being.

Section II

Case Studies

The case studies in this Section are all different,

not merely because their respective subjects are different forms of co-operative association, but also because their authors have adopted their own individual methods and styles of presentation. No attempt has been made in editing to achieve uniformity. The majority of the studies both give facts and state problems for discussion by the participants, even if these have already been solved by the organisation concerned.

No. 1—THE CO-OP CITY EXPERIENCE

Presented by Mr Harold Ostroff, Executive Vice-President, United Housing Foundation, New York

The United Housing Foundation is a non-profit federation of organisations. The membership consists of housing co-operatives, trade unions and a number of other non-profit groups.

The Foundation was organised in 1951 to assist groups to organise low-cost housing co-operatives. Since it was incorporated, the Foundation has undertaken the sponsorship of, and has built (through its subsidiary corporation, Community Services, Inc.) nine co-operatives with a total of 36,435 apartment units. The Foundation operates only within the city of New York.

The primary purpose of the Foundation is to organise and develop housing co-operatives which will supply their members with good housing at the lowest possible cost. A secondary objective of the Foundation is to encourage the development of other co-operative enterprises within co-operative housing communities. Thus, within most housing co-operatives, there have developed independent credit unions, co-operative supermarkets, pharmacies, optical centres. On a city-wide basis the Foundation has organised a co-operative furniture centre, an insurance company and a burial and memorial society.

It should be noted that once a housing co-operative is organised, built and is operating, it is an independent organisation with its own board of directors and management. The Foundation does not provide centralised management. It does, however, provide certain technical services and assistance through Community Services, Inc. Each of the co-operatives the Foundation has organised has maintained its membership in the United Housing Foundation. Other co-operatives which have been built by others, and which operate in accordance with the principles established by the Foundation, have also joined.

In most housing co-operatives the board of directors consists of nine to fifteen members, elected by the membership. To involve greater participation, in addition to the board, there is an elected body, known as a House Committee, House Congress or Advisory Committee. This group is advisory to management and to the board of directors. They vary in size from 12 to 105, depending upon the size of the community. These committees concern themselves with all aspects of the life of the co-operative.

At the present time the United Housing Foundation is involved in completing Co-op City.

This is the largest housing co-operative ever to be undertaken. When completed, it will consist of 15,372 apartments, three community-shopping centres, a power plant and an educational park for 10,000 students, which will be operated by the city of New York. Co-op City is being built at a cost of about \$400,000,000, including the fifty million dollar educational park. The community will have a total population of about 55,000. It will have an annual operating income and budget of about \$32,000,000. About one-third of the 15,372 families are now living at Co-op City. By the end of 1971 the co-operative should be completely occupied.

The technical management of a single corporation of this size presents problems of considerable magnitude. We believe these technical problems are not insurmountable.

Of more significant concern is how to maintain the co-operative character of such a large size co-operative enterprise.

At the present time the board of directors consists of the original directors elected by the incorporators. They will be replaced by those elected by the members of the co-operative. An Advisory Council has been organised. At the present time this consists of three representatives from the occupied buildings. If the present structure is maintained, the Advisory Council will consist of 105 persons when the co-operative is completely occupied.

Specific problems to be considered:

1. How to achieve maximum membership participating in the affairs of a co-operative of this size?
2. How to obtain the services of (and elect) responsible co-operators as directors, of a co-operative with a \$32,000,000 annual operating budget?
3. How to achieve the social objectives of a housing co-operative with a membership of 55,000 persons?

No. 2—INTEGRATION OF RETAILING AND WHOLESALING IN UNITED CO-OPERATIVES OF ONTARIO, CANADA

Presented by Mr Leonard Harman, General Manager, United Co-operatives of Ontario (UCO), Toronto, Ontario, Canada

Ontario continues to have the largest population in Canada, seven million out of 21 million; and the largest volume of farm products, \$1.4 billion out of \$4.2 billion.

During the five years since the beginning of mergers with UCO, the following economic trends have increased in speed and intensity:

- (a) Larger units of business generally.
- (b) Larger, more specialised, and more commercialised farms.
- (c) Urbanisation: increasing city population and occupying much good farm land.

Since the first "merger" in June 1965, mergers have averaged one a month, totalling sixty in five years. The "merger" is legally a purchase of

assets at "book value" and an assumption of liabilities, by UCO. There are twenty local incorporated co-operatives using management agreements with UCO, and thirty where the Local Board hires the manager. Elected and employed leaders of units with these three kinds of administration (with only occasional exceptions) operate in a high degree of harmony with each other and with UCO Departments. Over fifty per cent of the volume of UCO major "wholesale" Departments of Feed, Crop Products, Petroleum and Hardware now is retailed through UCO Branches.

The sixty co-operatives which responded with the "urge to merge" included some with strong balance sheets and operating statements, but many which constituted "loads" within the UCO corporation, including:

- (a) Refinancing at much higher rates of interest on borrowings and dividends (plus taxes) related to preferred shares.
- (b) Early expensive changes in facilities, varying from refurbishing to relocation and rebuilding.
- (c) Modernising wages and staff benefits.
- (d) Overcoming discouragement with some groups which had been in considerable difficulties.

One of the most valuable benefits of the merger programme has been the regrouping of nearby operations into larger units. What formerly were sixty incorporated Locals with 89 places of business now operate as forty administrative units, facilitating more effective management and co-ordination.

Another major benefit has been phasing up some facilities and phasing down others and rationalising truck delivery to farmers and consumers on a more economic and more effective basis.

One of the most important methods developed was that of moving reserves from the balance sheet of the "merging" Local to where they could continue to service co-operative members in the balance sheet of UCO. This was done by purchasing the receivables of the merging co-operative at a reduced valuation, with the reduction being equal to the value of the reserves of the merging co-operative, and placing this amount in "reserve" on the balance sheet of UCO when the receivables were collected by UCO. This was proven satisfactory to the Tax Department of Canada.

In December 1969 the Government of Canada issued a White Paper on Taxation including a proposal for Canada's first Capital Gains Tax to begin in 1971 at the rate of fifty per cent. Auditors and lawyers advise that the method mentioned above in the previous paragraph would attract this capital gains tax in spite of corporation income tax already having been paid when establishing these reserves.

"Merger" of the first sixty brought two million dollars of general reserves into UCO Balance Sheet. The other fifty local co-operatives have over six million dollars of reserves and average member equity of over fifty per cent compared to the twenty-eight per cent at which UCO has main-

tained its equity through the merger of those with weaker balance sheets.

Letters to Local Directors and Managers from President McKercher of UCO in December 1969 and April 1970, and other communications on above questions have resulted in discussions with some Local Boards but have not yet resulted in the merger of any of the twenty-five with the highest reserves and the lowest bank loans.

PROBLEMS FOR DISCUSSION:

1. How can UCO proceed with the other half of its "decentralisation" programme by encouraging the "merging" of most of the other 50 co-operatives soon enough to compete effectively in Ontario with the rapidly growing power of its main competitors: the multinational conglomerates?
2. How can the 6½ million dollars of tax-paid reserves in the 50 locals not yet merged be brought over where they are needed, into the UCO structure, without attracting proposed 50 per cent capital gains tax?

No. 3—THE CENTRAL FARMERS' EXPERIENCE — CONTRACT MARKETING

Presented by Mr O. R. Wiebe, Senior Vice-President, Central Farmers Fertiliser Company, Chicago, Illinois

Background

Central Farmers Fertiliser Company is a supply co-operative which was organised in 1946, primarily to distribute material which the Tennessee Valley Authority had produced in the way of experimental fertilizer substances. In its first year of operation, the sales volume of the company was somewhat in excess of \$1,000,000. The company continued to grow over a period of years, buying products for its members (regional co-operative wholesales) and reselling this material, at a small margin, to the members. These earnings then were returned to the regional farm co-operative members in the form of annual patronage payments.

In the mid-1950's, the company became interested in becoming a basic producer of phosphatic fertilizer material. It obtained reserves and constructed a plant costing some \$25,000,000 to produce elemental phosphorus from which a product called calcium metaphosphate was to have been produced. As the plant was being built, it became apparent that calcium metaphosphate market acceptance was not such that this should be pursued and, as a result, the plant switched over to producing regular run-of-pile, triple superphosphate and granular triple superphosphate as well as a high quality thermal grade phosphoric acid. While the products were excellent, the cost of production was excessive and the company nearly went bankrupt in the years 1959 and 1960. New management was brought to the company in 1961, at which time the company's fertilizer volume had grown to an approximate 1,500,000 tons of product per year.

Current Operations

At present, Central Farmers is a supplier of nitrogen, phosphate and potash fertilizer plant foods, and will have sales, for the fiscal year ending 30th June, 1970, of 4,200,000 tons. Highlights of the company's operations for the fiscal year ended 30th June, 1969, are as follows:

Consolidated Sales	\$113,000,000
Consolidated Earnings	3,700,000
Consolidated Sales Tons	3,400,000

The company sells its products over a broad area in the United States and to one province in Canada. In addition, some sales are made to non-co-operative customers for export to various parts of the world. The company is organised with a Board of Directors consisting of 19 members, one from each of the regional co-operatives, and in addition has an Executive Committee which has specific duties assigned to it by the Board of Directors, such as functioning as a Budget and Finance Committee. The President of the company is the chief executive officer and operations below the President are divided into two groups—an Executive Vice-President heads up all manufacturing, distribution, and service functions while the Senior Vice-President of the company heads up all financial and administrative matters, including industrial relations.

