MILKWOOD CO-OPERATIVE LTD
by
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Co-operatives Research
Case Study No. 4

Co-operatives Research Unit
The Open University
Milkwood Co-operative Ltd: Report on a JCP-funded Project
to train and employ school leavers in a Co-operative structure

By Rosemary Rhoades
FOREWARD

This report relies for most of its information on the minutes accounts and other papers on the files of the Milkwood Co-operative Limited, to which we had open access. It owes a great deal to Peter Cockerton, General Manager of the co-op for its last six months, who subsequently conducted a feasibility study into setting up a Co-operative Development Agency in the Milton Keynes area. Without both the information he provided and the financial analysis he made, this report could not have been written.

A series of interviews was conducted by Jim Fredrickson of the Co-operative Research Unit, with all concerned in the enterprise, where they could be contacted: some were unavailable. Our thanks to him for his help in this and to all who co-operated in providing information. (Names attributed to members of the workforce in this report, with the exception of Peter Cockerton, are fictitious).

The publication of this report has been sponsored by the Co-operative Research Unit of the Open University: we are indebted to them for their comments and advice. The opinions, analyses and mistakes are mine alone and do not reflect their collective view.
MILKWOOD CO-OPERATIVE LIMITED - ABSTRACT

This report addresses itself to the following questions pertinent to one small co-op in Milton Keynes which was, at the same time, attempting to relieve unemployment and train school leavers in a trade. The answers to these questions are likely to be of interest to a wide range of people setting up co-ops, relieving unemployment and training young people.

- Can co-ops be set up for and on behalf of the workers who will work in them?

- Can you shorten the dole queue at the same time?

- Can you train school leavers in a co-operative structure and give them a skill at the same time?

- How crucial is the choice of product?

- Do we need training in order to work co-operatively?

- Does the implementation of co-operative philosophy, democratic decision-making and self-imposed sanctions mitigate against the possibility of financial viability?

- Should financial viability or co-operativism and democracy be tackled first, or should both be tackled at once?

- What are the results of JCP funding? Is it possible to become viable within a year under the terms of the JCP grant?

- What should be the relationship, if any, between a local co-operative development agency and this kind of venture?
The conclusions seem to us to lie in the following areas:

- Too many mixed objectives result in none being achieved.

- There are problems in co-ops where founder members are not workers but expect other people to carry out their dreams.

- The process of learning to work co-operatively and learning a skill requires motivation and a special attitude on the part of the teacher.

- The limitations of JCP funding mitigate against the achievement of objectives other than the employment of the unemployed.

- Where co-ops lack book-keeping and accounting skills a local co-op agency could usefully provide an advisory service.
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Introduction

Milkwood was a small co-operative dealing in timber products set up to provide training and employment for unemployed school leavers using the skills of unemployed craftsmen in the new city of Milton Keynes. It was first conceived of in 1976 by a group consisting of some members of the Youth Unemployment Action Group in Milton Keynes and some members of the Open University's Technology Faculty. Milkwood started up in February 1977 and ceased in September 1978. During those 19 months it involved 31 people in total: 7 founder members, 2 administrators, 1 general manager, 1 clerk, 10 carpenters and 10 trainee carpenters. Funding came from the Manpower Services Commission (MSC) in the form of Job Creation Programme (JCP) grants and a small grant from the Milton Keynes Development Corporation's Social Development Unit, in whose name the application was made to the MSC. Premises were leased from the Corporation under an arrangement which provided the first six months rent free.

On paper the prospects looked promising. What, then, caused the demise of this enterprise? Was it a wasted venture? What is there to learn from the experience? This report has been drawn up as part of the work of the Co-operative Agency Project in Milton Keynes - a one year feasibility study into the need for an agency to assist workers' co-operatives in the area especially in their formative stages. This was set up shortly after Milkwood closed down and was carried out by Peter Cockerton (General Manager of Milkwood for its last 6 months) and Rose Bailey. For an account of this study see the Open University Co-operatives Research Occasional Paper Series No. 2. The present author was brought in to draw together all the material available on Milkwood whilst remaining an outsider to the enterprise.
We were interested in producing an account of the life of this
coop to show what was achieved and to identify and elucidate
the various factors in the web of causality. We found that
these cluster around two main areas although they are not,
of course, unconnected. They are: 1. Finance - where the
funding came from, the product and its market, what kinds of
targets the co-op had to achieve at what stage it became viable,
how the money was administered, i.e. the quality of financial
decisions. And 2. Social Relations - motivations, interests,
skills and aptitudes of personnel whether founder members or
workers, responsibility and power, job satisfaction, attitudes
towards the philosophy of co-operative working, i.e. expectations
and the capacity to learn new skills and ways or organising and
behaving.

While many co-ops are projects of middle class people with
education, money and security, who work in the venture themselves,
others are formed out of existing businesses by the workforce
themselves, with appropriate skills and years of experience of
that business, and a desire to save it from liquidation and
themselves from the dole queue. This was a new business set up
by people and money from "outside" and handed on a plate to a
group of unemployed workers as though it were a gift. It was
therefore unlike the majority of co-ops which have been described
by Martin Lockett as generally falling into one of three
categories: Paternalist, defensive or constructive co-operatives.
(See 'Small Enterprise and the Inner City', a report based on the
proceedings of a seminar held at the Blackfriars Settlement on
January 31, 1976). Paternalist Co-operatives are "existing
companies, typically owned originally by one person or family,
which are 'given' or sold to their workforce ...... the existing
management structure is often largely preserved". Defensive
Co-operatives "involve the taking over of an enterprise by a
workforce threatened with redundancy" and Constructive Co-operatives
are "new firms set up as common-ownership companies". The
founders and financial promoters of Milkwood set up a new business but remained out on the sidelines once the enterprise started up, and intended to phase themselves out entirely once the enterprise became viable.

Milkwood then, was many things at the same time. It was not only an unusual attempt to set up a co-op. It was also a Job Creation Programme Project and a training scheme. Such projects are being initiated singly or in various combinations all over the country by local co-operative development agencies, whether government-funded or voluntary, and by other bodies concerned with youth unemployment and training.
PART I THE STORY OF MILKWOOD

Phase I

Milton Keynes is a new city which has attracted a young population with the offer of new housing and jobs but which has as yet no dense social fabric to offer non-material satisfactions. It is a city where 60% of the jobs are in firms of 100 or more employees and where job dissatisfaction has been found to be due to poor management as well as poor pay.* It seems likely that more jobs in small enterprises might contribute to improving this and such a context would seem to be ideal conditions for the construction of new structures and ways of doing work.

The unemployment figures at the time also suggest that a project aiming to provide work would not fall on deaf ears (5.5% unemployed in Bletchley and 6.2% in Wolverton, two areas of the city, as stated in the application for a JCP grant). As that application went on: "The project will contribute to solving the local structural unemployment problem which is exacerbated during recession by the problem of keeping job growth in line with population growth in the context of Milton Keynes Development plan and by the substantially non-manufacturing nature of much local job growth." (JCP application, Section 11).

The seven founder members consisted of four from the Youth Unemployment Action Group - an industrial chaplain, a social worker, a carpenter and an industrial manager - and three from the Alternative Technology Group at the Open University - a lecturer, a research fellow and a research assistant. They were generally in agreement as to what they were trying to

*"Seven Years On" - summary report of the 1976 Household and Employers Surveys, MKDC.
achieve although each might well have accorded slightly different weight to the various objectives. It seems clear that there were six main aims:

1. The relief of school leaver unemployment.
2. That this enterprise should become viable and provide long-term employment for its workers.
3. The provision of training in skills of "general value to local industry". Within the co-operative ethos this was to include not only the manual skills of woodworking but also business skills of costing, book-keeping, store-keeping and stock control to be provided by day release to Wolverton College for Further Education. The application also gives the impression that it was the intention to provide exercises in group dynamics, role-playing and simulation games as an aid to full participation in all sides of the co-operative.
4. The recycling of waste and economic use of resources "therby reducing the material demand for timber imports". (JCP application, Section 11).
5. The setting up of a co-operative work situation (a workers' co-op?) which despite its start as a JCP project would eventually involve all the workforce in fully running the enterprise. This philosophy permeated the whole nature of the enterprise giving rise to its structure, the way it was run and the intentions and aspirations of the founders in their relations as "management committee" with the workforce.
6. That this should be a pilot scheme for similar future schemes: "the training scheme and experiences gained in its operation would be of great relevance to other small co-operative enterprises and job creation schemes which it is hoped will follow in the area."
Clearly those founders form the Youth Unemployment Action Group were mainly concerned with the problems of providing jobs and training for school leavers and those from the Alternative Technology Group with setting up a pilot Co-op which would be shown to work, in order that a network of co-ops might spring from this. As a consequence of this the legal structure of a co-op was adopted using ICOM model rules; with one significant alteration in that membership was to be available at 16 years of age and not the usual 18.

In order to obtain funding the founders applied to the Manpower Services Commission (MSC) for a grant as an "enterprise workshop". This scheme provided wages and National Insurance contributions for 52 weeks at the end of which time the enterprise had to be viable. In the case of Milkwood this amounted to a sum of £23,121.59 plus £2,130 towards administrative costs, tools and equipment. This method of funding meant that wage rates were fixed by the MSC and consisted of £26 per week for trainees and £55 per week for carpenters. The grant aid was to start on February 21 1977 and to end on February 17 1978, after which time it was intended that the co-op would be able to stand on its own feet. It was not clear how much financial supervision MSC would provide to that end.

The founders envisaged that the bulk of the bread and butter work of the co-op would lie in repairing wooden pallets. Estimates of the number of pallets to be worked per month in order to achieve viability by the twelfth month were included in the JCP application. It was difficult at this stage, of course, to anticipate the amount of time it would take per man per pallet and impossible to know of the difficulties that would arise in reaching the targets. It would undoubtedly have helped had any of the founders had experience of the pallet making business.

*The Industrial Common Ownership Movement has developed a set of model rules which may be used by worker co-operatives to register as an Industrial and Provident Society.
Premises were found on an industrial estate in an AFU (advance factory unit), 1626 sq. ft. in size at a rent of £1900 and rates of £900 per annum. The AFU was constructed of concrete blocks and steel with white asbestos cladding at the front and glass panels at the back. There was a small area along the frontage which allowed parking for two cars and a skip and there were similar AFUs either side contiguous with it. In other words there was very little space for storage or waste, essential to the type of business being set up. The attached plan gives some indication of the layout.

