COLLECTIVE MANAGEMENT UNDER GROWTH

A CASE STUDY OF SUMA WHOLEFOODS

BY RICHARD MACFARLANE
COLLECTIVE MANAGEMENT UNDER GROWTH: 
A Case Study of Suma Wholefoods

By Richard Macfarlane

Co-operatives Research Case Study No 8

The Co-operatives Research Unit

MARCH 1987

Open University

ISBN 0 335 155359
ACKNOWLEDGEMENTS

At the outset my sincere thanks must go to Suma and its members for the considerable amount of time they have made available for this research. In the interest of spreading knowledge about collective management they have been open and willing participants in the research - even at times when they were under considerable trading pressures. This openness operated at both an institutional level (access to meetings, papers, etc.) and at a personal level. Clearly this study could not have been done in such rich detail without the willing co-operation of all at Suma.

My thanks must also go to Chris Cornforth who undertook some of the fieldwork and provided valuable comments on my earlier Draft, to Harold Pollard who has been studying management at Suma for several years and who provided some important historical material, to Elliot Stern who supervised my early work on Suma at The Tavistock Institute of Human Relations, and finally to Vida Corcoran who has done a fine job in converting my scribblings into this typed form.

Richard Macfarlane
149 Chamberlayne Road,
London, NW10 3NT.

RICHARD MACFARLANE is a freelance researcher and management consultant working with co-operatives and community-based local economic initiatives. Recent publications include 'Worker Co-operatives in France, Italy and the U.K. - Volume 3. U.K. National Study' (Published by the EEC, 1986), 'Financial Planning and Control: A Practical Guide' (Published by ICOM Co-Publications, 1986), 'Councils Support Co-ops' (Published by Centre for Local Economic Strategies 1986) and 'Issues in Co-operative Development Work - A Brent Case Study' (Published by C.R.U., 1987).
## CONTENTS

### INTRODUCTION 1

### SECTION ONE
- **THE DEVELOPMENT OF SUMA** 5
- Introducing Suma Wholefoods 6
- Suma's Commercial Performance 11
- Influences on Commercial Development 20
- Boundaries with the External World 24

### SECTION TWO
- **MANAGEMENT IN THE CO-OPERATIVE** 29
- Formal Structures of Management 29
- Work Organisation 38
- Decision Making 44
- Collective Management 49
- Manipulation and Control by Individuals 53
- The Development of Management 57

### SECTION THREE
- **WORKING IN SUMA** 62
- Recruitment and Training 62
- The People in Suma 68
- Rewards and Penalties 71
- Gender Issues in Suma 80
- Working Conditions and Industrial Relations 84
- Problems of Growth 88

### SECTION FOUR
- **CONCLUSIONS** 91
- Suma's Achievements 91
- Problems at Suma 95
- Some Wider Implications of the Case Study 102
INTRODUCTION

This case-study is one of a series being carried out by The Co-operative Research Unit of The Open University. These form a part of their research programme entitled 'Creating Successful Co-operative Business' which is funded by the Leverhulme Trust. It is based on numbers of visits to Suma and a large number of interviews with Suma members. Minutes of meetings and other documents have also been used.

The visits and interviews have taken place over a period of twelve months. Initially these were as part of a research project being carried out by The Tavistock Institute of Human Relations, for The European Commission. A case-study produced from these visits is due to be published by the Commission as part of their Report entitled 'Worker Co-operatives in France, Italy and the UK, Volume 3, UK National Study'. Although the focus of that case-study was significantly narrower than intended here, the material obtained and the insights gained during that work has obviously provided a valuable starting-point for this study.