Problems Facing Central Farmers in 1964

In early 1964 Central Farmers sold off its unprofitable fertilizer production facilities which were still operating in the state of Idaho. After selling these facilities it then became free to either continue as a broker or to attempt to sign long-term supply contracts with its membership in order to allow it to become a basic fertilizer producer, thus capturing the economic benefits of basic production. The specific problems were:

1. How could large amounts of capital be raised in order to finance the producing plants necessary to become a basic producer of fertilizer materials?
2. Were the risks of becoming a basic producer worth taking, or should the company be content with a "guaranteed" income from buying and re-selling fertilizer materials?
3. How could regional co-operative members be persuaded to sign long-term product supply contracts?

Specific Problems to Consider

1. Based on the available information, which path would you have recommended that Central Farmers take?
2. What might be some of the other alternatives that Central Farmers could have undertaken under all of the existing circumstances?
3. Knowing the company's history and background, how do you feel that financing and other institutions would react to the proposal of the company becoming a basic producer of fertilizer material?

No. 4—CONSUMERS CO-OPERATIVE ASSOCIATION OF EAU CLAIRE

Presented by Mr Elmer Riese, Sales and Advertising Manager, Consumers Co-operative Association, Eau Claire, Wisconsin

Situation

CCA is a consumer co-op located in Eau Claire, Wisconsin, a city of 40,000 population. CCA operates a multiple department shopping centre offering over 40 different departments of merchandise and services.

It started in 1935 in coal business and a 1-pump gasoline station; in 1940 a super-service station, and in 1946, after the second World War, it developed long-range plans to serve the masses of consumers and purchased 8.6 acres of land; began development of the plan by opening the first general store of consumer goods in 1948.

Current Operations

As of 31st January, 1970, the annual volume of business was \$10,400,000 with a net income of \$295,000, which gave a patronage refund of 2.09 per cent and 5½ per cent dividend on all outstanding stock to the 10,000 stockholders of the organisation.

The divisions of the organisation are: Petroleum Products, including one truck on rural gasoline deliveries plus 3 additional trucks for fuel oil distribution in the city during the winter.

It has a supermarket with a selling area of 20,000 sq. ft., doing \$4,700,000 in volume, which is 26 per cent of the food business of Eau Claire. The supermarket is very dominant in its service and most probably is doing twice the volume of any other single supermarket in the area. Hardware division is very dominant with \$1,300,000 in volume; major appliances with \$400,000 annual volume; family clothing and shoes, including all variety-type merchandise, doing \$1,400,000 in volume. It also has a pharmacy, home heating installation, eye care, home furnishings and furniture with \$500,000 volume and a credit of 11,000 members with assets of \$6,500,000. The overall volume of business of CCA approximates 12 per cent of the total sales volume of Eau Claire County. It is one of the most dominant retail centres in the entire area. The geographic area covered is principally Eau Claire and Altoona, which is a city of 2,800 inhabitants immediately adjacent to Eau Claire, plus all small towns within driving distance of 40 minutes. Chippewa Falls is 11 miles away with over 15,000 population.

Identification of Problem

We have just completed a \$1,800,000 expansion programme and our volume for this year, ending 30th January, 1971, should exceed \$12,000,000. Our problem now is: Where do we go from here?

There seems to be a trend toward small 7 a.m. to 11 p.m. superettes strategically located for quick self-service in foods and several communities have expressed the desire and asked Co-op to come. In 1959, our CCA purchased and now owns approximately 8 acres of land strategic-

ally located on the west side of Eau Claire, approximately 5 miles from the existing centre, directly opposite (east and west) in the trade area. Surveys taken three years ago indicate Eau Claire is growing east and south, at least 10 to 1, compared to growth to the west. Our present centre then is located in the growth area.

Eau Claire's west side is committed for a new high school, within four blocks of our west side property, which should be completed by 1972. Shall we continue to plan for an additional centre on the west side of Eau Claire? Should we direct our growth to expansion into the superette type of operation, or shall we move out to the small communities within 30 miles of Eau Claire with a chain of small stores? We get almost no help from regional wholesales in our planning or even encouragement or research data to help us. We must dig it out from all economic data relating to the area, from many sources.

Specific Problems

The Board feels we have grown so rapidly, and we have grown more rapidly than any other single business in the area, and more than any consumer co-op in the midwest, that we should now make certain that everything we do be channelled to making our unit, as it is in 1970 and 1971, the most efficient unit, in order to be ready for a large new competitor which is scheduled to open in 1971 within two miles of the Co-op Centre. This is to be a large mall-type centre dominated by national chains of many kinds with enough square footage planned to require \$25,000,000 of volume to make it an economic unit.

Our Co-op faces the problem of maintaining operating costs at a level not exceeding 21 per cent. It also faces the problem of having the finest merchandising in the area and, moreover, of continuing to keep the young shoppers of today and their families loyal to the Co-op and not enticed to the new, possibly more glamorous centre when it opens. The Board and Staff also feel we ought to carry out, as we are doing with a management consultant firm, a total manpower study to make certain our employee group remains the best in the area.

The question is: Which way should we consider going and which alternative shall we consider, and what approach should we make to each of the problems?

No. 5—LEAGUE LIFE INSURANCE COMPANY—INNOVATIONS IN KINDS OF SERVICES

Presented by Mr Ellis Wohlner, Staff Actuary, League Life Insurance Company, Detroit, Michigan

League Life Insurance Company is a wholly-owned affiliate of the Michigan Credit Union League. The parent organisation is the state-wide association of some 1,100 credit unions, with an aggregate membership of 1,700,000 and assets of \$1,500,000,000. League Life, although doing business only in the State of Michigan, currently insures over two

million people for \$3,250,000,000 of coverage. The company has assets of over \$25,000,000 and has 120 full-time employees.

In 1959, the Michigan Credit Union League became dissatisfied with the insurance services it was then using and decided to purchase its own insurance company. In its first year, 1959, League Life had 4 employees and its total premium income was \$328,000. The growth record of League Life in its first decade has been matched by only one other insurance company, and that company operates in 50 states. League Life now ranks 60th in terms of total insurance coverage amongst more than 1,800 life insurance companies in the United States. The major element in League Life's tremendous growth was the introduction of Family Group Life insurance in 1963. Family Group Life (FGL) offers credit union members \$2,000 of life insurance for \$3.90 (\$0.30 a week) deducted by the credit union every three months from the member's share (savings) account. For an additional \$2.60 deduction, the policy also gives \$1,000 of life insurance to the spouse and each dependent child of the member.

Outline of Remainder of Case Study

Development of Family Group Life Insurance

—Its unique aspects:

- Level coverage to age 65
- Level Premium
- No agents
- Sold entirely by mail
- No commissions
- Low administrative costs, through quarterly share deductions, data processing, minimal underwriting
- Close relationship to credit unions, which assist by voluntary work
- Very simple
- Consumer need
- Michigan Credit Union League is policyholder

Present Situation

- 370,000 credit union members and over 900,000 members' dependants insured in the FGL programme
- More than 50 per cent of all eligibles insured
- Growth stabilised two years ago
- Average age (and hence loss experience) increasing according to projections. Present loss ratio for entire programme near 80 per cent
- Sufficient experience developed so that other commercial life insurance companies are seeking to "cream" some of the large credit unions with the lowest loss ratios. These credit unions are being offered "retention" arrangements whereby the insurance company keeps a predetermined percentage of premium for expenses and profit, and the remainder is returned to the credit union and/or its members via benefits and dividends.

Credit Union Viewpoint

- Facing expense squeeze
- Wish to provide best deal to members

League Life Viewpoint

- Margins from Family Group Life have gone for

strengthening reserves, assisting Michigan Credit Union League programmes, and development of additional products

- Reluctance to tamper with successful product
- Reluctance to fragment programme and depart from co-operative principles by offering special benefits to some but not all credit unions
- Cash dividends could not be paid to the *credit union's* benefit since the member has paid the premium. Cash dividend to the member of some small percentage of \$26.00 (or of \$15.60) annual premium would not be very meaningful.

Possible Solutions

- Increase benefits "across the board"
- Pay cash dividends or forego a quarterly premium payment
- Increase benefits for large, low-loss-ratio credit unions on an individual basis
- Market additional layers of coverage in a more attractive package.