A training scheme was set up for the trainees at Wolverton College for Further Education whereby they would receive instruction in carpentry and business studies one day a week. The course operated from September 1977 to March 1978, although trainees ceased attending the business studies part of the course earlier than this owing to undisciplined behaviour.

Membership of the co-op was open to all employees whose application, after three months probation, was approved by the General Meeting. It was originally intended that all such members would gradually outnumber the founder members and that control would pass into their hands. The founder members would eventually retire leaving the co-op to run itself. Members of the co-op were to be encouraged to be in trade unions - see Terms and Conditions of Work - although in the event few joined or were members.

The nature of the genesis of the co-op inevitably created a hierarchical structure to the organisation despite the intention implicit in its conception as a "co-op" being to the contrary. The founders became a "Management Committee" together with the administrator(s) and carpenter(s) they appointed. At first General Meetings of all members of the co-op including the founders were to be regular and formal with minutes circulated to everyone.
In time it was felt necessary for the "Management Committee" to meet separately. The tension set up by this discrepancy between the official ethos and the underlying reality was to be responsible for many of the problems encountered by the enterprise. This will be illustrated when we look at problems between administrators and carpenters; between the carpenters; between "management" (i.e. administrator and carpenters) and trainees; and between Management Committee (or more accurately founder members) and administrators. As with many industrial organisations the line of responsibility was not always clear to those involved in the organisation.

Phase II

From a base in the Voluntary Organisation Centre in Bletchley where the co-op spent its first three weeks, an administrator, a carpenter and three trainees, selected from the unemployed register, started building Milkwood Co-operative Limited. They moved into the factory on March 14. The following day the administrator had to be asked to go home as he was not fit to be at work owing to an excessive intake of alcohol. He was subsequently asked not to return. At this point a retired clerk agreed to step in temporarily to do the books and help run the factory while the Management Committee looked for another administrator.

Meanwhile work had started on pallets to be repaired for a local cold store firm. Almost immediately it became obvious that the work process itself had not been sufficiently researched and tested; also premises without a yard created problems. It had originally been envisaged that wood used in pallet repair would come from "cannibalisation" of old pallets. The methods used to do this work were essentially amateurish. Problems arose because the nails used in the construction of pallets are of the annular
ring shank variety. This means that if nails are pulled out of the wood using normal withdrawal methods such as with case openers, the wood is damaged. The alternative is to cut through the nails thereby preserving the wood. The co-op looked at several methods of doing this. The first was to use some very crude axes made up locally for the carpenter. The pallet was placed on its side and the axe driven through the nails. When this failed some expensive Swedish nail-pullers were brought into operation. These proved no more successful than the case openers: the wood became split. Thirdly a method used at other establishments such as Adepcou was employed. This involved levering apart very slightly the wood from the runners and sawing through the nails with special handsaws. This method was successful and economic: when costed out properly it produced wood at rates which were competitive with the buying-in price of "offcuts" and scrap wood (20p/metre). The carpenter, and his successors, were reluctant throughout, however, to ensure that this work was done and always preferred to use new wood.

From the beginning it was clear that pallet handling was a big problem. Maximum storage of 1m x 2.2m pallets in the factory was in the order of 150, i.e. less than a day's work. Outside storage was no answer as MKDC (Milton Keynes Development Corporation) did not allow this on the estate for aesthetic reasons: the co-op obviously needed a yard.

Scrap too was a problem. Due to little "cannibalisation" much scrap was created. Not only did this defeat the recycling objectives of the enterprise but involved the co-op in considerable expense not included in the budget. For safety reasons scrap had to be placed in a skip outside the factory and then dumped. This proved costly and later (in May) a Transit van was hired to dispose of scrap and to facilitate the buying of wood. It was however later found that this was not the most suitable vehicle for the
purposes of the co-op since it was too small to take many pallets on collection and delivery. A flat truck might have served this purpose better. The Transit also led to other problems of abuse by some of the workforce, as we shall see later on.

In these early stages all the tools used were hand tools. As time went on it became apparent that power tools were needed. Problems also emerged over the ownership of tools. These were owned by the co-op, rather than by individual workers (as is the case in most businesses employing craftsmen). In Milkwood's case they were not properly looked after and had a tendency to disappear. This was a problem that was never adequately dealt with until the formation of the mini-co-op shortly before the enterprise ceased trading, when craftsmen provided their own tools and were paid a weekly tool allowance for them.

For the first month, then, the co-op had to tackle all the initial teething problems without its proper complement of permanent personnel, which was not good for morale.

**Phase III**

On April 1 a second administrator started work alongside the carpenter and the three trainees. Already the monotony of pallet repair work was causing some concern but it was felt that more training was needed by the trainees before alternative lines could be undertaken. This was underlined the following month (May) when another trainee complained that he was learning nothing on pallet work and was told that pallets were the bread and butter work for the first twelve months. The development of new lines brings with it financial problems as we shall see later, but at this stage the co-op was not aware of this. Its main concern was to meet customers' requirements for pallets to be of uniform size, and square, for stacking purposes.
In May two more trainees joined the workforce and the number of pallets repaired increased from 448 in April to 956 in May. This latter nearly achieved the target figure of 960. The losses greatly decreased this month so that the co-op nearly "broke even". Wages, of course, were not being covered as these were paid by MSC under the JCP grant; and there was no rent to pay on the premises for the first six months. (More of this in the financial section). However, the enterprise can be said to have been successful, on paper, until the end of July: targets were reached in June and July and a net "profit" made in June, July and August.

This was more by luck than judgement, however. The new administrator had very little grasp of book-keeping, it seems. Moreover, neither the founder members not the JCP provided advice or supervisory service for the project. The administrator was not required to provide weekly or monthly accounts to the meeting and his financial and organisational judgements were not scrutinised by them. (For example a Bank overdraft and Deposit account were at one time being operated simultaneously). He was, however, criticised by the rest of the workforce at the fortnightly meetings, the first criticism being made within a month of his appointment. At this time a trainee complained about the administrator's (Harry's) absence from the factory in the afternoons when he left no indication of his whereabouts. More seriously, the carpenter, Bill, asked to be relieved of cheque signing - the first indication of suspicion about Harry and money. A Discipline sub-committee of the general meeting was suggested but nothing more was done about this until July.

In the middle of the next month, June, the carpenter resigned after having made repeated allegations about Harry's absences from the factory and about Harry's handling of co-op funds. During the discussions at a meeting on June 15 Harry gave explanations of what had happened which were minuted as "satisfactory" and the
allegations were withdrawn. However the carpenter resigned "on account of overstrain, high blood pressure, a worsening of his diabetic condition and of the disability in his left arm."

After an accident some years previously Bill had retrained as a teacher of woodwork and viewed his appointment with Milkwood as an opportunity to teach others his woodworking skills. There may well have been strong medical reasons for his resignation; however, his departure was clearly hastened by other factors including his scant regard for the "all talk and no action" Management Committee, the lack of opportunity to transmit his woodworking skills to the trainees due to the rudimentary nature of pallet repair and the fact that despite being employed, as he thought, to supervise and teach he was expected to perform administrative duties and find work. (Despite his apparent acrimonious time at Milkwood Bill later went on to work in a somewhat similar MSC funded scheme).

Immediately after this some measures to curtail Harry's unbridled activity were imposed: he was asked to leave a note giving his whereabouts when he left the factory, cheques had to be counter-signed by one of two founder members, and his mileage expenses were to be claimed and paid weekly, instead of at irregular intervals.

The workforce now consisted of six trainees, another one having joined in June, the administrator, Harry and another carpenter/supervisor to replace Bill. His name was Tony and he, in common with the other carpenters and trainees, had little or no knowledge of co-operatives or schemes of this type prior to joining. The primary attraction of the Milkwood job lay in the fact that it was local which meant that he would no longer have to work away from home on building contracts.

Work was now being done for the stationery division of Barclays Bank, for a building firm (Macleans) and for a tin can manufacturer (Reads). A large contract had been arranged with Reads. July was the last month in which work was obtained from them, however,
because the arrangement had been an "irregular" one with an employee of Reads who had overstepped his brief.

Another carpenter, Mike, joined the workforce in July. Mike at this time had been unemployed for three months and was in his words "desperate for a job, any job". One trainee who had been there since the beginning left, and another was taken on. Now there were two carpenters as well as the six trainees. 

"... space limitations would make further expansion difficult even though the constant availability of the van was cutting down on storage requirements" it was minuted on July 6. There was concern at this time that the business was not viable on the present scale: more work had to be done to cover overheads and the large contract with Reads was therefore welcome.

It seems that the three variables of space, quantity of work and the number of people to do it (and also be paid) was never satisfactorily resolved. Three more trainees were taken on in August. During that month the number of pallets repaired dropped considerably to well below half the target number. Revenue in July/August was covering only 70% of gross costs as mentioned in the minutes on September 15. The slowdown of orders was now a matter of concern, and it was thought important to chase up debtors.

Two sub-committees, one on Production and Finance and the other on Discipline, Grievances and Conditions were set up during this period. The latter instigated a system of three written warnings followed by dismissal, with a right of appeal to the sub-committee and then finally to the General Meeting. It was hoped that it would not be necessary to use it. The former had the effect of taking several areas out of discussion in general meetings because they were referred back to the sub-committee.

One of the initial tasks of the Production and Finance sub-committee was to investigate the possibility of an incentive pay scheme with the JCP officials. "The turnover rate of £600 per week that had
been quoted related to 10 employees. With three new trainees and
another expected a figure of £750 would be needed." (Minutes, 'August 10) At the same time efforts were being made to diversify
the work: presumably another attempt to improve morale and
increase turnover. It was agreed to pursue outlets for bar
stools, flower boxes, dressing table stools, refectory tables
and wooden benches. There was the possibility of trial order
for the latter from Milton Keynes Development Corporation (MKDC).
Meantime pallet work was obtained from yet another building firm:
Crudens.