The objective of the current 'Leverhulme' research programme is "to explore the critical processes affecting the socio-economic performance of worker co-operatives". So the concern in this case-study is with the economic performance of Suma - its trading results and the economic benefits it provides for its members - and with the social performance of the co-operative - how far it has achieved and maintained forms of equality and participation. But the focus goes beyond this. Firstly, it seeks to explain the economic performance in terms of the social performance: account for the business success in terms of the social organisation of the co-op. Secondly, it is concerned with the dynamics of the relationship between economic and social performance. The focus is therefore concerned with 'process' - looking for change over time - not just with structures or measurements of performance.
The research process adopted in this study relies very heavily on personal interviews with participants in Suma. A significant proportion of current members - and some who have left Suma in the last eighteen months - have been interviewed, some of them several times. These interviews were conducted around a common agenda of questions although they were structured as discussions rather than as the administration of a questionnaire. The information obtained provided a range of personal perspectives and explanations about what happens in Suma. These were sometimes contradictory - and it has been instructive to try and understand the roots of these contradictions. The case-study that comes out of this research process is therefore very much a collage constructed from the views of the participants. The role of the researcher is therefore in part editor: selecting the views so as to create a collage that seems to truthfully represent the perception of the participants about what has happened, and happens, in Suma. But the researcher also seeks to explain and interpret this information; seeking to understand and reconcile the differing perspectives of the Suma participants and seeking to relate this to theoretical concepts, or experiences in other organisations. It must therefore be recognised that the researcher has a key role in constructing the 'reality' contained in the following pages.

The research perspective draws heavily on the 'action frame of reference' approach to analysing actions in organisations. Here it is argued that "people assign meanings to situations and to actions of others and react in terms of the interpretation suggested by these meanings" (1). Because different people give different interpretations to the same situation - depending on the meaning they give to the situation - their reaction may be different. In this perspective the 'meanings' which an individual holds are carried by social institutions which individuals perceive as external to themselves: as a social fact. Responses to particular situations are learnt as part of "a shared stock of knowledge .... a series of assumptions about appropriate behaviour in different contexts". (2) This knowledge is learnt and reaffirmed by other
people - from social experiences - and can be modified by changing experience. However, the given meanings for a particular situation may not be accurately defined, or may not be universal. As Silverman states, meanings differ because actors "derive from their various historical experiences" (3) and because different meanings derive "from the multiple statuses which they hold at one time .... (and) .... from the different experiences of actors within the organisation which encourage or discourage certain ends and expectations and generate others...." (4). Change in an organisation occurs not as a direct result of an external or internal stimulus, but mediated by the definitions of the situation used by participants in the organisation.

Of course, the experiences of participants in Suma can be expected to play an important part in creating 'the definitions of the situation' captured by the researcher in the Suma interviews. Useful insights into the mechanisms through which these 'definitions' are formed is provided by Turner's work on industrial sub-cultures. He defines a sub-culture as "a distinctive set of meanings shared by a group of people whose forms of behaviour differ to some extent from those of the wider society" (5). The process of socialisation into a department or sub-department involves learning how the subgroup you are a part of interprets words and actions. This interpretation is then used to guide your own action. Continuing interaction maintains or changes the sub-culture's common interpretation and leads to changes in action. Seeing Suma as a conglomerate of sub-cultures with individuals participating (perhaps with different degrees of involvement) in several sub-cultures simultaneously, has proved a useful framework for explaining different perspectives or events in Suma.

Although this study will address the substantive issues in the 'Leverhulme Programme' it is hoped that the focus on collective management in Suma will also help to develop understanding about the nature and components of collective management. There have been very few studies which have sought to understand the processes of collective management in terms of organisation.
structures and processes. What literature exists tends to regard collective management in terms of group dynamics. In this study it is recognised that group processes are important, but since these take place within loose or formal structures that are perceived (by the participants) to exist, it would appear useful for the development of understanding of collective management to focus on these structures.

Notes.


2. Ibid p.133

3. Ibid p.150

4. Ibid

SECTION ONE

THE DEVELOPMENT OF SUMA

This Section starts with a description of the origins of Suma, of its objectives and constitution, and its current activities. The remainder of the Section is concerned with the development of Suma as a business - setting out its 'vital statistics', examining how these have changed over time. Explanations for the pattern of commercial development will then be explored and some attention given to the future of the business.