No. 6—ADJUSTMENTS TO MEET CHANGES IN TRANSPORTATION AND TRAFFIC—THE BLACK RIVER FALLS CASE

Presented by Mr Norman Swanson, Manager, Federation Cooperative Black River Falls, Wisconsin

1. History

- A. Name, location, type of organisation
 1. Name, Federation Cooperative
 2. Location, located in West Central Wisconsin about 130 miles from Madison, County population about 16,000 people, has 70,000 acres of forest land.
 3. County consists of dairy farmers, small businesses, recreation and industry.
 4. County has good hunting, fishing, camping and swimming.
- B. Type of organisation, why and when
 1. Petroleum, farm supplies, LP gas and fertilizer
 2. Organised as a petroleum co-operative in 1929
 3. Reason was to reduce the cost of gasoline and fuel oil for their farms
 4. Member co-operative of Midland
- C. Growth pattern
 1. Diversification
 2. Largest in county
 3. 3,000 members, half rural and half urban

2. Description of Current Operations

- A. Services rendered
 1. Three service stations
 2. Bulk petroleum plant with 4 bulk trucks
 3. Large hardware stores with farm supplies, appliances and general hardware
 4. Heating and air conditioning business
 5. LP Gas plant, bottle and bulk
 6. Large fertilizer blending plant, both bulk and bag, 8 bulk spreaders, also bagging for other co-operatives
 7. Liquid fertilizer (28 per cent nitrogen)
 8. Anhydrous ammonia plant with 7 applicators

9. Farm chemical supply centre with sprayers
 10. Soil management advisory centre
- B. Sales and net margins**
1. Total Sales 1969, \$1,400,000 (over 50 per cent petroleum products)
 2. Earnings 6.45 per cent—15 year averages
 3. Stock retirement to members, \$60,000 in 1969
- 3. Operational Problems in Business Today**
- A. Inventory control**
1. High cost of money today, must have rapid inventory turnover
 2. Watch for proper gross margins, obsolete merchandise, neat displays, minimum-maximum inventory on hand
 3. Proper records—"retail control"
- B. Accounts Receivable—major problem**
1. Credit manager with regular collection procedures
 2. Opening new credit accounts properly is best control
 3. Credit terms—interest free for 30 days
 4. Notes and contracts available for large purchases such as fertilizer or appliances
 5. Master charge card on small purchases
- C. Accounts payable**
1. We pay for our merchandise in 10 days and receive a 1 per cent cash discount
 2. Borrow for seasonal inventory and accounts receivable
 3. For proper working capital, we keep our asset and liability ratio at least 3 to 1
 4. For better return on investment we are starting to lease some of our equipment and buildings. This also allows the co-operative to expand with new services to members without impairing our stock revolving
- D. Sales growth factors**
1. In a retail business there is no substitute for sales
 2. Provide services that members need and can expect
 3. Being honest with customer, "Whatever is best for your customer is best for the co-operative in the long run"
 4. Keeping your co-operative streamlined and up to date in both equipment and services rendered
 5. Keeping an active advertising programme
 6. Keep customers informed about your co-operative
 7. Hire good employees and keep them motivated
- E. Employee motivation**
1. Management by "objective" form
 2. Evaluate employees performance once per year
 3. Show them exactly how they did according to their budget or objective
4. Give wage increase according to performance and salary range
 5. Employee helps set up objectives and budgets for next year
 6. Involve employee in decision making
- F. Accounting procedures**
1. Must have proper up to date records to know what position the co-operative is in
 2. Use of computer
 - a. More complete records for controls and management decisions
 - b. Less paper work which is more expensive and more book keeping errors
- 4. Freeway/Complex/Expansion**
- A. Reason for expansion**
1. Freeway bypassing our city
 2. Future in petroleum products are in service stations along well travelled highways and in urban communities and not agriculture
 3. To pump profits off of the highway and therefore provide better earnings for our members
 4. It is the first co-operative complex of this type for Midland Co-operatives on a freeway and probably in the USA
- B. Location of complex**
1. 1-94 and HW 54 interchange
- C. Land improvements**
1. Swamp converted into two lagoons
 2. Landscaping and water display
- D. Types of businesses**
1. Midland service station
 2. Midland cheese house and gift shop
 3. Camping grounds
 4. Picnic grounds
 5. Perkins Cake and Steak restaurant
 6. Arrowhead Lodge Motel
 7. Indianhead Country information centre
- E. Motel organisation**
1. Private corporation instead of co-operative
 2. Controlled by the co-operative and members through stock sales
 3. Size and contents of motel
 4. Possible returns to investors
 5. "Best Western" franchise
- F. Benefits to co-operative and community**
1. Budget on co-operatives enterprise
 2. Budget of motel
 3. Employment and tax base
 4. The motel, camp grounds, information centre will bring and keep tourists in our community
 5. The facilities of the picnic grounds, the sauna, swimming pool can be used for swimming, fishing and skating in the winter
- G. Completion time**
1. Midland building and Perkins Cake and Steak as of June 1971
 2. Arrowhead Lodge sometime next summer
 3. Campground—Some to be completed by July of next year

5. Question and Answer Period

Employee Performance Appraisal — Management by Objective

Name Date

Position Location

For Period

Item	Last Year's Sale	Objective Attained	Attainment Profile				Objective Next Year
			Poor	Good	Very Good	Out-Stdg.	
Production (\$)							
Sales Increases (\$ or %)							
Gross Margins (\$)							
Gross Margins (%)							
Expenses (\$)							
Expenses (%)							
Operating Net (\$)							
Operating Net (%)							
Shrinkage Control: Gasoline — Gallons							
Gasoline — (%)							
Fuel Oil — Gallons							
Fuel Oil — (%)							
Other:							
Gasoline Sales — Gallons							
Fuel Oil Sales — Gallons							
Miles Travelled							
Repair & Maint. Costs(\$)							
Delivery Costs, per Gallon							
Gals. delivered per mile							
Accts. Rec. (Days Sales)							
Sales Discounts (\$) — (%)							
Cash Short (\$) — (%)							
New Customer Calls							
New Customers Attained							

Item	Last Year's Sale	Objective Attained	Attainment Profile				Objective Next Year
			Poor	Good	Very Good	Out-Stdg.	
Meetings: Employee							
Attended: Schools							
Board							
Member							
Job Description							
Housekeeping							
Average Inventory							
Turnover							
Other							

No. 7—LAND O'LAKES, Inc.

Presented by Mr Ed Regan, Brand Manager, Land O'Lakes, Inc., Minneapolis, Minnesota

Situation

Land O'Lakes is a dairy and poultry marketing co-operative.

Land O'Lakes was founded in 1922 as a marketing organisation for butter. The sales branches were established on the East Coast. Since 1922, the company has grown to a sales volume of \$390,000,000 per year, and has expanded its geographical territory to include 23 branches operating in 37 states east of Kansas. The food product line has grown to include besides butter, cheese, dry milk, eggs, fluid milk, ice cream, turkey and agricultural products (seeds, feeds and fertilizers).

Current Food Marketing Operations

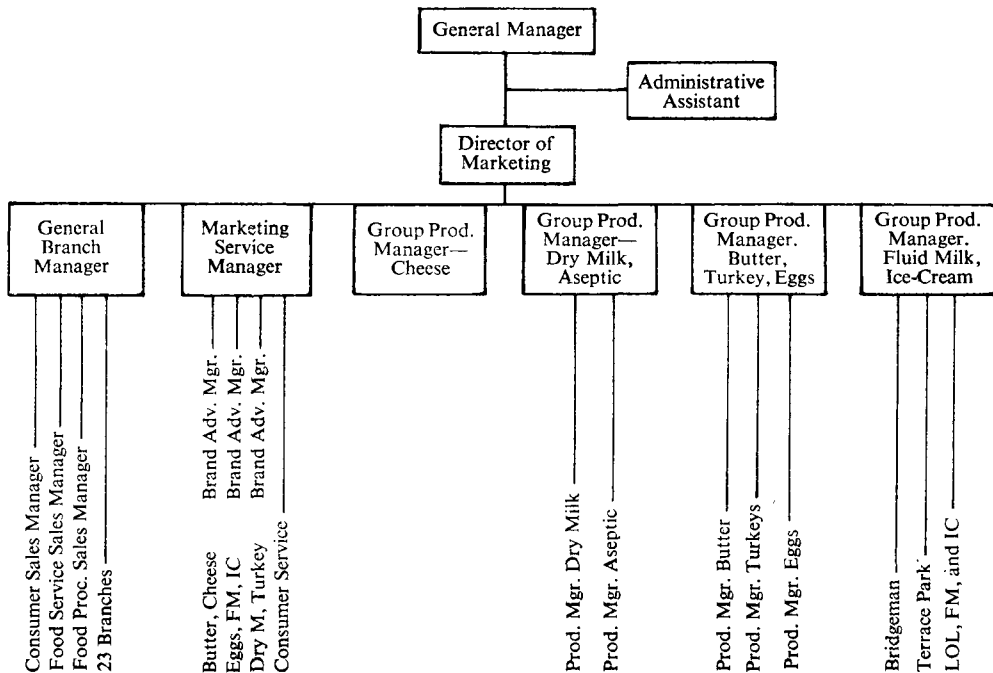
Land O'Lakes operates processing plants for all the products that they handle. The finished product is sold to the consumer, food service and food processing markets; it is transferred with a manufacturing profit usually through the branch sales operation; it is sometimes sold direct to a major account by the Product Department.

The Product Manager is responsible for everything from product procurement, processing and packaging, through sales relating to the products assigned to him. Thus sales and advertising serve as a staff to product managers.