During this phase, then, prospects looked reasonably good though
not without challenge. There were still some important financial
problems to sort out. But organizationally the co-op was
beginning to feel its way towards establishing some procedures
to deal with the matters of day-to-day running. A Training sub-
committee met and drew up a policy statement on Health and Safety.
However the Minutes contain some very contradictory statements
and there was not a little confusion. A question of responsibility
had arisen when the administrator and both carpenters were out
of the factory. "There seemed to be an assumption that Harry
was in charge with the instructor/carpenters next in line and
the trainees at the bottom. But when all the older men were out
of the workshop it was necessary to leave someone in charge for
answering the phone and handling emergencies." One of the
trainees was consequently put in this position, despite some
opposition because he was younger than two of the others, who had
been there longer than any of them. In any case it is recorded
in the Minutes "it was agreed that one of the senior staff must
be present at all times for safety reasons." It was also
established at the same time that mileage covered in the Transit
van was to be recorded in a Log Book in future in support of any
claims against petrol. In the event this agreement was never
carried out, further adding to the problems of finance and low morale.
Phase IV

From August to December the amount of work done declined and targets were never reached. Meantime, of course, losses increased, see Table 1. Contracts were obtained from two more firms and MKDC ordered some benches but morale must have been low as the autumn went on.

Table 1

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<tr>
<td>Pallets repaired (from sales invoices)</td>
<td>448</td>
<td>956</td>
<td>1838</td>
<td>2651</td>
<td>965</td>
<td>533</td>
<td>428</td>
<td>34</td>
</tr>
<tr>
<td>Target number</td>
<td>600</td>
<td>960</td>
<td>1320</td>
<td>1680</td>
<td>2040</td>
<td>2400</td>
<td>2760</td>
<td>3120</td>
</tr>
<tr>
<td>Estimated net profit (after wages paid by MSC)</td>
<td>(£382)</td>
<td>(£13)</td>
<td>£644</td>
<td>£974</td>
<td>£510</td>
<td>(£206)</td>
<td>(£555)</td>
<td>(£867)</td>
</tr>
</tbody>
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(Figures in brackets indicate a loss)

In October Tony who had come in June to replace Bill left. There was yet again only one carpenter and a replacement was not found until November. At that time a third was also appointed following a recommendation from the Production and Finance sub-committee: he only lasted a month.

At the same time efforts were being made to equip the co-op better by the purchase of a bench stand and drill, a grindstone, a sander, a jigsaw, a tapper and a dimension bench saw, at a total cost of £621.
The training course at the College of Further Education in Wolverton was causing some problems: the trainees appreciated the carpentry course but not the business studies which they thought a "waste of time". Their behaviour in business studies led to complaints from the college and four of them were suspended from attending that part of the course - much to their delight!

The founders were by this time very concerned about the financial state of the enterprise. They held a special meeting in October with the Job Creation Officer for Milton Keynes: the first time a meeting had been held by them without the workforce present since the co-op had started trading.

A paper was presented by Dr. Read of the Open University entitled 'Prospects for Milkwood'. It noted that poor relations with customers were a contributory factor in the loss of three major contracts for pallet work, as well as Harry's well-meant wish to move into more sophisticated work than pallet repair. "Nevertheless" it states "the Management Committee is of the opinion based on its experience of June and July, that pallet repairing is potentially a viable bread-and-butter business for Milkwood, to be supplemented by contract work for MKDC, and perhaps others, and with limited production of items for retailing through local outlets." (It was also suggested that prices quoted by Harry to customers were too high and that firms were beginning to repair their own pallets).

It was at this meeting that the suggestion came up that a JCP scheme would function better as a unit in an existing enterprise. At the same time Tom McEwan wrote to the Industrial Society to request the secondment of a manager "to spend, say, 6 months analysing Milkwood's systems and testing local markets to establish a work-programme which will put the co-operative on a sound footing for the next year or two." The net result of this was two visits by a manager from ICI in March the next year.
The financial problems of the co-op were also given an airing at a general meeting of the co-op that month (October). Work was said to be at a low ebb, there was a trading deficit of £4,000 and an unaccountably high bill for petrol, of £150, for a 4 week period in August had been received, which indicated that petrol must have been going into perhaps other vehicles, certainly other uses, than the work of Milkwood. Mileages were not being logged properly. Although a Log Book was started the next month, November, the instructions to use it were nevertheless not carried out.

By the end of October the inappropriate behaviour of the administrator, Harry, caused the Discipline, Grievances and Conditions sub-committee to meet. The first matter to be dealt with was his overtime: he had accumulated 169 hours. The agreed procedure was for time off to be taken in lieu of overtime and for overtime not to be paid – for obvious reasons. There was a difference of opinion between the members of the workforce on this sub-committee and the founder members who were outvoted, 3-2. Harry was to be paid cash for 129 hours. This can be seen as an external indicator of the motivations and allegiances to the co-op ethos of the two groups, because, in the same meeting, as had happened previously, the workforce were critical of the administrator’s behaviour. On the question of overtime however, the pursuit of individual monetary rewards prevailed over the survival of the co-op. To this extent they had not absorbed the co-operative ethos that the founders might have hoped for.

Harry’s failure to carry out his responsibilities lay in three areas: that of financial judgement and procedure, management of relations with other members of the workforce, and personal honesty. There were matters to do with the accounts, the insurance on the premises, common seal, the lease, which he had failed to deal with and there was a bank overdraft being run up while money still lay in the deposit account. A debt owed by Reads of £4,482 had still
not been cleared up (from August). The question of the log book for the Transit was brought up as were also the absence of satisfactory mileage claims and his absence from the factory without notification of his whereabouts. A note appears in the minutes suggesting that Harry seemed to be playing off one founder members against another over the matter of expenses, saying to one that another had authorized something as part of his expenses when this was not the case.

Harry was asked in future to inform the particular founder member responsible before any decisions were taken in contravention of previously agreed decisions and guidelines or as soon as possible after. No sanctions were imposed on him, though, to make sure that this request was complied with. This request was also difficult for him to put into practice, it seems, because the founder members were frequently hard to contact.

The "Management Committee" (founder members) overruled this sub-committee the following month on the payment of Harry's overtime on the grounds that he had broken rules, not consulted the "Management Committee" and that the financial situation of the co-op was serious. The administrator then resigned, his resignation was accepted but they decided to pay him for his overtime, a payment which, subsequently, he made over to himself gross, with no deductions for tax etc.

By the end of November therefore the co-op was without an administrator and had severe financial problems, not helped by the confusion as to just what the financial position actually was. A report at this time shows that a cash reserve of £6,100 had built up in the first six months and that projected losses of £4,500 were expected in the second six months on the latest estimates, even after the grant aid had been taken into account.
Yet the accounts show an accumulated profit for the first six months of trading of £1,550. Work had started on making benches for MKDC. Meanwhile, as Table 1 shows very little work was done on pallets and the founder members felt it necessary to deliver an elementary lesson on the theme of 'the customer is always right', since there had been complaints about late deliveries. Contact with 'difficult' customers should be through them in future.

A suggestion was submitted by Barry Jackson, of Wolverton College of Further Education, at this time, that a sales/marketing person be appointed to research products to be sold in the area, talk to the carpenters about these and arrange their production. This would require someone who combined business acumen with a knowledge of the trade and it was thought unlikely that such a person could be found.

For the first two weeks of December the retired clerk who had helped out during the gap left by the first administrator in March, stepped in to help run the factory, do the clerical work and get the books straight. One of the carpenters taken on in November left, as did two of the trainees, including one who had been there since the second month of the co-op's life.

The post of General Manager was offered to Peter Cockerton with a brief to make the co-op a viable concern within a co-operative framework. This was done by the founder members (Management Committee) at a salary which was higher than JCP rates: the balance to come out of the trading account. All this was presented to the General Meeting on December 13 as a 'fait accompli', a procedure not in keeping with the co-operative ethos, but then this was a hybrid animal anyway, and with some considerable chance that it might founder completely. However, it was pointed out, at the meeting, "that other skilled carpenters were being paid less than the market rate and had been told that additional money
could not be made available. (Minutes, December 13). There was obviously some irritation and resentment caused. This was, in fact, the start of a departure from JCP rates and subsequently the carpenters and one of the trainees, who was a driver, received “top up” on top of their wages from the JCP.

This appointment was obviously seen by the founders as a last attempt to rescue the enterprise from closing down at the end of the grant aided period, and the shift in emphasis from the title of 'administrator' to 'General Manager' was, it seems, intentional.

Phase V

Four major problem areas faced the new Manager:

1. the management of disillusioned personnel;
2. the management of finance which had been left in a mess;
3. the management of materials and process as yet unsystematized;
4. the relations between founders, the funding authority and the project.

On the personnel side: the other carpenter taken on in November had been given two months’ sick leave to undergo a hernia operation. Another (David) was taken on temporarily on January 23 to replace him. At the same time the carpenter who had been there since July left on a week’s notice to take a more highly paid job as a milkman. He was not particularly keen to go on being a carpenter but was highly motivated by the notion of incentives; indeed he said he had been looking around for another job ever since he started at Milkwood and was "very critical of the whole set-up."

This left the co-op with one temporary carpenter and seven trainees.
The Minutes of meetings of the Management Committee indicate great concern about possible misuse of co-op time and money by the workforce. The new Manager had to deal immediately with:

(a) £357 of tools and equipment not accounted for;
(b) irregularities in the petrol account under the previous administration, viz. £2,800 spent on travel and motor expenses from Feb-Dec 1977. (A system was introduced from this point whereby drivers could only get petrol with an official note signed by the Manager).
(c) The possibility of outside work having been done with materials belonging to the co-op. (Advice was sought about involving the police).

The stir caused by the appointment of a General Manager on rates above the JCP ones meant that the negotiations with the MSC for wage increases for the carpenters and for the driver/trainee, who had been with the co-op from the start, were a priority. Verbal agreement was rapidly obtained but it took two months to get it officially authorized, in writing. Meantime the increases were paid out of the trading account. At the same time holiday entitlements were clarified: JCP did not allow for extra pay in lieu of holidays. It was made clear that holidays must be taken before the end of JCP funding if the co-op was going to have to close down at the end of the scheme.

