

HELPING MEMBERS UNDERSTAND BUSINESS OPERATIONS

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It is a real pleasure to be a part of this Institute here at Madison, the capitol of our home state. I think you understand by this time why we are extremely proud of our University, its campus and its staff. We here in Wisconsin certainly wish to welcome you Institute participants to our beautiful state and we hope you will extend your visit by spending part of your vacation in this area.

In my experience as general manager of a cooperative, I have always felt that, if a manager can put across to the members the business operations of their cooperative, he has won half the battle of membership education. This can be applied either to a new member or to a long time member, even to one who has been part of the cooperative picture since it was organized.

During the past ten years of managing a larger cooperative this has been even more significant and I have, therefore, employed the facilities of our office manager to explore the possible avenue we might follow to reach the membership; to find ways and means of having them better understand the business angle of their cooperative---why and how it operates as it does.

We have had fair to good years in operations, but probably have not reached the percent of savings we might have wanted or what the members expected to get. In either case, if a good job of education is done, the membership will more readily understand why savings are at a certain figure and why the balance sheet has changed from the year before or from previous years.

Various media that can be used to present these figures are already in use by many, but, in my opinion, the important point is that no matter how they are presented, they need explanation and interpretation.

First and foremost among the methods of reaching the membership is the annual meeting with the annual report. This, of course, is only one way to reach the members, but it is a most important one.

A readable, well-printed, attractive annual report outlining operations in simplified form is a must for the cooperative. Have plenty of these reports printed so enough are left over after the annual meeting for distribution on other occasions during the balance of the fiscal year.

Here are samples of various annual reports.

The explanation of the annual report can be done by either the general manager or bookkeeper or by the auditor. In any case, he should be well prepared to explain significant changes, make simple but adequate comments

and evaluate the balance sheet in terms that people in the audience can easily understand.

I like the comments or explanations in the Hyde Park annual report. "How much do we own"; "How much do we owe." "1% is a disgrace but 2% is a good average and is a return of one week's groceries."

Not only should the report contain the operations and balance sheet, but other pages can explain the services offered by the cooperative, the personnel serving the organization, and significant unit sales.

Comments by the manager and president can also add interest to the report.

(Here are a number of slides and charts graphically showing sales, margins, quantities and other major points from the annual report used at various annual meetings in the past.)

Immediately after the meeting be sure to send a report to the various news media in your area summarizing the important achievements of the year and emphasizing the highlights of the annual report including the savings the cooperative has brought to the members. Leave a stack of reports at the desk of each department and offer one to each patron visiting these departments. Many times a member might have a question about stock, stock revolving, per cent of refund or important expenses and immediately the question can be answered by reaching for a report and pointing out the answer.

Our Midland Cooperator, of course, carries a story on the annual meeting and this again tells the story of our business operations to our 3500 members on this mailing list.

We make an additional summary of our operations at our mid-year and usually release this brief report to the newspapers and local radio station so that again we are keeping the members informed as to the progress of their organization.

The key to further member education in business operations is a well-informed Board of Directors, department managers and employees. These people are in constant contact with the members and are being questioned many times. They must be kept informed through monthly reports. How is the business going? How are departments holding up in sales and margins? How can the wholesale operations be a significant part of the year's total progress in sales and savings? These are some of the questions answered by the monthly reports, copies of which are made available to all board members before the monthly board meeting as well as to our staff at their monthly meeting. All details need not be explained each time as they would be trained well enough to draw their own conclusions after short explanations. It suffices to indicate how the cooperative is doing from month to month.

Employees need information at fewer intervals, but should be given a short review of all aspects of company operations and proceedings including board action on various phases of financing and approval of basic additions to assets.

I have dwelt at length on the annual meeting because I consider this to be the most important single opportunity to reach an important segment of the

membership. Opinions and statements of members of the Board of Directors are held in high esteem, therefore I consider it very important that they be well informed. The importance of the contacts made by the department managers and employees in their every day work cannot be underestimated. But beyond all this it is important that some method be used to direct a steady stream of member education material in the direction of the public. For this purpose we make extensive use of our own Midland Cooperator, our local newspaper and radio to some extent. Though we are not using it at present, we consider a house paper a very valuable tool in membership education in business operations. A well-informed membership is an educated membership.

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