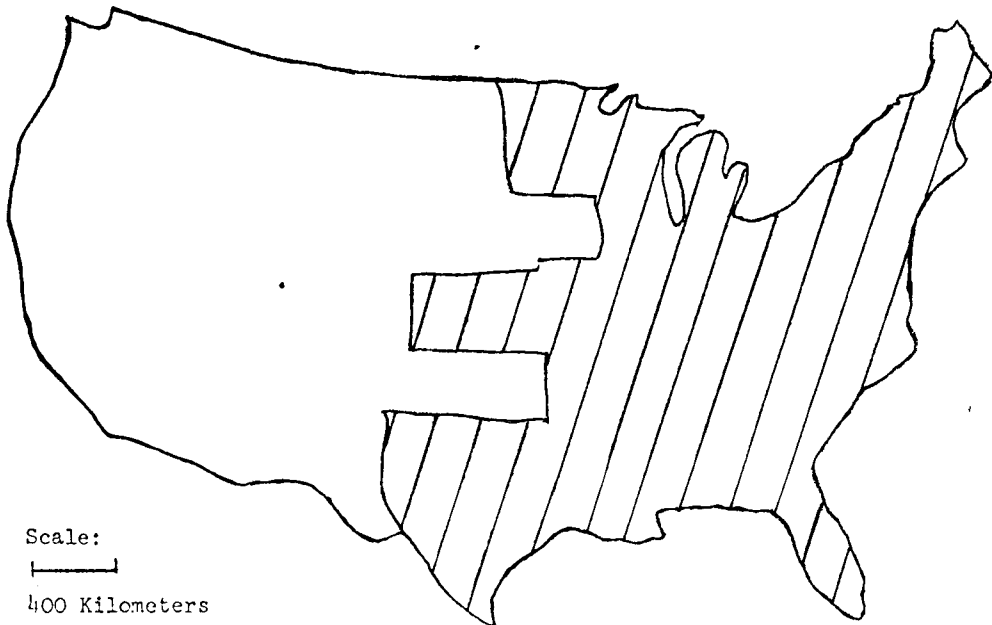
Gross sales in 1969 totalled \$394.5 million. Net profit totalled \$8,047,000.

Attached is an organisational chart and a map indicating the sales areas in which we operate.

Organisation Chart — Land O'Lakes



Land O'Lakes Marketing Area in the USA (Crosshatched portion)



Identification of Problem

The rapid expansion of our product line and the complexities of the marketplace indicate that our basic organisation structure should be changed. Some alternatives:

1. To separate procurement and production from marketing. The Product Manager would be charged with providing a finished product for the Marketing Department, and he would be responsible for a manufacturing profit. A separate Marketing Department would be charged with the responsibility for taking product on an FOB plant basis and marketing it at a profit.
2. Leave the structure as it is, but build under the product manager a level of specialists who can concentrate on various phases of production and marketing.

Based on the available information, what approach would you recommend to the management of Land O'Lakes, Inc.? If neither of these is satisfactory, what other approaches would you recommend?

No. 8—CUNA DATA CORPORATION CUNA INTERNATIONAL (WORLD COUNCIL OF CREDIT UNIONS)

Presented by Mr William A. Atkins, Assistant Managing Director and Assistant Treasurer of CUNA Data Corporation, Madison, Wisconsin

CUNA International, Inc., Historical Background

From a modest beginning in 1849 in Germany's famine-stricken Rhineland, the credit unions and related societies of 1970 now approach 80,000 in number worldwide. Of this number, approximately 23,000 are in the United States, and another 4,500 are in Canada.

A credit union is a financial organisation of "members" with a "common bond". A common bond would be: place of employment; church; fraternal; or community residence. The members are encouraged to have a systematic plan of savings, and they can obtain loans for their consumer needs.

Credit unions receive a "charter" from a government agency (state or federal) to operate, are controlled in their activities and are inspected by the state or federal agencies.

A credit union pays "dues" to a regional organisation, called a "league"; and also through the league to CUNA International, Inc. This dues money supports many services provided to the organised credit union movement, such as state and federal legislation, education, organisation, publications. Additional services such as auditing and data processing are made available on a fee basis.

Credit union size can be measured in "number of members", and/or "asset size". Approximately 22 per cent of US credit unions with 67 per cent of the membership accounts are in credit unions with \$500,000 or more in assets. In other words, 78 per cent of the credit unions have less than \$500,000 in assets and are considered as small.

US credit unions collectively have amassed \$16 billion in assets which represent the savings of 22 million members.

Current Operations

A small number of state leagues have provided data processing facilities for processing credit union membership accounting relative to share and loan accounts. Since each league is autonomous, there has been little co-ordination, if any, among leagues or CUNA. The result has been different hardware configurations and different computer programming for the processing.

These data processing centres have been financially successful. It is only the degree of the loss that has been different. Each data processing centre insists they have unique problems. In reality, differences can occur because of the state government regulatory agencies and requirements. These differences, however, are minor. Operations and functions within the data centres are more similar than dissimilar, and could be standardised and co-ordinated.

Some leagues have endorsed within their own state the data processing services of other league data processing centres; or Service Bureau Corporation (SBC); Computer Science Corporation (CSC); Banks; CAPS, Inc. (a multi-league owned service centre); General Telephone Electronic Data Service Corporation (GTEDS); and other independent data processing centres. Some credit unions utilise sponsors' equipment and a few credit unions of a larger size have installed their own computer systems.

This suggests a great diversity of processing, a fragmentation of standardization, and duplication of expensive computer programming costs.

Problems Facing the Credit Union Movement

With the increasing cost of operations in the league data processing centres and the duplication of effort in each centre, the question of CUNA International's involvement in data processing, and to what extent, became of major importance. It not only involved credit union accounting needs of today, but considerations for preparing credit union entry into the sophisticated "credit or money card" and "electronic funds transfer" systems of tomorrow.

The data processing organisations outside the organised credit union movement, who were offering a varied assortment of data processing services to credit unions, had a tendency to weaken the league efforts.

CUNA, realising the seriousness of this situation, set up an *ad hoc* committee which recommended a consultant be engaged to determine: (1) Should CUNA become involved in the data processing activities of leagues and credit unions? and (2) If so, how might this best be accomplished?

The consultants' report said: "... it would not be feasible or practical for CUNA to create and operate a complete data processing service. However, our survey data indicate that CUNA should become more involved in the data processing (EDP) activities of the leagues and member credit

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unions." The consultants indicated in their report that "attitudes", "competition", "involvement", and "divisive effects" were influential in their decision.

Ad Hoc Committee reaction. The *ad hoc* committee, after a number of meetings to discuss the consultants' report, knew that the decision would be between three basic alternatives. These are:

1. Total detachment
2. Partial involvement
3. Total involvement

Total detachment would indicate that essentially the past practices of CUNA would continue. Duplication of effort, outside encroachment of data processing, competition among the leagues for EDP business, inadequate systems in regard to abilities to process, and monetary losses to the leagues would continue to plague the credit union movement, and no direction for the future could be foreseen.

Partial involvement was difficult to assess because the "degree of involvement" would have to be determined. The areas of involvement that were considered: Feasibility studies, Systems design, Equipment selection, Programming, Testing, Conversion, Training, Maintenance and Operation. In this evaluation consideration must be given to the stress that could arise from the problems of inter-personal relationships as well as those involving CUNA and the leagues, CUNA and the individual credit unions, the leagues and the individual credit unions.

Total involvement could eliminate duplication of effort and reduce the cost of computer programming, equipment selection, and systems design. Research into newer techniques, and its development into the credit union movement could be co-ordinated. Backup facilities of hardware and personnel could also be benefits of this decision.

Problems of the Ad Hoc Committee

A recommendation had to be made to the executive officers of various CUNA affiliated organisations and some of the alternatives are:

1. Total detachment. Let data processing seek its own level within the credit union movement.
2. Partial involvement. If this alternative is recommended, the degree of involvement must be determined.
3. Total involvement. CUNA would control all facets of the data processing in the credit union movement.

Specific Problems to Consider

Based on the above information, what approach would you recommend to CUNA?

If none of the above alternatives are acceptable to you, what other approach would you recommend?

After making your decision for a recommendation, and assuming acceptance, how would you proceed to implement your recommendation?

No. 9—DESJARDINS CO-OPERATIVE MOVEMENT

Presented by Mr Hervé Hébert, General Manager, Desjardins Co-operative Association, Lévis, Quebec, Canada

Situation

The Desjardins Co-operative Movement is best described by looking at what it comprises rather than by trying to explain the elaborate legal structure that links the different components together:

<i>Assets (31-12-69)</i>	
1311 Caisses Populaires (Credit Unions)	\$1,850,000,000
2 Life insurance companies	130,000,000
2 General insurance companies	30,000,000
1 Trust company	90,000,000
1 Mutual funds management company	40,000,000
1 Institution for education	—

Of those, one life insurance company, one general insurance company and the educational institution belong directly to the Caisses Populaires; the other companies are 100 per cent owned indirectly, mainly through a "holding" corporation which in turn is owned 100 per cent by the Caisses Populaires.

Furthermore, the Movement owns shares of a commercial bank with assets over one billion dollars; it is by far its largest shareholder. But this situation should not be considered in the problem discussed.

The different companies mentioned above are distinct corporate entities and operate as such, although there is a common bond in the objectives of all them. They report annually to their general meeting which is composed mostly of representatives of the Caisses Populaires.

More and more necessity is felt to integrate the centres of decisions and even perhaps some of the operations. This is a difficult operation considering the traditional autonomy of the different corporations.

It is interesting to note that the life insurance company and the general insurance company which belong directly to the Caisses Populaires have an important portion of their business derived from the Caisses Populaires themselves: the same applies to the Trust Company and the educational institution. The other corporations operate more independently as regards their source of business.

The problem

The opportunity arises to increase substantially the size of some institutions (insurance and trust) through mergers with other corporations. Of course this would imply that either:

- (a) the other corporations are purchased and merged afterwards
or
- (b) the other corporations are acquired through an exchange of shares issued by our own company.

The first approach is rather expensive and may

involve great sums of money. In the second approach, the *Caisse Populaires* will find themselves associated with partners in its ownership of the corporation. Such partners may be either the public at large or important financiers.