2. Financially the situation was acute since JCP cash was at this time cut off pending the presentation of the accounts up to December 31 1977. These had not been presented because they had not been properly kept under the previous administration. The JCP account was overdrawn by £3,000 and there was a debt owed by Reads for pallet work amounting to £4,500. This was rectified by the end of the month and the accounts presented.
3. Excess wood had been bought in for the venture into bench making and had to be returned. It was worth £1,749. The new Manager negotiated a £1,500 credit. The bar stools and pine tables which the co-op had already produced had to be sold off at knockdown prices through another co-op, Tugboat, because of their poor quality. Meantime the co-op continued to work on benches, bus shelter panels and pallets. Indeed the manager calculated that the co-op needed to repair 100 pallets per day at an added value of £1.50, the maximum price that Milkwood was getting, in order to break even. The usual market price at this time was about 80p. There was a limit to the number that could be completed per person per day and a limit to the number of people and pallets that could occupy the space offered by the factory.

At the end of his first month the General Manager expressed his doubt as to whether it would be possible to get Milkwood viable by the Grant Termination Date. The odds certainly seemed stacked against.

As the New Year went on they did not improve. February saw the departure of three more trainees, leaving a workforce of two carpenters and four trainees. Nevertheless twenty-five benches were completed for MKDC and some "outside work" was being done on partitioning in another AFU in the same block as Milkwood, as well as pallet work for two firms.

Milkwood stopped hiring the trouble-generating Transit van and saved £130 per month. In future deliveries were made by customers or else local carriers such as Tugboat were used.

A problem arose concerning safety standards in the factory. The Safety Officer for MKDC found that the electric wiring and circular saw did not come up to standard.
In this last area, it quickly became clear to the Manager that the Grant Termination Date was not March 31, as he had been led to believe, at the time of his appointment, but was officially February 17. There was no copy of the agreement between founders and MSC available to him. He negotiated with High Wycombe MSC and obtained a three weeks' extension until March 10, on the grounds that the enterprise had been three weeks later in starting trading than the date of occupation of the office at the Voluntary Organizations Centre.

The General Manager presented his report on the period from the time Milkwood began in February to the end of December. He also stated that work was continuing to flow into the factory at the present time and that a profit had been made in both January and February, assuming wages were paid out of the Grant. However he felt that working capital, at £590, was too low. There was a discussion at the general meeting as to whether or not to continue after the Grant Termination Date, March 10. The General Manager felt that they should not, because of a lack of support from the trainees. One of the carpenters felt that it was up to the trainees to show their willingness. The trainees stated they wanted to stay and make it work. After that date not working hard was made sufficient grounds for disciplinary action.

A statement was issued by the founder members later that day saying that they had decided to accept the MSC's offer of an extension until June 10: a three-month funding as an ordinary workshop (rather than an enterprise workshop). They also stated that they had asked the General Manager to continue with the following priorities:

(a) viability
(b) provision of jobs
(c) co-operative working.
There was one proviso:

"We have agreed that a return to co-operative working will have to wait until the workers have shown they can work together properly. For the next few months we have to show we can pay our way with Peter (the Manager) in full charge and with David and Bernard (the carpenters) having authority on the shop floor. We have also agreed that the best chance of viability is to continue with the existing workforce but it is up to you to show that you are making a go of it." (February 1978)

With this exhortation behind them work continued for another two months. The Manager made a drive to increase pallet work: an extensive publicity mailing was carried out in Milton Keynes. An article was published in the New Scientist to attract suggestions for products specifically designed to meet Milkwood's requirements, in the drive to diversify. However there was more trouble on the personnel side: a manager, seconded from ICI following the appeal to the Industrial Society, visited the factory twice. He recommended that one carpenter should take on extra supervisory duties and be placed above the other. The carpenter who had originally been appointed temporarily while Bernard was undergoing a hernia operation, David, was appointed in this supervisory position for a probationary period of three months at £65 per week. Bernard, who had just returned from that operation promptly resigned. David subsequently went off sick. This may have been due to the increase in responsibility for in a subsequent interview David echoed the criticisms of other carpenter/supervisors in his condemnation of the lack of practical help and support from the management committee plus the fact that he was expected to supervise kids who were not motivated. He felt himself to be a carpenter not an administrator or marketing person.
He had now been employed in the co-op for 8 weeks, during which time he had been off sick for 11 days. It was suggested that he have an examination at the Occupational Health Centre.

With David off sick and Bernard having resigned the General Manager was now running the factory single-handed. There was considerable trouble in acquiring another carpenter: one came on March 29, stayed one day and left.

Sales dropped in both March and April but although there was a net loss in March there was a slight profit in April. Still this was not enough. At the same time there was a demand from MKDC that the service door be repaired at a cost of £300, difficulty in getting the wage increases (at present coming out of the trading account) ratified by the MSC, and difficulty in getting a new carpenter.

The Minutes for this month show confused currents: "It now appears clear the Milkwood is unlikely to be able to survive after the end of JCP funding", yet they discussed not only wage increases, but also the need to alter the job description in advertisements for a new carpenter/supervisor. At the same time the accounts for February were presented and these showed a worsening situation. The General Manager thought this was due to

(a) low productivity and inability to estimate the correct time for jobs, partly due to the resistance of the workforce,
(b) excessive non-productive time, and
(c) irregular workflow.

Also discussed was a proposal from Alan Thomas for an association of worker co-ops: Milkwood, Tugboat, Alternative Co-operative Enterprises and the Pine Furniture Co-op to share services,
training schemes and possibly premises. The Association would apply to MSC for a workshop under STEP and later set up a training workshop.

By the end of the month a memorandum had gone out from the General Manager, (following the decision of a meeting of the founders with him on April 260 to the effect that Milkwood would have to cease trading on June 9, at the end of the three month extension. (Holiday entitlements would have to be taken before that date rather than payment in lieu, which would have amounted to £632.) His statement went as follows:

"I believe the concept of an enterprise workshop consists of fundamental contradictions in trying to set up a viable business in a short period of time, and having to operate in the context of constraints of low wages, employment of school leavers, etc. I therefore believe that it is unrealistic to attempt to make Milkwood viable as an 'enterprise workshop'. (This does not mean that I think that all such projects are doomed to failure, on the contrary I believe that a completely fresh start attempted in the light of past experiences would stand a reasonable chance of success.)"

The last month of operation saw the advent of a new carpenter, George, as a temporary workshop supervisor until June 9. David returned after 7½ weeks off sick. The trainees made very little effort, perhaps not surprisingly, and gradually left. During this time, however, there were discussions about the future which produced three alternatives to merely closing down Milkwood:

1. the formation of a training workshop

"It can reasonably be said that Milkwood has successfully operated this type of scheme in the past and MSC would probably see it in this way." The problems foreseen were that it would take 6 months to set up and it would need supervisors of a high standard which are difficult to find.
2. the formation of a mini-co-op composed of two carpenters with no trainees.

The suggestion was that with no subsidising of wages there would be more incentive. The proposal centred on George the new carpenter, who was both to research it and carry it out.

3. the formation of a Milton Keynes Co-operative Development Agency (CDA) to organise the setting up of training workshops and to provide management expertise for co-ops.

In the event, discussion of the training workshop was shelved and the CDA was seen as an integral part of the mini-co-op, to provide management services for it. George was given a brief to see if work was available for the mini-co-op to do. Estimated overheads were £105 per week and wages £134 for two men.

Milkwood officially closed down, then, on June 9 but was succeeded by the Mini-Co-op.

Phase VI

The ideas behind the mini-co-op included retention of the co-operative ethos, and the possibility of expanding the workforce from the original two as it became viable. There was even the suggestion of providing training "in so far as it adds to the viability of the enterprise." It aimed to "provide work that is as far as possible geared to local markets, useful products and recycling." In effect it was much like Milkwood in intention but without some of the strings attached which had tied that venture in knots. It was to start small and emphasise viability before attempting to provide social services. It was explicitly
stated this time that final authority lay with the Management Committee, which consisted of the founder members of Milkwood plus Peter Cockerton, whose services were obtained on a consultancy basis. There would be no more external funding but the hope was that it would continue on a permanent basis.

Keith was taken on as the second carpenter and together with George worked on factory furniture, notice boards and work benches. Meetings were held fortnightly and after 4-6 weeks it became clear that the mini-co-op was losing £100 per week.

Jim Frederickson, a member of the Alternative Technology Group at the Open University, was brought in to advise on marketing procedures. At the same time work began on housing maintenance for MKDC. The amount of maintenance work available was limited however and insufficiently paid to cover any appreciable proportion of the overheads.

After a sales campaign and market research study Jim Frederickson reported that:

1. Despite the likelihood of obtaining a sizeable local contract there appeared to be little real potential for Milkwood's type of woodworking services.

2. The level of equipment, skill and experience in Milkwood was such that only work of a basic nature could be attempted.

3. The very high level of overheads means that under present conditions Milkwood is uncompetitive compared to individual carpenter's work and off-the-peg wooden/metal products.

4. The co-op had insufficient working capital to allow it to continue trading while new products or services were considered.
In an attempt to reduce overheads, much smaller premises were sought, unsuccessfully, and in August it was discovered that George had Meniere's disease which meant that he was unable to drive or use any machinery. Jeff was taken on in his stead.

Despite having looked hopeful at first, this venture, too, came to a close. The mini-co-op had to close down on September 27 because of potential insolvency. While overheads were much as expected there was a shortfall on sales and the losses of £100-£150 per week quickly ate up the float of capital, which was not as much as had been estimated (see Finance Section).

Net loss in June was £429, in July it was £483 (accumulated total £912). The losses increased steadily to September when the total was £2114. This part of the enterprise was also dogged by bad luck with personnel: George's illness removed a key person and left a workforce of two who were unused to dealing with customers.

At its AGM on November 3 it was agreed that the co-op ceased trading on September 30 1978, nineteen months after the whole venture started. In a letter dated October 5 the co-op's accountant says "I am very disappointed that the Co-operative has had to suspend its activities and I believe that unless it can continue to trade profitably, in the very near future, it should be dissolved ... the success of the co-operative was very much dependent upon the quality of management in the factory and this was just not good enough in a start-up situation."

Despite negotiations with MSC and MKDC about payment of their accounts it is still not certain whether the co-op will be able to meet all its liabilities.
PART II ANALYSIS

Achievements and failures in the Milkwood experience: was it a wasted venture?