The latter part of this Section relies on financial information about Suma, and about the wholefood trade in the UK. The former information is available in the audited accounts of Suma, from their financial year 1977-1978 onwards. The latter information is scarce. Government statistical records don't differentiate wholefoods from other parts of the 'Food, Drinks and Tobacco' industry, and commercial 'Market Reports' don't differentiate between wholefoods and healthfoods - the latter including a much wider range of products, many of which would not be accepted for wholesaling by Suma. The weakness in the availability of information makes it difficult to place Suma in the context of broad 'trade' development.
Introducing Suma Wholefoods

Suma Wholefoods is the trading name of Triangle Wholefoods Collective Ltd. This is a co-operative formed in 1976 and registered as an Industrial and Provident Society using the Model Rules of the Industrial Common-Ownership Movement (ICOM). In this study the organisation will be referred to as Suma since it is by this name that it is best known.

Suma carries out a wholefood wholesaling business. It buys wholefood in bulk either on the commodity markets, from food processors, or from other wholesalers including co-operative wholesalers. It stores this produce in its warehouse and (on receipt of orders) it distributes this to its retail customers, who are mainly located in the north and north-midland areas of England. Suma currently has about 1150 customers providing a turnover of about £4 million. The co-operative has 35 members and is currently based in Leeds, West Yorkshire.

Suma was founded by an individual, Reg Taylor, who had been working in a 'Divine Light' wholefood shop in Leeds, called 'Plain Grain'. This shop was a member of the Federation of Northern Wholefood Collectives (FNWC) and when Reg left 'Plain Grain' he suggested to FNWC that he set up a delivery service for the members. They agreed so Reg bought a van and started delivering wholefoods to the retail shops in FNWC. Initially he only collected the orders, went to the wholesalers to obtain the goods ordered by the shops, and then delivered these orders. He kept no stock himself. He paid the wholesalers for goods and then collected this money plus a delivery charge from the retail shops.

As the business grew, Reg started to keep stocks himself, and therefore act as a wholesaler. The business grew and other people became involved. It continued to serve principally the retail members of FNWC and when the latter organisation developed a plan to establish regional warehouses, Suma was designated one of these.
(Green City, in Glasgow, was the only other warehouse established through the FNWC). The growth of the business apparently led the founder to feel that it was getting too much like a capitalist business and he wanted to leave. It was decided that the remaining workforce should buy the business and they decided to register it as an ICOM Co-operative (it would appear that up to this stage the founder was sole proprietor of an unregistered business). The co-op's capital was provided by the founder who accepted payment in instalments. In fact, this 'loan' was repaid in two years.

The name Triangle Wholefoods Collective Limited was chosen because at the time of registration the intention was to locate the business in a small village called Triangle. Several of the founder members of the co-operative shared a house in Leeds and their aim was to form a living and working collective in Triangle. However, the move never occurred: the co-op remains registered as Triangle but has continued to trade in Leeds under its original name of Suma Wholefoods.

It is interesting to note that while Suma has continued to grow, FNWC has declined. There may be a connection between these two events. FNWC most likely developed, in part at least, because the members had common needs and therefore a basis for common initiatives. The development of Suma as an independent business operated by its workforce and sensitive to the needs of their customers is likely to have satisfied a number of 'the needs' that gave rise to FNWC. FNWC members now had goods delivered, their supplier was responsive to their requests for products, was sympathetic if they had short-term financial problems, and even provided them with discount because of FNWC membership. Furthermore, the delivery drivers knew what was happening in Suma, in the wholefood business, and in other shops they supplied, and they were therefore able to provide a communication link among the 'alternative' wholefood shops. So it can be suggested that the success of Suma left FNWC with a much diminished role. FNWC does
still exist but only as an occasional 'talking-shop'.

The ICOM Model Rules registered by the co-operative means that the assets of the business are commonly owned. Each member of the co-operative obtains one £1 share in the company but this is regarded as a membership ticket and has no re-sale value. If a member leaves the co-operative they must relinquish their 'share' and their membership, but they have no claim on the co-op's assets. If the co-operative went into liquidation the assets would have to be passed on to another co-operative or sold and the proceeds made available to other similar organisations. So the members at any one time have the right to use the assets of the business, but cannot dispose of them for their own financial gains. Under the Industrial and Provident Society Acts the members of the co-operative have 'limited liability'.

The formal objectives of the company, as set out in the Registration documents are -

* workers hire capital, not capital hiring workers
* work should be fulfilling
* surplusses beyond the needs of the business are to go to charitable and communal projects which enable people to exercise control over their lives
* ultimate control to be shared by the members.