Of course, we may assume that the *Caisse Populaires* would retain control of the corporation, even if it is necessary to disburse money to maintain its position. In a decision such as this, it is important to consider the following aspects:

- 1 — the co-operative objectives of an institution sometimes comes in conflict with its profit objectives: partners would be more interested in the latter.
- 2 — shares are sold in a free market: we may eventually find ourselves associated with undesirable partners.
- 3 — if our members purchase the shares, the Movement may have to sustain the market to avoid disappointment and criticism.

Questions

Should the Movement maintain its policy of 100 per cent control even though this means a slower rate of growth and a less favourable competition position?

Should the Movement accept "select partners"? This might even include an option to "buy back".

Should the Movement sell the shares freely to the public?

No. 10—ICU SERVICES CORPORATION—INVESTMENT EXPERIENCE

Presented by Mr John F. Brady, Comptroller, CUNA International; and Acting President, ICU Services Corporation, Madison, Wisconsin

The ICU Services Corporation is a wholly-owned subsidiary of CUNA International, Inc., the worldwide association of credit unions. It was designed to provide credit unions with all those services they need to provide their members with modernised service and to meet the competition of other institutions.

CUNA International is an organisation supported by its members' subscriptions offering programmes and services to promote, advance and protect credit unions. These programmes and services are offered to credit unions through regional organisations called "leagues". Since its organisation in 1934, the activities of CUNA International have grown to the point where they now encompass credit unions operating all over the world.

Current Operations and Background

Credit unions have from their beginnings had a dual responsibility: (1) To provide their members with a safe place to save at the best possible dividend (interest) on their savings. (2) To provide their members with loans for productive purposes at the lowest possible rate of interest and not to exceed the legal one per cent per month (12 per cent a year

under truth-in-lending) on the unpaid balance. From a business standpoint, they have had the challenge of keeping as much as possible of their members' savings working at the best possible yield. Generally, they have had little trouble making loans at a low rate, but they have had increasing problems in paying their members a competitive dividend.

Credit unions traditionally take in more savings than they put out in loans to members. As a result, in a period of rapid growth in the 'fifties and early 'sixties, credit unions as a group built up a surplus of savings over member loans in excess of \$2 billion in the United States.

More specifically, US credit unions' combined balance sheet at the end of 1967 showed \$9.8 billion lent out from \$11.3 billion in savings. In addition to the \$1.4 million difference, there was \$800 million in reserves.

Up until the mid-1960's, credit unions invested the bulk of this surplus in two types of accounts: (1) cash accounts in banks, where the funds earned no interest. (2) savings accounts in savings and loan associations, where the funds earned up to 5 or 5½ per cent. During the late 1960's, many other types of investments became available that provided higher yields than savings and loan accounts, with greater liquidity. These investment opportunities included many kinds of long and short-term government securities.

Problems

In the last half of the 'sixties, loan growth at credit unions exceeded savings growth in all but one year. This brought in more income, but inflation was driving up the interest paid on savings, and credit unions had to stay with the competition. On the other hand, they were reluctant to seek a raise in the legal limit of interest on loans. This shrinking margin caused credit union boards and managers to seek ways to keep all funds working at the highest possible yield.

Certificates of deposit and government securities became attractive among the permitted types of investments by credit unions. But the relatively small-scale purchases of government securities by the single credit union — even the largest — did not qualify for the best available rates. The capital invested in certificates of deposits and the like was not as liquid as desired.

Credit union leaders became concerned that the earnings were inadequate, while the principal was benefiting competitors. It was known that some credit unions had surplus funds, while others were constantly short. The out-of-balance across the nation totalled over \$2 billion, as previously described.

The Big Questions

In order to meet their dual responsibility of managing the savings and loans of their members to best advantage, credit unions needed a programme that would enable them to earn good yields on all of their members' savings. At the same time, this programme should also provide credit unions with the liquidity position they need in order to serve

their members during peak cash periods, such as paydays, when members cash their cheques at credit unions, or deposit large sums via payroll deduction.

The questions arising from this situation include the following, among others:

1. What can be done to assure constant earning power of these surplus funds, even for a few days?
 - (a) Should it be done on a statewide basis, regional basis or a national basis?
 - (b) Considering that state laws vary so considerably, often severely limiting the investment powers of state-chartered credit unions (about half of the 22,000 US credit unions are state-chartered, the rest federally chartered), what alternative, if any, might there be?
2. Would putting a good share of the \$2 billion to work be enough, or would money have to be borrowed from outside the movement to meet part of the need? If so, how could this be accomplished in an orderly, safe manner?
3. Any programme should feature greater earnings, liquidity (the ability to invest money quickly, to get it back quickly — if need be, within hours), the greatest possible safety (approved by the respective supervisory authorities), and the best possible convenience. It must have these features to compete and be useful. Your answers must fulfil these requirements.

No. 11—CONVERSION OF A PROFIT BUSINESS INTO A CO-OPERATIVE: THE WELCH EXPERIENCE

by Mr Jacob M. Kaplan, President, J. M. Kaplan Fund, Inc.

The Welch experiment was intended to give a new dimension to the application of capitalism to our economic system. It pioneered an alternative to risk marketing of farm produce and to the present shaky American system of subsidy for farmers, an alternative that could lead to a new, more secure system—under which farmers could reach a higher level of economic independence, of self-support, of financial security and of personal dignity. The revolutionary nature of this approach to agricultural problems is the background for the suggestion to be made later.

But first the history of the company.

The Welch Grape Juice Company was founded about four generations ago. The first three generations of the Welch family were devoted to producing grape juice. They regarded what they were doing as a religious service to God and man. Gradually Dr Charles Welch of the second generation, the most vigorous of the three generations of Welches, expanded his production and achieved nation-wide distribution.

After Dr Charles Welch died, the third generation, less dynamic and more frustrated, failed to recognise the vast market potentially open to

grape juice merely as a tasty and economic beverage. So the market was taken over by various carbonated drinks . . .

I took over the company at a time when the brand name was widely accepted but the company itself was going downhill. Welch was still in business in the mid-forties, but already on the way to oblivion. And the grape-growers of western New York and five other states who supplied the raw material, and who depended entirely on the capacity of the Welch company to buy their grapes, were on their way to oblivion as well.

We modernised the old Welch plants and the methods of processing. We established new levels of quality control. We advertised and merchandised with confidence. We gave the company new and aggressive management. And it was this creative and resourceful new management that enabled us to bring the company into a profitable and expanding condition.

What makes this story different from so many others in the history of American business is that, while we were reorganising and expanding the company, we were, at the same time, working out a new kind of arrangement with the farmers themselves, through their farmers' co-operative. We guaranteed to buy all the quality grapes the farmers could produce and in return to pay them better prices than they had ever received before. We worked with them on modern methods of horticulture. We made grants to agricultural colleges for research into new ways to improve taste and increase the tonnage per acre. We made it possible for the growers to buy their farm supplies collectively and advantageously. We scheduled picking time and deliveries which thus assured excellent unloading of trucks and fast return to farmers for reloading. And, finally, we undertook to make it possible for them, through their co-operative, to acquire, as sole owners, the entire Welch company.

In essence, the plan provided that all the net profit—aside from a portion ploughed back into the company for continuous improvement and expansion—belonged to the growers. This was paid to them in cash, except for a small percentage of sales which they agreed to set aside to pay for the business, and this 10 per cent was regularly credited to them as part of the increased price for their grapes. After spending for plants, enlargements, improvements and research, after setting aside the 10 per cent of sales that would eventually pay for the profitable Welch company, the actual cash paid to the farmers for each ton of grapes and for greatly increased yield in tons per acre was more each year than the average cash market price per ton of grapes.

It took seven years for the percentages that were thus regularly set aside to reach the price paid for the company. When this happened the co-operative became entire owner of the Welch stock, and the farmers took over the business and everything that it controlled. Throughout this period of growth the farmers had been learning about the business, and were now well prepared for full ownership.

Without having to spend a dollar of their

own money, the farmers were able to buy the Welch Grape Juice Company—a company that had an able and aggressive management, handsome credit conditions, a great brand name, and a growing, profitable market throughout the country. They have owned it ever since, and I am glad to report that it is doing better today than ever before in its history. The sole stockholder of Welch, at this moment, is the same co-operative—the 2,600 Concord grape-farmers, who are prosperous, self-supporting, upright, hard-working, financially independent men and women.

In less than ten years, since the Welch company has been totally owned by a farmers' co-operative, it has grown steadily year after year in production and sales. It has grown in earnings. It has developed new products, and improved methods of manufacturing. It is the recognised leader in its particular industry.

That is the Welch story. Today, looking back, the story seems to flow smoothly and painlessly. But at the time it seemed otherwise. In the first place there were deep-seated fears, doubts, and suspicions that had to be patiently overcome, on management's side as well as on the growers' side. Many of the farmers fancied there must be some catch to the plan. How could it be possible to take over a multi-million dollar corporation when they themselves were poor men breaking their backs in the vineyards, with only a few dollars to their names? But in time they overcame their suspicions, and today they laugh at themselves for the doubts they held so grimly.