Earlier we listed the objectives of the Milkwood venture as expressed in the application for the JCP grant. (Phase I) To what extent were these objectives achieved? We shall look at each of them in turn; but it is worth noting at this stage that this is a rather limited approach since any body of people engaged on a common activity bring with them, and continually generate, a whole matrix of goals, motivations, needs and opportunities for growth, which provide each of them with experience of undulating value and intensity. Because of this it is hard to say of this, or any other venture, that it was a success or a failure. That it failed to become financially viable is certain and must have been a negative experience for most people involved in it because without achieving this sound economic basis a worker's co-operative cannot survive. However it must have provided a learning experience of some kind for each individual, even if the organization as a whole failed to become conscious of, and learn from, its own dynamics.

This assessment is most likely to contribute to the learning experience of observers and those making planning or "managerial" decisions about or for co-ops, and is deliberately weighted in that direction: in no way does it pretend to be a workers' post-mortem on Milkwood. Written reports are unlikely to be the participants' vehicle for extracting lessons from the experience.
I  The relief of school leaver unemployment?

Rather than setting up a workers' co-operative Milkwood's overall achievement can be said to have been to provide a training workshop for twelve months and to have kept a few school leavers from the dole queue. To them it gave some experience of work for a short time and some training, however limited. If it had simply set out to provide suitable tasks and training for school leavers, and not intended to become a viable business enterprise, and had it been seen as such by other bodies, it might have been regarded as a success, in terms of MSC workshops. However it failed to provide them with long-term employment, and although some went on to do semi-skilled carpentry work, most went to unskilled jobs. One or two became unemployed. It is just possible that, given that an application had been made in time i.e. with enough forethought for the funds to have come through, the project could have been converted to a training workshop proper. This would have needed different personnel to run it, qualified in both carpentry skills and teaching skills. Alternatively, the mini-co-op could have succeeded if it had transferred to smaller premises, a garage perhaps, and a team of carpenters had set up to do maintenance work on Corporation houses. In this way Milkwood might have survived as a workers' co-op, but the training angle would then have gone, and it would not have provided work for unemployed school leavers. This however, is all speculation in retrospect since we have information now about the finances which was not available to the participants at the time.

II  Viability?

The enterprise did not become viable at any stage. It survived the JCP scheme by 16 weeks, but despite all the efforts made by those remaining at the end to salvage the enterprise, it did not have enough time or capital to take the early losses while it was weaning itself from the wage-funding of the JCP scheme.
III  Provision of training?

Milkwood's founders had much higher ambitions concerning the training to take place on site than any of the personnel employed were capable of providing, or that the work process itself allowed. The carpenters were not trained teachers, and the work itself did not offer much scope, and so the instruction in carpentry was limited. As for the management skills about which there was much talk in the JCP application as necessary to participants in a co-op, those members of the Open University who might have provided those training schemes had already expressed their doubts about the amount of their time they could allocate to Milkwood, before the project began. A simulation game was played on one occasion by the whole workforce, but apart from this, training exercises never materialised. One wonders where the time would have come from and how this would have affected productivity in the delicate context of a project having difficulty in becoming viable.

Off-site training was moderately satisfactory, with the exception of the business skills course. The general tone of the syllabus for the latter suggests an approach from a managerial point of view, maybe even a justification of management, which may have been unpalatable to the trainees, coupled with a lack of motivation in the "real life" co-op, on their part. They after all saw themselves as workers, as we shall see later.

IV  Recycling?

The extent to which the recycling objectives were reached is only moderate. It is true that old pallets were recycled and that the practice of doing this may have spread to firms who continued to do this after they ceased to be Milkwood's customers. Not as much use was made of old pallets as might have been, however, because of the reluctance to cannibalise and the fact that a satisfactory method of doing this, with appropriate tools, was never arrived at.
The scrap was not usefully used, being either burnt or dumped. This was due partly to the location of the factory but also to the lack of a policy on the matter.

V Its success as a co-operative?

Measuring how well a venture is working as a co-operative involves looking at a number of processes and at the subjective perceptions of those processes held by the personnel, and how they evaluate them. Here we look at four areas: there are obviously many more.

(a) Responsibility and involvement: both carpenters and trainees had a low level of involvement in the co-op it seems. Consequently very little initiative towards taking responsibility was forthcoming from the workforce; neither was much demonstrated by the first two administrators. (See section on Social Relations).

(b) Decision-making: formally participation was guaranteed by the holding of regular general meetings. The reality of it depended on the personnel involved at any one time and the number of people present at meetings, how they were conducted and what stage the financial crisis had reached. Initially things happened in a fairly unsystematized way. During Harry's administration decisions were made democratically, it seems, but not always carried out by Vic and the rest of the workforce. No system was devised to check whether decisions were carried out, neither were there any sanctions employed as controls on any member's behaviour. Gradually, however, a split developed, not between management and trainees, or instructors and trainees, but between the whole workforce.
and the founders. The founders were felt to be unapproachable or were held in suspicion by the workers. This feeling of antipathy towards the founder members was dramatically illustrated by one of the trainees in a subsequent interview when he expressed the view that "the only important win we (the workers) had over them was to get Harry his overtime money." The founders did not participate regularly in the daily running of the factory and seem to have been reluctant to spend much time with the workforce. They displayed a lack of ease in relating to the project.

By the end of Harry's administration the founder members had begun to meet separately and to impose their decisions on the workforce. Also setting up sub-committees to deal with various aspects took a large number of decisions out of the arena of the General Meeting.

Finally the stage was never reached when the founders, or Steering Committee, phased themselves out and the co-op was wholly run by its working members.

(c) Discipline and Grievances: despite the sub-committee on this complaints, dissatisfaction and discipline problems were not effectively dealt with. Hence the carpenters got little satisfaction in the matter of either the trainees' misbehaviour or the administrator's slackness, irresponsibility or elusiveness. The trainees and carpenters did not have their complaints adequately answered about the monotonous work, which gave the former little chance to put newly learned carpentry skills into practice, and the latter little opportunity for expression of their expertise, during the first two administrators' periods of office. In subsequent
interviews carpenters bitterly complained that "good ideas for more appropriate products" were frequently vetoed by the committee without explanation and that the management committee and second administrator would not allow them to exert any discipline over the trainees.

(d) The spread of co-operativism: their experience, admittedly short, of working in co-operative structure does not seem to have inspired those who worked in the enterprise with the philosophy of working co-operatively. It might be true to say that they regarded it as something of a joke, part of a game which academics play in which they are pawns. Few, if any, expressed any real satisfactions coming out of the Milkwood experience. On joining Milkwood few, if any, of the workforce had experience or knowledge of co-operatives. They had abstracted the notion that "everyone was equal" which meant, to the trainees, that no-one should be able to tell them what to do, and to the carpenter/supervisors it meant that they were not given the authority and status underlying their age and experience. The reticence of the management committee to introduce disciplinary sanctions polarised the attitudes of the workforce and compounded the directionless work regime which resulted. On leaving Milkwood the carpenters were unanimous in their condemnation of their experience of co-operative working and even the trainees suggested that perhaps more direction would have been beneficial. As for furthering the co-operative cause, Milkwood cannot be said to have done the movement a service.
VI A pilot scheme?

As a pilot scheme for future ventures Milkwood is obviously not replicable because the Government funding schemes have changed. However, we seriously doubt the suitability of such funding as a basis for starting future co-ops should the opportunity ever arise again, or any similar method of funding. It is also very seriously open to doubt as to whether co-ops should be constructed and planned by one group and worked by another, because of the difference in motivations, aims and aspirations. Working in a co-operative structure opens the door to the expression of much more dissension than the traditional hierarchical work structure offers or allows (see Some Problems of Co-operative Organization by Rob Paton, p48). It therefore seems important that there be some investment in the co-operative nature of the enterprise to provide the will to work at the conflicts and learning processes entailed which can otherwise so easily condemn the venture to insolvency.

Finally there was of course no surplus with which to fund other new co-ops in the area, as had been hoped might happen.
What caused the demise?

A Economic Factors

Without a doubt the finances of this enterprise were shaky from the start. A co-op, perhaps even more than an ordinary company, must do its sums properly so that this side runs relatively smoothly to allow energy to be directed towards working co-operatively. In Milkwood's case we shall look at the source of funding, the product and its market as well as the planning, the cash flow projections and the quality of financial judgements and controls.

There seem to be a number of problems attached to JCP funding which might well be elucidated in case of any funding of a similar kind becoming available again.

(i) The fixed wage rates set for the project contributed to job dissatisfaction amongst both trainees and carpenters and made it difficult to recruit administrators of the right calibre (see next section on Social Relations).

(ii) Linked to this was the requirement to take only people on the unemployed register. While this list includes many able people it does not follow necessarily that they are highly motivated to build up a co-op or even to get an ordinary business viable, even though a secure job and wage packet are something which they seek.

(iii) Most important was perhaps the false impression of security engendered by wages and salaries being met out of the grant. This meant that what looked like profits being made in June, July and August 1977 and when the co-op was just about profitable from December 1977 to May 1978, were really only indications of how the work was beginning to pay for the labour involved in the process. Without the JCP grant there would have been an overall loss of over £1,000 per month in that latter period, for example.
The relationship with the MSC was by no means clear and direct. They applied little supervision yet obviously imposed some minimum requirements as evidenced by the withholding of the grant until accounts for the period up to December 1977 were presented. It was difficult to get written communication out of them viz. the authorization of the wage increases which the last administrator spent two months chasing up. He had been informed of this entitlement by the National Workshop Support Group: a 10% increase fifty two weeks after start-up. One would have expected that this should come through automatically. Far from this it was hard, even after the initiative had been taken to apply for this entitlement, to get confirmation. (See discussion on contribution of a local CDA)

The product and its market: One of the problems associated with the setting up of this project was the lack of familiarity with the product, or carpentry generally, of the founders. While a great deal of thought was given to the abstract aims perhaps not enough attention was paid to the concrete objects and processes of the everyday existence of the business.