The formal objectives remain important to Suma and, as will become clear in the subsequent sections for this study, are now built into the culture and structures that the organisation has developed. But perhaps a little more should be said at this point about the third objective - contributions to other projects. In the early years of the co-op contributions were made to a revolving-loan fund that was used to support the establishment of wholefood co-ops. This has been fully loaned and additional funds have not been allocated in recent years. Nevertheless, Suma remains a source of
help for new shops by providing advice and credit. On a wider level the social objectives are expressed in concerns about where products originate e.g. a recent determination to purchase goods from Nicaragua. So although cash contributions to charitable and community projects have not been significant in recent years, other forms of financial and moral support are made available by the co-op.

Under the constitution there can be no equity participation in the co-operative. This means that capital has to be self-generated or obtained via loans. As stated previously, the original capital was provided by Reg Taylor, effectively as a private loan. Since 1976 the business has managed to repay that original loan and build up its asset value. This currently amounts to 29% of the capital requirements of the business. The balance is provided by a substantial bank overdraft and a bank loan, by lease-purchase arrangements on vehicles, and by £15,000 in members loans. The latter arose through foregone wages in the early development of the co-op.

An important asset of the business is the warehouse premises which they own. This provides their base in Leeds; but also provides good collateral for bank and other loans to the co-operative. However, the building creates significant problems for the business. It is an old building on three floors and on a restricted site. Under the present arrangements, all goods inwards have to be lifted to the first or second floor for storage. When they are needed for distribution they have to be moved to the ground floor. Although some goods are now stored in other buildings in Leeds, shortage of space is restricting the number of types of product that can be wholesaled. Obviously, the need to move goods between floors and between storage and distribution involves labour and equipment - and therefore incurs costs.
To overcome the above problems, the co-op is currently negotiating to obtain a ground-floor warehouse in Halifax - about 15 miles from Leeds. Although this will resolve many of the storage problems and will allow Suma to operate more efficiently, it also creates some problems. Specifically -

* it will involve many members in moving house or in both the time and expense of daily travel from Leeds to Halifax
* the new location doesn't have such easy access to the motorway system as the co-op currently enjoys
* Halifax is not as well supplied with ancillary services (e.g. vehicle leasing and repairs) as Leeds
* the additional cost of leasing the new premises will put some financial pressure on the co-operative: their financial performance will have to improve if they are to survive the move to Halifax.

The process of making the decision to move has been going on throughout the period of this case-study. As will be clear from the above points, it is an important decision for the future of the co-operative, both because it will influence the trading future of the co-ops and because it will bring to the fore a number of important unresolved issues in the co-op (like the long hours of work and wage levels).
Suma's Commercial Performance

Suma's turnover - its value of sales - has increased consistently since 1977-78. As Table 1.1 shows, Suma has achieved an annual increase in sales value averaging over 30%. Insofar as Suma's price increases have been in line with other foodstuffs, it would seem that over two-thirds of the increase in sales value is attributable to a growth in sales volume; and the rest is attributable to price inflation. Although there are no accurate national statistics to compare Suma's growth-rate with, one Report (CAG 'The London Wholefood Sector: An Analysis and Support Strategy') suggests that the wholefood and health-food sector had grown from an annual