But they were not the only ones with doubts. Our lawyers, our bankers, our friends in business, pointed out the danger that the farmers would interfere—if only because they were inexperienced—in the day-to-day management of the company; that they would be unable to understand the specialised skills of management, fail to have the wisdom to plough investment into research and the most efficient equipment, or to pay high salaries for top executives capable of competing successfully with an able executive team and in the market place. So it was agreed, as part of the condition of sale, that the new farmer-owners of Welch would not unduly interfere in the day-to-day management of the company. As a matter of fact, to guard against such untimely interference, the top management, at the time of the transfer of ownership, were persuaded to accept long-term incentive employment contracts, for the farmers themselves wanted to assure continuing management by the top men who had valuable training in the Welch tradition, plus resourcefulness. And the representatives of the new owners, especially the heads of the co-operative, participated knowledgeably in the major managerial decisions with as much astuteness and common sense as any other top management anywhere. In this way we demonstrated that, with sufficient experience and education, farmers are as practical and enterprising as bankers, corporate executives, or anyone else in the business world.

I believe that there are two basic reasons why the Welch plan worked:

1. The growers had enjoyed a long, happy re-

lationship with, and had complete confidence in the management of the Welch company. Therefore, when they acquired ownership, they chose to keep the established group of the key Welch people including those who had managed the processing part of the produce. And it has remained largely unchanged to this day, except that I was succeeded as president by Douglas Moorhead, himself a grape-grower;

2. Equally important was the fact that the grape-growers themselves wanted to retain, as outside directors on their board, those three or four men who had been with the Welch company for years under the private ownership. These independent directors had an understanding of economics and sound business methods, and the growers felt strongly that it was as vital to have them on the board as it was to adopt the efficient methods of farming that had doubled their yield of grapes and profits per acre of land.

The Welch plan proves, in my profound belief, that sincere and wholehearted co-operation is as good as the best-managed company that must rely on professional managers and public stockholders: even better in fact, because, in a true co-operative the farmers sharing authority become the sole stockholders; they themselves carry the responsibilities and enjoy the benefits that go with this role.

So the first lesson I learned is that it can be done.

The second lesson, which has become increasingly clear to me since the farmer-owned co-operative took over Welch, is the direct sequel to the first: If it can be done with the grape-growers, it can be done with growers of other crops.

I am convinced that farmers engaged in any large-scale and some small-scale, especially single-crop farming, can ultimately take over ownership of the processing companies that handle their crops, and that they can become the owners and the beneficiaries of a single vertical operation which rises from the soil and reaches to the retail outlets to the consumers. I believe that vertically-owned and operated farms can, and will, grow beyond their important function of feeding the nation and develop into a dynamic force in national industrial enterprise.

But this economic strength can be achieved only when farmers work together through their own co-operatives.

In this country it makes no difference whether the stockholder is a banker or a farmer. When farmers become stockholders, they will assure themselves of prosperity and security. They will reap the benefits of their back-breaking labour, instead of watching the profits drain away in the maze of processors and middlemen that stand between them and the consumer.

Moreover, they can successfully compete with other processing companies by creating their own processing facilities. Their advantage would be full ownership of the crop; for without the crop

— the essential raw product—a processing plant and business is but an empty shell.

It is now possible for groups of farmers joined together in a co-operative to begin the job of persuading top management and major stockholders that the ultimate sale of their corporations to farmers' co-operatives, out of profits set aside for this purpose, is in their own best financial interests. I assure you that I did not lose money personally in the Welch plan. The beauty of this kind of common endeavour is that everyone concerned benefits. Indeed, it was this very enlightened self-interest that assured the success of the undertaking.

Section III

The International Background

Attendance at the Seminar was for the majority of the participants their first direct contact with the International Co-operative Alliance, as well as their first Co-operative gathering on the international level. For this reason provision was made in the programme for less formal talks designed to inform the participants about the ICA, its mission and its relations with other international institutions, governmental and non-governmental, and so enlarge their conceptions of the Co-operative Movement and its place in the world. These talks were given by Dr L. Sieber, ICA, Dr G. V. Rao, UNESCO, and Mr Howard A. Cowden, a veteran Co-operative pioneer both in the USA and in the international field.

The ICA in the World Today

Dr Sieber, supplementing his observations in welcoming the participants at the opening session of the Seminar, described the present organisation of the ICA, its work and its relations with such bodies as UNESCO. The Alliance, 75 years old in August, 1970, was the universal representative of the Co-operative Movement. With 250 million members in 60 countries, it was probably the largest existing international non-governmental organisation. In spite of great difficulties, it had survived two world wars and the 'cold war' and maintained its unity as a world-wide organisation of co-operatives from countries with most diverse economic, social and political systems and backgrounds. This fact in itself proves the viability of the Co-operative idea and the rightness of the policy pursued by the ICA under the guidance of its constitutional authorities. This spirit of co-operation, of goodwill in combined action despite all difficulties, has contributed to the increasing prestige of the ICA and the recognition of its importance by the United Nations, with which it enjoys consultative status in the highest category.

At the same time the main factor making the ICA's work meaningful has been the penetration of Co-operation into all possible spheres of economic and social activity from its original fields of retailing and rural credit. For a number of branches of economic activity the ICA has set up advisory bodies in which eminent specialists from its national affiliates participate.

The World Co-operative Movement was on the threshold of an epoch of unprecedented oppor-

tunities as well as responsibilities. The strength of every democratic movement springs from below, from the common consensus and united will of its members. All the ICA's future achievements therefore depend on what its members want it to be and do. It could provide an answer to many of mankind's present problems, if it succeeded in proving in practice that Co-operation can become a method for survival and a code of behaviour.

UNESCO and ICA — A Co-operative Effort

Dr G. V. Rao declared that one of the challenges in the 'seventies is going to be the Second Development Decade. Co-operatives in many countries have a great contribution to make to achieve these goals. There are two fields in which UNESCO and ICA have special common interest viz: Adult Education and Functional Literacy. It is significant that the International Co-operative Alliance is embarking on a Co-operative Development Decade (CDD) and UNESCO looks forward to co-operate with ICA on this venture.

UNESCO has co-operated with the International Co-operative Movement since its inception and has long recognised the importance of the role of co-operatives in human resource development. Their contribution is becoming even greater and has growing influence in developing countries in the 1970's.

Co-operatives, both in industry and agriculture, offer employment and training to large numbers of people at many technical and administrative levels, and their potential as an educational force cannot be underestimated. Not only do they supply an important incentive and motivation, but also a training in democratic methods and procedures. The training offered by Co-operatives is functional in purpose and caters for a wide range of socio-economic needs as well as emphasising participation in both the political and economic lives of their communities. Broadly, education in the co-operative movement can be divided into four groups:

1. The education of individual members in co-operative principles, methods and procedures;
2. Vocational and technical training and retraining;
3. Training for the development of management and administrative skills;
4. General education (including literacy and cultural activities).

In economically developed countries where the Co-operative Movement is well established, all four forms of training are usually widely available and these countries are often in a good position to give systematic help to newly-formed movements in developing countries. The International Co-operative Training Centre is a good example of these possibilities.

A particular contribution of co-operative movements is the training of middle grade personnel. In developing countries, one of the principal barriers to development is the absence of sufficient numbers of trained technical staff, managers and administrators, often due to the lack of educational

opportunities for adults. Co-operative enterprise can therefore play a key role in helping to develop these skills, particularly at the middle level.

In many countries, co-operatives have their own colleges and technical institutions as well as "on the job" training units and offer specialised training at many levels and retraining courses. This form of direct assistance, particularly with regard to the education and training of adults, has great potential in the Second Development Decade. However, education for the co-operative movement and its specific needs should not only be offered in co-operative schools, colleges or special training centres set up by the co-operative movement, but also in the formal school system, higher education institutes, agricultural colleges, workers' and peoples' universities, adult education classes, functional literacy projects, etc.

Co-operatives are in a privileged position to promote education, because they are based on mutual self-help and a sharing of gains, and they usually provide their own strong motivation. This is an added factor in the psychological attitudes of people towards the transformation of their own lives through education as well as encouraging more positive attitudes towards the access to education of their children.

Co-operatives, therefore, have both direct and indirect educative influences, as well as being instruments of social and economic change.

UNESCO works in Member States through its national co-operating bodies—called National Commissions. ICA too has national co-operating bodies. It is to be hoped that these national bodies in Member States will co-operate closely with each other, so that we can all forge ahead in our com-

mon endeavours towards education, peace, progress and international understanding.

An Evening with Howard A. Cowden

In a wide-ranging talk Mr Cowden, who now lives in retirement at Kansas City, the centre of his early pioneering work over 40 years ago, gave the participants the benefit of experience gained in different branches and on different levels of Co-operative activity. He first began to organise co-operatives in the period when the petrol engine had virtually replaced the horse as a source of power for farm transport and gasoline had thus become indispensable to efficient agriculture—a situation exploited by the oil trusts until the farmers themselves entered the oil business by setting up their own filling stations and buying co-operatively in bulk. These local oil co-operatives were the foundation on which Howard Cowden in the late 1920's established a federation, then called the Consumers' Co-operative Association, now known as Farmland Industries, Inc. Within a decade, under Cowden's management, the Association was making international contacts and he was pressing the European co-operative wholesale societies to join in an International Co-operative Petroleum Association. First mooted in 1937, the project was delayed nine years before it was realised, but today, the ICPA has members in every continent. In 1965 and 1966 Mr Cowden served on the ICA Commission on Co-operative Principles. It was due to his advocacy that a new principle—co-operation of co-operative organisations—was added to those inherited from Rochdale. Mr Cowden also emphasised to the participants his belief in another recommendation of the Principles Commission, that there should be an international Co-operative education centre and training institute for the whole world, with an international staff recruited from the most eminent Co-operative educators.

PART THREE

APPENDICES

I.