Pallet repair was found to be boring, repetitious work which conflicted with the aim to provide training. It involved storage and waste problems as well as incurring difficulties in the mechanics of cannibalisation. The space available and the kind of factory unit i.e. small workshop, no yard, dictated the way work had to be organized: there was no possibility of bringing large quantities of pallets from the customers, storing them until such time as they could be sorted and then recycling scrap as firewood, for example, while maintaining constant work on repairing pallets. As it was, a gross of pallets would be worked on, then scrap disposed of and repaired pallets delivered, before work could start on the next assignment. The time taken
per person to complete a pallet, plus time for scrap disposal and delivery, plus the cost of his wages and the price that could be obtained for the repaired pallet determined whether this was a suitably profitable service for the co-op to make its bread and butter line.

The development of 'new lines' requires time to work on prototypes as well as time to find markets. This was something which had not been taken into account.

The mini-co-op discovered, too, that although work may be forthcoming it may not be profitable in factory conditions. Housing maintenance work for MKDC was plentiful but did not pay enough to cover factory overheads as well as wages. It might have been more suitable for a small operator working from small premises with a van.

It is possible, too, that there was not sufficient demand in Milton Keynes for Milkwood's kind of services and that this had not been adequately researched.

The cash flow projections submitted in the MSC application were as follows:

On Pessimistic assumptions:— that the co-op would process 600 pallets in Month 1 rising to 2,100 in Month 12. With each providing an added value of 75p this would provide revenue rising from £405 to £1,418 per month, allowing for 10% wastage. Assuming a work rate of 4 pallets per hour per man, working 140 hours per month (a 4 week month) and a total of 8 staff, 5 of whom should be doing manual work, this would mean 2,800 pallets per month capacity.

On Optimistic assumptions:— that the co-op would process 600 pallets in Month 1 rising to 4,200 in Month 12. This would provide a revenue rising from £405 to £2,835, allowing 10% wastage and 76p added value.
As mentioned above these estimations were not founded in a concrete situation.

(a) The original budgets were not altered when the actual premises in which the work was to be done were found and this in fact limited the possible targets to 3,000 by Month 12 with an estimated revenue of £1,458 @ 75p added value. At most a total of 3,500 pallets could have been repaired per month on the premises at Barton Road.

(b) Rent and rates were badly underestimated @ £1,500 p.a.: actual amount £2,900 p.a. although for the first year this total would be £2,000 because first six months were rent free.

(c) Storage, scrap transport and new wood were not budgeted for and the following overheads were underestimated: initial costs, travel and insurance, bank charges, printing, postage, stationery and advertising.

(d) The final targets were never reached although the enterprise was successful on paper until the end of July (see Table 1 p). But as indicated already the profit is not real, because wages are not being paid out of revenue. The projections of revenue were not sufficient to cater for the fact that after the end of JCP funding that is where wages had to come from. In the event it seems unlikely that the maximum of 3,500 pallets per month, which is all the space would allow, would have generated enough revenue to do this. Whether or not they would have broken even, had the target been reached, would have depended on the amount charged to the customer, which would have had to be £1 each for 3,500 pallets of £1.50 for 2,300 pallets or 75p for 4,700 pallets per month.
The quality of the financial planning in the early stages suggests that it was somewhat hurried and that it lacked an experienced accountant. It remains unclear as to whether pallet repair was a viable proposition for the co-op because inadequate records were kept of the trading and because this was complicated by the peculiar way in which business was done with Reads (the large contract). It is interesting to ask why targets were not met from August onwards: was there work available or were firms increasingly repairing their own pallets? Or was it due to the disorganization amongst the workforce as the problems with Harry mounted? (See next section).

Financial judgement and organization during the period of trading:

From December to May 1978 a much tighter grip was kept on the finances and the books were properly kept. This was in marked contrast with the period under Harry's administration when an error of £400 on the wages was made due to poor book-keeping, and, as mentioned, the handling of bank accounts was eccentric to say the least. Harry also failed to sort out the co-op's entitlements to grants from the Industrial Training Board as well as the insurance, the lease and the handling of customers' debts. His lack of expertise and rigour in the area of finance and marketing contributed substantially to the demise from August 1977 to December 1977 and left the co-op in what proved to be an impossible situation despite the acumen and efforts of the general manager to rescue it between January and May 1978. At the end of the JCP grant the amount of capital generated amounted to £972 but this was not sufficient working capital to continue.

The decision to form the mini-co-op was taken under the assumption that there was £1,400 more available than was in fact the case, due to Harry's errors over wages and the co-op not being entitled
to the full grant from the Industrial Training Board because it did not fulfil the requirements of the usual Day Release scheme. Had this information been available at the time the decision to go ahead with the mini-co-op would not have been taken. It was a last ditch stand, although it was efficiently managed with proper book-keeping, weekly profit-and-loss sheets produced and fortnightly meetings held, it was not allowed sufficient time to prove itself.

We cannot stress enough the importance of attention to every detail in the planning stages if a co-op is to be successful. It also requires rigorous book-keeping and records and the capacity to interpret and act on the implications of these. It was not until Peter Cockerton was taken on the Milkwood could lay claim to the full attention of anyone with any experience or expertise in this field. It does seem an obvious area in which co-ops should seek the advice or tuition of specialists.

A copy of the accounts for the whole operation is in Appendix I.
What caused the demise?

B Social Relations

Because of the nature of its funding and the composition of its membership Milkwood was a hybrid from the start. It also suffered from mixed, and what turned out to be mutually exclusive motives.

The membership falls firstly into two categories: founders and workers. The workforce then also subdivides into three groups according to roles, responsibilities and rewards.

Founder Members were very split in their objectives. Their interests, skills, and experience of business or of co-operatives or of training adolescents were very varied. Even added up, though, the sum of the parts did not make an adequate whole. It seems too that their conception of Milkwood as not only a training scheme but also a viable business and a co-operative as well, would have been difficult enough to achieve had they been involved in the day-to-day running of it themselves. When conceived and set up and handed over to others to run, it became unworkable, not only because of the difficulties implicit in those three aims but also because it was the founders' own motivations, and not those of the people they employed, which were expressed in that venture. What is more the founders' conception of their own role in it seems to have been that of monitoring an experiment rather than active support and participation even if the latter should have been to a slowly diminishing extent. To have found people suitable in attitude and skill to carry out their blueprint would have taken very careful selection. As it was the selection was confined by the requirements of the JCP grant and the procedure should in retrospect have been given more time and care to ensure that the candidates' capacities matched the requirements of the jobs. Even so, it should be said, it would have been a remarkable group that would have made someone else's dream work - and a dream
with shaky financial foundations at that! As it was the selection had more than its fair share of contingencies disadvantageous to the interests of the venture, whether by reason of sickness or dishonesty or lack of aptitude.

As well as capacity to do the job, responsibility and the power to carry out that responsibility are by no means obviously synchronised in a co-operative structure. Many of the difficulties experienced by the carpenters in Milkwood derive from confusion about the extent of the power of the trainees for whom they were responsible. This was a direct result of the structure inherited from the founders: a confusion and a contradiction built in from the start. The interrelation between their personal capabilities, their role in the organization and the payment they received from it, provide the key to the dissatisfactions they expressed in interviews conducted for the purposes of this report. These factors also explain the problems between the 'levels' in the organization, and the high turnover of personnel, dishonesty, low motivation and productivity which contributed, along with financial mistakes, to the closing down of the enterprise.

The workforce were not all, of course, members of the co-operative. Membership had to be approved by a General Meeting after an employee had served three months' probation with the co-op. Eight of the ten trainee carpenters became members, one of the administrators and one of the carpenters. There was little difference between members and non-members, however, since all the workforce participated at meetings and membership seems to have implied no differences in rights, responsibilities or expectations. The process of becoming a member was used as a mechanism for expressing approval or disapproval.

Table 2 shows the time spans of employment of Milkwood employees and their coincidence with each other.
Administrators: The first administrator was an alcoholic who was relieved of his post after a month. The next step was crucial. At this time the candidate chosen from a short list of six was not recruited due to the uncompetitive salary rates of a JCP scheme. After further advertising and three further interviews Harry was taken on at £55 per week. He in the event proved incapable of the job required of him. He stayed from April 1 to December 2 1977 when he resigned over the dispute about his overtime. He was then replaced by the candidate who had refused the job because of the inadequate salary on JCP rates, this time having been offered 'top-up'. The second administrator was offered the post subject to receipt of satisfactory references. These were not in fact received. Meantime the founders had high expectations of him but offered him little advice or support. Neither did they scrutinise his financial judgements or the way he conducted both himself and the organization. Much has already been said about his contribution to the financial failure of the venture through lack of expertise or application, although this must be qualified by the fact that he was given a difficult task and too much licence at the same time. It must also be added that his behaviour, like his predecessor, in "not pulling his weight" and also his laxity about money were felt by the carpenters to set a bad example to the trainees. It must have led to demoralization all round. There is little doubt that it led to the resignation of the first carpenter, Bill: his departure was the second severe blow to the co-op on the personnel side.

Harry's motivation was clearly not the same as any of the founder members of Milkwood. He may be said to have had little interest in making the business viable or providing training, let alone furthering a co-operative structure and ethos. The third administrator provided the much needed business skills and interest in co-operative working. It is thanks to him that we have any of the information about the accounts. Nevertheless the job he was given to do, at the particular juncture at which he came in, made his task an impossible one.
Carpenter/supervisors: This group, too, had too much responsibility without enough support from the founders (in the absence of capable leadership from the first two administrators). They also were often without the appropriate skills: some were good craftsmen, some handled the trainees well. A combination of the two was rare. They frequently felt themselves to be under-achieving as the carpentry they were asked to do was not skilled carpentry viz. their strenuous resistance to cannibalization of old pallets. To them their work seemed too often to be neither profitable nor useful.

The motivations with which they came to Milkwood were very different from those of the founders, which is hardly surprising given that it was not their idea to set up a co-op and that they were seeking the work as a job like any other and looking for monetary rewards rather than the satisfaction of their ideological aspirations! Many of them were on the lookout for other jobs while they were at Milkwood - the money was very inadequate - they had taken it in preference to no job.