Table 1.1 Sales Turnover in Suma, 1977-1985

<table>
<thead>
<tr>
<th>Year</th>
<th>Turnover £'s</th>
<th>% Increase</th>
<th>% Increase RPI (Food Items)*</th>
<th>% Increase due to Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>625,769</td>
<td>-</td>
<td>7.0</td>
<td>41.7</td>
</tr>
<tr>
<td>1978-79</td>
<td>930,689</td>
<td>48.7</td>
<td>11.0</td>
<td>22.0</td>
</tr>
<tr>
<td>1979-80</td>
<td>1237,778</td>
<td>33.0</td>
<td>13.0</td>
<td>21.7</td>
</tr>
<tr>
<td>1980-81</td>
<td>1596,985</td>
<td>29.0</td>
<td>9.0</td>
<td>19.8</td>
</tr>
<tr>
<td>1981-82</td>
<td>2056,908</td>
<td>28.8</td>
<td>11.0</td>
<td>23.8</td>
</tr>
<tr>
<td>1982-83</td>
<td>2772,514</td>
<td>34.8</td>
<td>2.0</td>
<td>10.6</td>
</tr>
<tr>
<td>1983-84</td>
<td>3122,038</td>
<td>12.6</td>
<td>6.0</td>
<td>19.3</td>
</tr>
<tr>
<td>1984-85</td>
<td>3911,173</td>
<td>25.3</td>
<td>19.8</td>
<td>19.3</td>
</tr>
<tr>
<td>Average</td>
<td>30.3</td>
<td>8.4</td>
<td></td>
<td>21.9</td>
</tr>
</tbody>
</table>

* Source. Employment Gazette March/April 1986. Table 6.5
(Note - the RPI Food Index covers overlapping periods to Suma's Annual Accounts so the last two columns can be considered as indicative, but not absolutely accurate).

turnover of £30 million in 1974, to £220 million in 1984, and is currently growing at 20.25%. These figures would seem to indicate that Suma's growth is comparable with the trade as a whole - and probably neither dramatically better or worse.
<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Sales as % of Sales Value</th>
<th>Gross Profit as % of Sales Value</th>
<th>Operating Costs as % of Gross Profit Value</th>
<th>Net Profit as % of Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>89.4</td>
<td>10.6</td>
<td>78.0</td>
<td>22.0</td>
</tr>
<tr>
<td>1978-79</td>
<td>87.4</td>
<td>12.6</td>
<td>77.9</td>
<td>22.1</td>
</tr>
<tr>
<td>1979-80</td>
<td>85.2</td>
<td>14.8</td>
<td>65.1</td>
<td>34.9</td>
</tr>
<tr>
<td>1980-81</td>
<td>85.2</td>
<td>14.8</td>
<td>74.3</td>
<td>25.7</td>
</tr>
<tr>
<td>1981-82</td>
<td>86.2</td>
<td>13.8</td>
<td>94.2</td>
<td>5.8</td>
</tr>
<tr>
<td>1982-83</td>
<td>87.9</td>
<td>12.1</td>
<td>100.0</td>
<td>0.0</td>
</tr>
<tr>
<td>1983-84</td>
<td>85.2</td>
<td>14.8</td>
<td>92.0</td>
<td>8.0</td>
</tr>
<tr>
<td>1984-85</td>
<td>83.7</td>
<td>16.3</td>
<td>95.0</td>
<td>5.0</td>
</tr>
</tbody>
</table>

Source: Suma Annual Accounts

Suma presents its financial statements on a 'contribution' basis. This means that the cost of items for resale (including packaging) is deducted from sales income to produce a gross profit. All other operating costs (including remuneration, premises, transport, finance etc) are then deducted from gross profit to produce a net profit. The latter is subject to corporation tax, and is then available for redistribution to members, or for investment. Table 1.2 provides a breakdown of costs and profit levels at Suma. It can be seen from this that whereas the 'cost of sales' has remained largely unchanged (and declined a little, recently) as a proportion of sales value, operating costs have risen as a proportion of gross profit. Consequently, gross profits have stayed largely unchanged and recently increased, but net profits have declined.
The ability to maintain gross profit levels is very significant. For example, if the 'cost of sales' had been maintained at the 1977-78 proportion of sales value, the gross profit would be reduced to 10.6% and Suma would sustain a net loss of £191,644!! It appears that the decline in gross profit levels between 1980 and 1982 was the result of a conscious decision taken by the relevant members (mainly the buyers at that time) because it was felt that Suma was becoming too expensive. But since this coincided with a period when wage costs were rising sharply, the effect on net profits was critical. Since 1982 there has been a conscious effort to push gross profit levels upwards. The advent of the management accounting function and the increased liaison between buying, purchase accounts, management accounts and marketing functions (which all share one office) has facilitated this. This experience of manipulating gross profit levels indicates to the members that the price elasticity of demand for their products (among their market segment) is not great: if they reduce mark-up (and therefore prices) demand doesn't rise dramatically and if they increase mark-up demand doesn't fall dramatically.