39th INTERNATIONAL CO-OPERATIVE SEMINAR

of the

INTERNATIONAL CO-OPERATIVE ALLIANCE

PROGRAMME AND TIMETABLE

“CO-OPERATIVE MANAGEMENT FOR THE 1970’s”

Wisconsin Center - 702 Langdon Street - Madison, Wisconsin

Seminar Director: Dr Ladislav Sieber, Secretary for Education and Technical Assistance,
International Co-operative Alliance, London, England

Co-Director: Dr R. Wayne Robinson, Professor and Co-ordinator for Development,
International Co-operative Training Center, The University of Wisconsin,
Madison

Seminar Office: International Co-operative Training Center,
University Extension, The University of Wisconsin
Lowell Hall, 610 Langdon Street
Madison, Wisconsin 53706 USA

SEPTEMBER 8, TUESDAY

Participants Arrive, Check in at Lowell Hall, 610 Langdon Street

SEPTEMBER 9, WEDNESDAY

Room 311, Wisconsin Center

Chairman - Dr R. Wayne Robinson, Professor and Co-ordinator for
Development, ICTC

0900

Opening of Seminar - Dr Ladislav Sieber, Secretary for Education and
Technical Assistance, ICA

Welcome on behalf of the International Co-operative Training Center -
Dr Adlowe L. Larson, Director

Welcome on Behalf of Co-Sponsoring Host Organisations -
Mr Stanley Dreyer, President, The Co-operative League of the USA
(Member of ICA Executive and Central Committees)

Response from ICA -
Mr Breen Melvin, President of the Co-operative Union of Canada
(Member of ICA Executive and Central Committees)

Introduction of Special Guests -
Representatives of the United National (UNESCO) and of Co-
Sponsoring Organisations

1020-1150

Seminar Procedures and Operations -
Dr Ladislav Sieber and Dr R. Wayne Robinson

Briefing on Two-week Programme - Thread Men -
Mr G. Lloyd Matheson, General Manager, Co-operative Insurance
Services, Ltd., Regina, Saskatchewan, Canada, and Mr Arne Melander,
Head, ADO Division, Federation of Swedish Farmers Co-operatives
Stockholm, Sweden

1200

Luncheon - Wisconsin Center

Welcoming Address -
Fred Harvey Harrington, President, The University of Wisconsin

Master of Ceremonies -
Adlowe L. Larson, Director, ICTC

Chairman - Mr Stanley Dreyer, President, The Co-operative League of the
USA, Chicago, Illinois

- 1330 (1.30 pm) "Changing Concepts of Management" -
Dr John F. Mee, Mead Johnson Professor of Management Graduate
School of Business, Indiana University, Bloomington
- 1500 (3.00 pm) Discussion by Groups
- 1630-1700
(4.30-5.00 pm) International Exchange of Experience -
Dr Ladislav Sieber, ICA.
Since co-operative management problems are often rooted in a lack of
education and communication, time is allowed for *ad hoc* discussion of
these problems on the afternoons of September 8, 10 and 16.
- 2000 (8.00 pm) Reception at the home of Dr Fred Harvey Harrington, President of The
University of Wisconsin

SEPTEMBER 10, THURSDAY

- Chairman* - Dr Ladislav Sieber, Secretary for Education and Technical
Assistance, ICA, London, England
- 0845 "The Role and Place of Co-operative Management in Economic and Social
Development — The USSR Experience" -
Dr Valentin Nazarevsky, Senior Research Officer, Institute of World
Economy and International Relations, USSR Academy of Sciences,
Moscow
- 1020-1150 "The Planning Function in Co-operative Management" -
Mr R. A. Willson, President, Willson Associates, Ltd., Banff, Alberta,
Canada
Chairman - Mr Breen Melvin, President, Co-operative Union of Canada,
Ottawa, Canada
- 1310 (1.30 pm) CASE STUDY (HOUSING): "The Co-op City Experience (Planning)" -
Mr Harold Ostroff, Executive Vice President, United Housing Founda-
tion, New York, New York
- 1500 (3.00 pm) Discussion by Groups
- 1630-1700
(4.30-5.00 pm) International Exchange of Experience -
Dr Ladislav Sieber, ICA

SEPTEMBER 11, FRIDAY

- Chairman* - Mr Don E. Leatherman, Training Director, FS Services, Inc.,
Bloomington, Illinois, and Chairman, Co-operative Management
Development Governing Committee, 1970-71
- 0845 "The Organising and Directing Functions in Co-operative Management" -
Mr K. G. Howard, Secretary-Manager, Western Co-operative College,
Saskatoon, Saskatchewan, Canada
- 1020 CASE STUDY: "Integration of Retailing and Wholesale Operations" -
Mr Leonard Harman, General Manager, United Co-operatives of
Ontario, Toronto, Ontario, Canada
- 1115-1150 "UNESCO and ICA — A Co-operative Effort" -
Dr G. V. Rao, Budget Director, UNESCO, Paris, France
Chairman - Dr Marvin A. Schaars, Professor, Department of Agricultural
Economics, The University of Wisconsin, Madison
- 1310 (1.30 pm) CASE STUDY: "The Central Farmers Experience — Contract Marketing" -
Mr O. Roy Wiebe, Treasurer, Central Farmers Fertilizer, Chicago,
Illinois
- 1410 (2.10 pm) Plenary Session

- 1500 (3.00 pm) "The Difference Between Running a Co-operative and a Non-Co-operative Enterprise (Some Practical Experiences from Scandinavia)" - Mr Arne Melander, Head, ADO Division, Federation of Swedish Farmers Co-operatives, Stockholm, Sweden
- 1930 (7.30 pm) EVENING SESSION: "An Evening with Howard A. Cowden" - Mr Cowden is founder of Consumers' Co-operative Association (now Farmland Industries, Inc.); a founding member of the International Co-operative Petroleum Association; and a member of the International Co-operative Petroleum Association; and a member of the International Co-operative Alliance Principles Commission. Lower Lounge, Lowell Hall

SEPTEMBER 12, SATURDAY

- Chairman* - Mr Glenn M. Anderson, Executive Secretary, Wisconsin Federation of Co-operatives, Madison, Wisconsin
- Field Trip. Visit Co-operative Service Center, Baraboo, Wisconsin; Tri-State Breeder's Co-operative, Mr Alton Block, Manager; Wisconsin Dairies Co-operative, Mr Robert Williams, Manager; and Equity Co-operative Livestock Association, Mr Russel Hvam, Manager
- 1315 (1.15 pm) Visit Wisconsin Dells (boat tour, tour of Fort Dells)
- 1615 (4.15 pm) Dinner at Dr Frank Groves' farm, Lodi, Wisconsin

SEPTEMBER 13, SUNDAY

Free for church, local sightseeing, personal business and local hospitality

SEPTEMBER 14, MONDAY

- Chairman* - Mr Glenn M. Anderson, Executive Secretary, Wisconsin Federation of Co-operatives, Madison, Wisconsin
- Programme Leaders* - Frank W. Groves and Richard H. Vilstrup
Department of Agricultural Economics,
The University of Wisconsin, Madison
- 0845 Management Training — Computers
- 0900 Decision-Making - Utilising Computer Game Techniques
- 1020-1150 Co-operative Communications in Management
- 1310 (1.10 pm) Decision-Making - Results and New Decisions
- 1340 (1.40 pm) Communication Process-Types-Methods
- 1500 (3.00 pm) Communication Ideas from Successful Co-operatives
- 1900-2100 (7.00-9.00 pm) Reception at the Filene House, 1617 North Sherman Avenue - CUNA International, Host

SEPTEMBER 15, TUESDAY

- Chairman* - Mr Paul O. Mohn, Economist, Marketing Firm Management, Division of Marketing and Utilization Sciences, Extension Service, United States Department of Agriculture, Washington, DC
- Programme Leaders* - Frank W. Groves and Richard H. Vilstrup
Department of Agricultural Economics,
The University of Wisconsin, Madison
- 0845 Decision-Making - Results and New Decisions

- 0915 CASE STUDY: "Consumers Co-operative Association of Eau Claire" -
Mr Elmer Riese, Sales and Advertising Manager, Consumers Co-
operative Association of Eau Claire, Eau Claire, Wisconsin
- 1020-1120 Discussion: Mr Glenn M. Anderson and Mr Elmer Riese, Leaders
- 1120-1150 "Communications—Role of Directors" - Mr Paul O. Mohn
- 1310 (1.10 pm) Computer Results — Method Analysis — Discussion
- 1340 (1.40 pm) Motivation of Members — Motivation Change
- 1500 (3.00 pm) Organising and Measurement of Results
- 2000 (8.00 pm) Tour of State Capitol of Wisconsin

SEPTEMBER 16, WEDNESDAY

Chairman - Mr Arnold Jorgenson, Manager, Federal Land Bank Association,
Madison, Wisconsin