Their ambiguous role in the co-op they found confusing: such a mode of working and relating is unfamiliar and takes time to learn. Only rarely does the educational system deviate from instilling submission to authority and encourage the seizing of initiative and responsibility. The carpenters were used to hierarchy (just like the trainees who had come straight from that system). They had responsibility without power: responsibility to train in carpentry and ensure that contracts were fulfilled, and no sanctions to use against the trainees who were being told they were equals and who consequently felt able to challenge any instruction or request - perhaps rightly. In any event it was bound to be confusing for a time for all parties but with worse than no leadership, it was a chaos of conflicting norms. The carpenters felt indignant that the trainees were told they were equals. What is more they received no rewards of a non-material kind as they might have, had there been a shared co-operative ethos.
They felt the meetings to be useless, didn't understand what was being said, felt the content to be trivial or else 'theoretical talk': in other words they found it difficult to expand into the sharing of responsibility, along with the founders, of the financial, administrative or ideological questions that arose. They found the decision-making process slow and felt the assigned tasks were never carried out: there was a good deal of frustration with democratic processes, as expressed in the interviews by "you're banging your head against a brick wall" or "give up - why bother?" What is more without a strong motivation to build a co-operative way of organizing and behaving the learning process is bound to be slow.

The trainee carpenters: the primary raison d'être of the enterprise, this group were in a position of some power, and at the same time no power. They could "throw spanners in the works" with their challenges to authority and low productivity and yet were at the mercy of the founders on whose judgements, financial and otherwise, the whole venture was based.

They were interested in having a job, or learning a skill, rather than in working in a co-operative structure or building a viable business. They seem to have been fairly loosely attached to the organization although on average they stayed as long as any other of the personnel. They would, according to the interviews, readily have taken other jobs, if the money were better, and were not ideologically committed to the co-op ethos. They did not come with the same motivations as the founders. At the same time Milkwood was not entirely successful in fulfilling its training goals: they experienced frustration like the carpenters about the low level of skill involved in much of the work. They were unable, they said, to put into practice much of what they were taught on their day release course and felt they learned little at work.
There was dissatisfaction with the physical work, then, as well as feelings of inadequacy in meetings and confusion about the transition from hierarchy to equality. Once again with little or no motivation towards the co-operative ethos there was no drive to facilitate the learning process involved in sharing responsibility (they evidently despised the business studies aspect of their day release course, which might have provided some of the information needed to do that). At the same time a certain amount of power without responsibility was being allowed them. They were told that they were equals in the enterprise, that they had equal voting rights along with the carpenters, who were training them, and the founders, who had set up an enterprise which was the product of some considerable thought and research experience. Consequently they felt able to challenge any instruction or request but it was not clear to them in what conditions, or just what criteria, constituted an authority they must bow to. They were cushioned from the effects of their actions on the productivity of the enterprise - and hence its viability - by the JCP grant guaranteeing wages. As a result, too, they were not in the position of making judgements about how much they should pay themselves which would have been an important part of learning the realities of productive work. In short, their limitations in the sphere of responsibility were due, at least in part, to the structure of the situation. That coupled with the capabilities of the other members of the workforce in the first nine months of trading, and the financial crisis during the second meant that very little time or attention was given to the process of learning to participate fully and responsibly in a co-operative.
In conclusion, then, there was a predictable absence of drive to make the business viable or to create a co-op because the people with this drive were absent from the enterprise. While on one level it was "a co-op" the underlying reality was far from this: indeed the trainees referred to the "them and us" situation between themselves and the "Management Committee". The contribution to the demise of Milkwood made by those factors relating to the personnel revolve around the fact that co-ops have to be made by bringing together a group of people with the right skills and attitudes and the motivation to do it. Unlike machines they have intentions! Also the introduction of training into that context introduces problems between teacher and taught. To try to cope with those at the same time as becoming viable financially is possibly to ask the impossible.
PART III

Lessons for future schemes

The previous two sections have indicated that the failure of Milkwood to become a viable co-operative is attributable to two areas of weakness:

(a) the whole area surrounding funding and financial judgement, and the constraints put on the project by the conditions in which it was conceived and set up, and

(b) the relationships between all the personnel involved, distribution of power and responsibility between them - who controls the project.

Taking the latter first:— it does seem clear to us that founders and workers in a co-operative should ideally be synonymous and not separate groups. It is as inappropriate to "give" a co-operative working structure to people who feel no need or inclination for one, as it is to "give" freedom from constraints to people who are unaware of their oppression. It has all the same connotations of benevolence and hence containment. The benefactors' right to run and monitor an experiment, too, that involves other people's livelihoods raises questions that end up in the Ends/Means debate. As we have seen in evidence from the interviews, the guinea pigs are far from unaware of what is going on.

It is clear, too, that too many objectives stand to result in none being achieved. As Dr. Read says in a letter to the Manpower Services Commission (June 1 1978) "We feel there is major conflict between starting co-operatives and training young people for work. The hazards facing any new enterprise are well-known and these are in many ways intensified where a co-operative structure is adopted. This intensification can be compensated where the participants share a prior commitment to co-operativism, but this is not the
case where young people are taken from off the local unemployment register and regard their involvement as merely instrumental to getting a pay packet." Conflicting objectives in this enterprise resulted in a co-operative structure staffed by people without co-operative motivations.

It was clear at Milkwood that equality needed to be introduced gradually, for it not to be merely a hollow concept. While this might seem obvious in this kind of paternalistic co-op, it is also likely that where members start off equally involved in the creation of a co-op it is still necessary to give each other time to learn to take equal responsibility, to avoid slipping back into allowing old systems of thought to creep in, and to avoid the negative effects of power without responsibility, which can destroy any attempts at financial viability. One of the main lessons of the Milkwood experience was the necessarily high priority of economic viability without which any other objectives cannot be achieved. As Rob Paton has put it, both individuals and organizations need to develop 'learning systems' which allow changes to be made rather than mistakes repeated. But this need not mean one person or a group taking a managerial role if a co-op has the services of a local Co-operative Development Agency at its disposal.

This is further underlined by some advice in Workers' Co-operatives: A Handbook by Cockerton, Gilmour White, Pearce and Whyatt (Aberdeen Peoples' Press, 1980) which says:

"What is needed is time for learning and adjustment of attitudes ...Meanwhile the enterprise has to be started, or in a redundancy situation kept going, on a sound commercial footing. There is evidence that this is sometimes more likely to be achieved if, in the early years, some modification of total control by the
workforce is allowed and AGREED. We are aware that this idea will be regarded as heresy in some quarters on the grounds that it represents 'dilution', but note that in Section IV we suggested that it is the principle of ULTIMATE control which should not be diluted. There is, however, evidence that those co-operatives that have adopted this approach (it is sometimes referred to as a Pre-Co-op system) have eventually been more successful both commercially and ideologically, than some of those which have tried to use a total democracy, total consultation system from the start.

While there is considerable merit in this idea of working towards full control by the whole workforce there is of course a danger inherent in it, namely that the founders, or 'management', may ultimately not be willing to relinquish control completely which is why, again in Section IV, we stressed the need for founders' agreement to this principle before the enterprise is allowed to start...

It has been wisely said by someone with a great deal of experience of this type of enterprise, "Perhaps every workers' co-operative needs its autocrats initially, but will only really have succeeded when it has got rid of them."
Finally, work in co-ops may be repetitive and labour intensive. Coping with this in the context of higher expectations that exist in normal work situations requires job rotation which in turn requires de-specialization and this in its turn requires commitment to the co-operative philosophy and high motivation to keep trying, to keep patience, to learn and to share skills. Telling people that they are equals in an organization and then expecting some to do monotonous work at the direction of others is bound to bring with it hostility either overt or covert, which will sour relationships and affect the work.

It all comes back to fundamental questions about 'managing' co-operatives - in this case there was a clear division between those who prescribed and set-up tasks and those who performed them. Becoming a co-operative should be a process in which either workers increasingly control and regulate their work themselves, or elect officers of the organizations, who are accountable to them, to do that work.

Turning to the financial structuring of the enterprise:

There were several features associated with having JCP funding which worked out to Milkwood's disadvantage:

1. Whilst it was obviously a useful source of capital for setting up, the funding of wages for the first year provided an artificial security with the result that the normal economic sanctions on productivity and the organization of work were not felt by the working members of the co-op. This resulted in them having a false sense of security. The funding of wages also introduced a pitfall in that taking on more workers in the expectation that this would increase productivity and hence generate more money was made easy. At a certain point the increase in numbers equals negative returns.
2. The need to fulfil the MSC's criteria to be accepted for a JCP scheme introduced three factors which contributed to the failure to achieve a viable co-operative:

(a) that employees of the co-op had to be taken from the unemployment register made it difficult to find personnel with suitable motivations, qualities and aptitudes.

(b) that JCP rates of pay dictated the calibre of administrators and instructors and meant that workers did not set their own rates of pay. This affected the level of satisfaction and commitment of all workers.

This view was expressed by Dr. Read in a paper entitled Prospects for Milkwood circulated at the time of the demise of the second administrator: "the one lesson that has clearly been learned is that adequate management cannot be hired at JCP rates and that the well-intentioned assistance of Management Committee members can, at best, provide an intermittent and unreliable substitute."

(c) that the criteria of socially useful work that was not competitive with local industry put constraints on the areas within which suitable products could be selected for the co-op to work on.

3. There was no established code of practice within the JCP scheme for increasing wages or for paying employees more than the JCP rate. This involved Milkwood in time delays in an area which was of great importance to the workforce and crucial to the enterprise as a whole.

4. The capital available for tools, equipment etc. under JCP amounted to 10% of the wages bill, (£2,130). This meant that the scheme was under-capitalized despite the £1,000 from MKDC and nothing more was done to raise any more, at the same time
the enterprise had to become viable within the year, when no more JCP funding for wages would be forthcoming (although in the event it received a grant as an ordinary workshop for 3 months). A scheme with JCP funding might work best in the context of an already existing organization rather than a self-sufficient unit on its own.

It is clear, too, from the Milkwood experience, that would-be co-operatives should do proper feasibility studies and make realistic cashflow projections, which are amended if necessary in the light of changing circumstances such as the kind of premises obtained. If training is provided this may also alter productivity levels: "training involves costs - not so much in cash terms - as by a diversion of management effort, which needs to be exclusively directed towards getting viable if the objective of stable long-term employment is to be achieved within the short period of grant aid." (Peter Read in a letter to MSC, June 15, 1978).

It seems, too, that co-ops should think hard about the use of the word co-operative in their title, because of the general image conjured up by that word in the eyes of the public:

"At a recent meeting in Scotland attended by existing and would-be workers' co-operatives all the functioning co-operatives admitted to not using the word 'co-operative' in public. In their experience potential customers, bankers, officials and even fellow workers associated a co-operative either with 'red subversion' or with 'chaotic incompetence'. In many parts of the country the co-operative means the high street store and the retail movement with far from fond memories of the recent past for some. In West Cumbria the straightforward title of Industrial Co-operative Officer was rejected in favour of the more cumbersome Industrial Officer for Common Ownership because of local associations about the retail Co-op, which had twice over gone bust in the 1960s leaving pensioners with lost savings and derelict buildings dominating the market square."

John Pearce, 1977 in a paper to the South Wales Anti-Poverty Group
Groups founding co-ops or training workshops would do well to include in them members with some accounting or business expertise and/or experience in fitting people and jobs together, unless there is a local co-operative development agency able to assist them. Again to quote the letter to the MSC from Dr. Read:

"We have become very conscious of the limitations of the role of sympathetic amateurs, such as ourselves, in monitoring and advising infant co-operatives. This was particularly obvious in relation to the difficulty we had in responding to the situation presented by Harry (the second administrator), but it is also apparent to us in other areas. Goodwill and academic expertise from part-timers who have major commitments in other directions are no substitute for practical assistance from people with direct management experience. We are therefore taking steps to rectify this problem by setting up a local Co-operatives Agency which will foster infant co-operatives and provide consultancy services to the more developed."

It is possible that, had such an agency existed, it might have been of considerable assistance to the Milkwood venture in suggesting legal and administrative structure in making financial projections in organizing the logistics of the work process in mediating between Milkwood and the MSC in providing accounting services or tuition or advising on book-keeping systems and financial controls in providing on-site training and/or assistance in dealing with conflict within the co-op.

Clearly it is neither possible nor desirable that an outside agency should be the means of solving all a co-operative's problems: such a role would vest too much control in the hands of the agency. In the case of Milkwood it might well have usurped the founders' role. On the other hand an agency might have
contributed to the more enlightened participation of the founders at the planning stages and to a more active advice and mediation role during the period of trading. For further discussion of the relationship between an agency and co-ops generally see Co-operative Agency Project: Report of a Feasibility Study into setting up a local Co-operative Development Agency in the area around Milton Keynes, by Peter Cockerton, Rose Bailey; Co-operatives Research Unit, Open University.

In conclusion, this was an ambitious project set within severe limitations. The JCP framework allowed insufficient working capital, a time limit of one year in which to become viable, stipulated wages at rates which did not allow them to pay teacher/supervisors and administrators of the right calibre a suitable amount and limited the source of candidates to the unemployed register. On top of all this the product, a repaired pallet, was difficult to market at a realistic price. At the same time it was supposed to be a vehicle for the training of school-leavers in carpentry. Whereas the proportion of trainees in most firms is small, in this firm it was the majority of the workforce who had had no previous work experience and who were expecting to be trained in a skill.

Had Milkwood set out to provide training and not attempted to become a viable long-term employer of the unemployed it might have achieved some considerable success. It could not hope to reach both goals. Add to this the third objective of running the business not only as a common ownership but also democratically and we have the two learning processes co-existing rather unhappily side by side. Unless both teachers and taught are really committed to co-operativism and strongly motivated it has no chance of success. Finally to cap it all, the whole contradictory package had been set up by one group of people to be carried out by another group with completely different motivations and expectations. The lessons are obvious - in retrospect.
Appendix I

Milkwood Co-op - summary Profit and Loss Account

(1) JCP phase 17.2.77 to 9.6.78

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<td>746</td>
<td>661</td>
<td>459</td>
<td>972</td>
<td>972</td>
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</tbody>
</table>

(2) Mini-Co-op 10.6.78 to 30.9.78

<table>
<thead>
<tr>
<th>£</th>
</tr>
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<tbody>
<tr>
<td>Sales 2655</td>
</tr>
<tr>
<td>Purchases 1017</td>
</tr>
<tr>
<td>Wages and salaries 2071</td>
</tr>
<tr>
<td>Cost of sales 2888</td>
</tr>
<tr>
<td>Gross loss 433</td>
</tr>
<tr>
<td>Overheads 1922</td>
</tr>
<tr>
<td>Net loss 1922</td>
</tr>
</tbody>
</table>
Appendix II

TERMS AND CONDITIONS OF EMPLOYMENT

HOURS

40 hour week in 5 eight-hour days. A half-hour lunch break and two teabreaks (not exceeding 15 minutes) are included within the 8 hours. Hours to be determined by the workforce, and confirmed by Management Committee.

PAY

According to the rates for the job agreed by Job Creation unless changed by the Management Committee. Time will be deducted for unjustified absence, lateness or when sent home for disciplinary reasons.

SICKNESS

Payment will be made for 3 days after which a doctor's certificate must be obtained and application made for sickness benefits.

PROBATION

All employees have 3 months probation after which the co-operative will:

(i) confer membership OR
(ii) give 2 weeks pay in lieu of notice

OR EXCEPTIONALLY

(iii) extend probation for a maximum of 3 months

OVERTIME

No payment will be made. When necessary and authorized by the administrator, time off in lieu may be taken at times agreed with the administrator. Such time may not be accumulated above 40 hours. The administrator must arrange time off with the Management Committee.
HOLIDAYS
Entitlement is $1\frac{1}{2}$ days per calendar month worked and may not be taken during probation, although in probation they may set against time off in lieu. Holidays must be arranged with the administrator.

TRAINING
Is compulsory during normal working hours as determined by the Management Committee.

SAFETY
The Co-operative's Safety Code must be observed by all employees.

DISCIPLINE
Any complaint or grievance should be taken in the first instance to the administrator. If this cannot be resolved, the Discipline Committee will investigate and make a recommendation to the Management Committee. Warnings may be issued and if a further warning is deemed to be required after a final warning (usually the third warning) has been issued the employee will be dismissed. In exceptional cases the employee may be dismissed without warning. The administrator has the power to suspend or send home any employee, and must report such action to the Management Committee. (A formal discipline procedure is under discussion.)

ACCIDENTS
Must be reported at once to the administrator.

PROPERTY
No responsibility is taken for the security of personal property.

TRADE UNIONS
Employees should learn about the benefits of union membership. The Management Committee recommends that employees should join an appropriate trade union.
Appendix III

Interviews

It was appreciated from the outset that meaningful detailed information would be difficult to extract or abstract from ex-employees/members, principally because the research study commenced some 5 months after Milkwood ceased trading as a workshop.

Consequently interviews were conducted on a semi-structured basis with as many people associated with the co-op as possible. In practice 4 out of 10 trainees, 7 out of 9 carpenter/supervisors, 7 out of 7 founder members and a clerk were formally interviewed. Those people not participating in the interviews either could not be contacted or declined to be interviewed.

The questionnaires (see over) were devised so as to focus the interviewees attention on specific topics while allowing them to fully develop their replies. Such an approach obviously precludes any quantitative analysis rather an inductive approach was adopted with the resulting information being used in generalized form in conjunction with documented evidence, to develop an account of Milkwood and to illustrate and explain in depth some of the major occurrences.
QUESTIONNAIRE

Carpenter/Supervisors

1. (a) What was your job in practice at Milkwood?
   (b) How does this compare with the job specification as you understood it?

2. (a) What jobs have you done since Milkwood?
   (b) How do these compare with the Milkwood job?

3. Why did you leave Milkwood?

4. What did you learn or gain from working at Milkwood?

5. Would you take a similar job again? Why?

6. (a) Why did you take the Milkwood job?
   (b) What would you have done otherwise?

7. What were your aims when working there?

8. (a) Did you have enough or too little say in:
   (i) making commercial decisions
   (ii) making other decisions
   (b) Did you have sufficient support or help from:
   (i) management committee
   (ii) administrator
   (iii) other carpenters
   (iv) trainees
9. What is your opinion of the system of meetings that operated?

10. Were you encouraged to:
   (i) increase your carpentry skill
   (ii) learn more about co-operative working

11. What is your opinion of:
   (i) the management committee
   (ii) administrator
   (iii) other carpenters
   (iv) trainees

12. What for you were the good points about Milkwood?

13. What for you were the bad points about Milkwood?

14. What improvements do you think should have been made?

15. (a) What is your opinion of J.C.P. schemes, given your experience of Milkwood?
   (b) What is your opinion of co-operative working, given your experience of Milkwood?

16. Do you think the work done and product range was appropriate? Why?
Founder Members

1. What were your personal aims in setting up the Milkwood project and why did you become involved?

2. (a) How did you originally see the role of the management committee at the start of the project? 
(b) How did the role which actually developed in practice differ from your original conception?

3. What were the objectives initially for Milkwood as you saw them?

4. (a) What skills or experience did you expect to contribute? 
(b) What did you actually contribute?

5. What skills or experience do you think the management committee lacked?

6. What were the good points in general about Milkwood?

7. (a) What were the bad points in general about Milkwood? 
(b) How/why did these bad points develop?

8. Would you want to be involved in a J.C.P. scheme again? 
What changes would you make next time?

9. What have you personally learnt from the Milkwood experience?

10. What factors influenced your decision to continue with the mini-co-op?

11. Why do you think it failed commercially?
Trainees

1. What was your job at Milkwood?

2. What jobs have you done since leaving Milkwood?

3. How do these jobs compare with the Milkwood job?

4. (a) Why did you take the Milkwood job?
   (b) What would you have done otherwise?

5. Why did you leave Milkwood?

6. What did you learn or gain from working there?

7. What did you think of the carpentry work you were asked to do?

8. What did you think of:
   (i) management committee
   (ii) administrator
   (iii) carpenters
   (iv) other trainees

9. (a) Did you have sufficient say in how Milkwood was run?
   (b) What did you think of the meetings? What were the main issues that you can remember?

10. What would you have liked to change at Milkwood?

11. What annoyed you most about working at Milkwood and what were the bad points from your point of view?

12. What were the good points about working there and what did you like most?