- 0845 "The Control Function in Co-operative Management" -
Mr Henry Dykstal, Educational Director, CUNA International,
Madison, Wisconsin
- 1020-1150 CASE STUDY: "Innovations in Kinds of Service" -
Mr Ellis Wohlner, Staff Actuary, League of Life Insurance Company,
Detroit, Michigan
- 1150-1310 Display of Selected Management Literature
(11.50 am-1.10 pm) (Room 228, Wisconsin, Center)
- Chairman* - Dr Martin A. Abrahamsen, Deputy Administrator, Farmers
Co-operative Services, United States Department of Agriculture,
Washington, DC
- 1310 (1.10 pm) CASE STUDY: "Adjustments to Meet Changes in Transportation and
Traffic — The Black River Falls Case" -
Mr Norman Swanson, Manager, The Federation Co-operative, Black
River Falls, Wisconsin
- 1440-1500 Display of Selected Management Literature
(2.40-3.00 pm) (Room 228, Wisconsin Center)
- 1500 (3.00 pm) CASE STUDY: "Land O'Lakes" -
Mr Ed Regan, Brand Manager, Land O'Lakes, Inc., Minneapolis,
Minnesota
- 1545 (3.45 pm) Plenary Session
- 1630-1700 International Exchange of Experience - Dr Ladislav Sieber
(4.30-5.00 pm)

SEPTEMBER 17, THURSDAY

Chairman - Henry H. Bakken, Professor Emeritus, Department of Agricultural
Economics, The University of Wisconsin, Madison

- 0845 "The Co-ordinating Function in Co-operative Management" -
Mr Albert Gomes, President of Checchi Puerto Rico, Checchi and
Company, San Juan, Puerto Rico
- 1020 CASE STUDY: "CUNA DATA Corporation" - Mr William A. Atkins,
Assistant Managing Director, CUNA International, and Assistant
Treasurer, CUNA DATA Corporation, Madison, Wisconsin
- 1120-1150 Plenary Session
- 1150-1310 Display of Selected Management Literature
(11.50 am-1.10 pm) (Room 228, Wisconsin Center)
- Chairman* - Dr Adlowe L. Larson, Director, ICTC,
The University of Wisconsin, Madison

- 1310 (1.10 pm) CASE STUDY: "Co-operative Financial Conglomeration — The Desjardins' Experience" -
Mr A. Hervé Hébert, General Manager, Desjardins Co-operative Association, Levis, Quebec, Canada
- 1410-1440 (2.10-2.40 pm) Plenary Session
- 1440-1500 (2.40-3.00 pm) Display of Selected Management Literature (Room 228, Wisconsin Center)
- 1500 (3.00 pm) CASE STUDY: "ICU Services Corporation — Investment Experience" -
Mr John F. Brady, Comptroller, CUNA International, and Acting President, ICU Services Corporation, Madison, Wisconsin
- 1545 (3.45 pm) Plenary Session
- 1930 (7.30 pm) EVENING SESSION: "Conversion of a Profit Business into a Co-operative — The Welch Experience"
Mr J. M. Kaplan, President, J. M. Kapland Fund, Inc., New York, New York
Lower Lounge, Lowell Hall

SEPTEMBER 18, FRIDAY

Chairman - Mr J. David McVoy, Chief, Technical Programs Division, Office for Private Overseas Programs, Agency for International Development, Washington, DC

Morning Theme: "Co-operative Education in the 70's"

- 0830 "Co-operative Education — Problems in the 70's" -
Mrs Mary Jean McGrath, Co-operative Education Specialist, ICTC, The University of Wisconsin, Madison
- 0900 Panel Discussion: "Techniques of Co-operative Education"
-Mr J. Delbert Miller, Executive Director; Schools Division; Farmland Industries, Inc.; Kansas City, Missouri
-Mr Meredith C. Wright; Foundation for Co-operative Housing; Washington, DC
-Mr Wayne H. Weidemann, Co-ordinator; Co-operative Education and Training, Inc.; Madison, Wisconsin
-Mrs Mary Jean McGrath, Moderator
- 1020-1100 Panelists' Exchange on Co-operative Education
- 1100-1300 Comments and Questions from the Floor
- 1130-1155 "The ICA in the World Today" -
Dr Ladislav Sieber, Secretary for Education and Technical Assistance, International Co-operative Alliance, London, England
- 1200 Final Luncheon — Wisconsin Center
Master of Ceremonies - R. Wayne Robinson, ICTC
Thread Man - Mr Arne Melander, Head
Presentation of Attendance Certificates - Dr Adlowe L. Larson and Dr Ladislav Sieber
Remarks from Participants - Mr Gilbert A. Onagorwuwa
Co-Sponsor's Remarks - Mr William Atkins
Response from Representative of United States Agency for International Development - J. David McVoy
Closing Remarks - Ladislav Sieber

SEPTEMBER 19, SATURDAY

- 0700 Depart on Field Tour.
Visit the following co-operatives in Wisconsin enroute to St Paul, Minnesota:
Oakdale Electric Co-operative, Oakdale; Federation Co-operative, Black River Falls; Consumers' Co-operative Association of Eau Claire, Eau Claire

ICA SEMINAR FIELD TOUR ITINERARY

September 21, Monday	Columbus, Ohio Visit Nationwide Insurance Companies and Landmark/Farm Bureau Federation, an automated feed plant, and a farm
September 22 and 23, Tuesday and Wednesday	Toronto, Ontario, Canada Visit St Catherines Co-operative Health Center, St Catherines; GCO Retail Store, Milton; and Oshawa Direct Charge Co-operative, Oshawa Hosts - Co-operative Union of Canada and United Co-operatives of Ontario
September 24 and 25 Thursday and Friday	Montreal, Quebec, Canada Visit Anjou Credit Union and St Marc-sur-Richelieu; tour city of Montreal Hosts - Co-operative Union of Canada, Co-operative Council of Quebec, Federation de Quebec des UR des CPD, Co-operative Federee de Quebec and Cooperative Agricole de Granby
September 25, Friday	Visit dairy factory at Notre-Dame du Bon-Conseil
September 26, Saturday	Depart for home countries

II

A SELECT BIBLIOGRAPHY ON MANAGEMENT SKILLS

Following is a list of books on management skills that were referred to, or were on display during the ICA 39th International Co-operative Seminar. The full addresses of publishers are given at the end of the list. Prices are quoted, if known. Please order from your bookseller or the publisher; not from the ICA or ICTC. Listing does not imply endorsement of the book.

- Argyris, Chris. *Organisation and Innovation*. Homewood, Ill.: Irwin, 1965. \$8.50
- Barnard, Chester I. *The Functions of the Executive*. 30th anniversary edition. Cambridge, Mass.: Harvard, 1968. \$7.50
- Basu, K. S. *Management Similarities and Differences under Different Cultures*. (International Academy of Management, Paper No. 6; NIVE Publication No. 478). The Hague: Nederlands Instituut voor Efficiency, Distributed by the Rotterdam University Press, 9 Fl.
- Bittel, Lester R. *Management by Exception*. New York: McGraw-Hill, 1964. \$9.50
- Black, James M. and Black, Virginia T. *The Front-Line Manager's Problem-Solver*. New York: McGraw-Hill, 1967. \$7.95
- Britt, Stuart H. and Boyd, H. W. *Marketing Management and Administrative Action*. New York: McGraw-Hill, 1968. Cloth, \$0.95; paper \$6.95
- Crosby, Ralph. *Person-to-Person Management*. Philadelphia, Pa.: Chilton, 1966, \$6.95
- Glickman, A. S.; Baxter, B. et al. *Top Management Development and Succession*. New York: Macmillan, 1969. \$6.50
- Groff, Gene K. and Muth, John F. (eds). *Operations Management; Selected Readings*. Homewood, Ill.: Irwin, 1969. \$6.50
- Hampton, David. *Behavioral Concepts in Management*. Belmont, California: Wadsworth, 1968. \$3.95
- Hertzberg, Frederick et al. *The Motivation to Work*. (2nd ed.) New York: Wiley, 1959. \$5.95
- International Labour Organisation. *Cooperative Management and Administration*. (Studies and Reports, New Series, No. 57). Geneva: 1960. \$2.00
- Jones, Manley H. *Executive Decision Making*. (rev. ed.) Homewood, Ill.: Irwin 1962. \$9.50
- Kazmier, Leonard. *Principles of Management: A Program for Self-Instruction*. (2nd ed.) New York: McGraw-Hill, 1969. \$7.95
- Koontz, Harold and O'Donnell, C. J. *Principles of Management: An Analysis of Managerial Functions*. (4th ed.) New York: McGraw-Hill, 1968. \$9.95
- Koontz, Harold and O'Donnell, C. J. *Management — A Book of Readings*. New York: McGraw-Hill, 1964. \$8.50
- Kotler, Philip. *Marketing Management: Analysis, Planning and Control*. Englewood Cliffs, N. J.: Prentice-Hall, 1967. \$11.50
- Likert, Rensis. *Human Organisation: Its Management and Value*. New York: McGraw-Hill, 1967. \$8.50

Studies and Reports Series:

1. Reformulation of the Fundamental Principles of the Co-operative Movement, September, 1964 (English, French, German) 15p
2. Three lectures on International Co-operative Insurance, March, 1966 (English) 15p
3. Out of print
4. Two Reports of the Agriculture Conference, Hamburg, 1969: How to Educate a New Type of Agricultural Manager; Financing of Agricultural Co-operatives at the International Level, May, 1970 (English) 20p
5. World-Wide Training of Co-operative Experts, May, 1970 (English) .. 20p
6. The Co-operative Development Decade, 1971-1980, January, 1971 (English, French, German, Spanish) 20p
7. ICA/UNESCO International Conference of Co-operative Education Leaders, Jongny-sur-Vevey, Switzerland, 1970 20p
8. CO-OPERATIVE MANAGEMENT FOR THE 1970's. Report of the 39th International Co-operative Seminar, Madison, Wisconsin, USA, Sept. 8-18, 1970 50p

(Further issues of this series will be published, all prices include postage)