The maintenance and improvement of gross profit levels indicates that Suma is either more than adequately passing commodity price increases to their customers, or are achieving lower levels of stock losses: reducing stock wastage. The variety of operating costs makes an analysis of the declining net profit levels more difficult. However, Diagram 1 provides an important clue. From this it can be seen that there is a clear visual correlation between the net profit level, and the wage cost level: as the latter rose steeply, so net profit declined. Other major costs have not risen dramatically (transport costs declining slowly and premises costs fluctuating - mainly as heavy repairs costs were incurred) and anyway represent a smaller part of operating costs.
In Suma the wages, initially, were low. The following wages (as net take-home pay, so gross pay might be expected to be about 50% higher than this) have been paid:

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td>£35 per week</td>
</tr>
<tr>
<td>1978</td>
<td>£45 &quot; &quot;</td>
</tr>
<tr>
<td>1980</td>
<td>£55 &quot; &quot;</td>
</tr>
<tr>
<td>1982-86</td>
<td>£100 &quot; &quot;</td>
</tr>
</tbody>
</table>

It is noticeable from Diagram 1 that wages as a proportion of GP declined until 1980, while net profit rose. After 1980 wages rose, and net profits fell. There has been no wage increase since 1982, and wage costs are falling relative to GP. Nothing can be gleaned from these figures about the efficiency of labour use. The problem in ascertaining this, is the lack of detail about casual workers employed. The sales turnover per member fluctuates from about £124,000 in 1979-80 to about £146,000 in 1982-83. But since it is not known how many casuals and probationary members were employed in each year, these figures are not a good guide to labour efficiency. So all can be said is that wage costs rose steeply relative to other costs from 1980-1983; clearly a substantial element of this was the increase in net wages paid, but another part will have been increasing or decreasing labour efficiency.

In a public or private company, allowing wages costs to rise at the expense of net profit would have far greater implications than in a co-operative. In Suma a major reason for the rise is the members decision to take money as wages, rather than as a dividend (from the net profit they generate). Whereas this has obvious short-term benefits for the members it does have some disadvantages - a higher proportion of the total wage and dividend monies goes to the government if higher wages are paid, and the reduced net profit levels may adversely effect external confidence in the business and therefore
DIAGRAM 1
SUMA WHOLEFOODS

MAJOR EXPENSES AS % OF GROSS PROFIT 1978-1985

YEAR

% OF GP

= NET PROFIT
= WAGE COSTS
= TRANSPORT
= PREMISES
<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Employed £</th>
<th>Increase in Cap. Emp. %</th>
<th>% Internal * Funding</th>
<th>% External Funding</th>
<th>Trade Creditors as % of Ext. Funding</th>
<th>Bank Overdraft as % of Ext. Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>143,322</td>
<td></td>
<td>17.5</td>
<td>82.5</td>
<td>80.5</td>
<td>11.0</td>
</tr>
<tr>
<td>1978-79</td>
<td>174,769</td>
<td>21.9</td>
<td>27.3</td>
<td>72.7</td>
<td>79.3</td>
<td>15.7</td>
</tr>
<tr>
<td>1979-80</td>
<td>293,230</td>
<td>67.8</td>
<td>38.3</td>
<td>61.7</td>
<td>73.3</td>
<td>2.5</td>
</tr>
<tr>
<td>1980-81</td>
<td>436,701</td>
<td>48.9</td>
<td>40.4</td>
<td>59.6</td>
<td>70.2</td>
<td>8.1</td>
</tr>
<tr>
<td>1981-82</td>
<td>467,656</td>
<td>7.1</td>
<td>40.8</td>
<td>59.2</td>
<td>64.2</td>
<td>18.6</td>
</tr>
<tr>
<td>1982-83</td>
<td>648,169</td>
<td>38.6</td>
<td>30.2</td>
<td>69.8</td>
<td>78.3</td>
<td>7.0</td>
</tr>
<tr>
<td>1983-84</td>
<td>705,332</td>
<td>8.8</td>
<td>31.5</td>
<td>68.5</td>
<td>74.9</td>
<td>14.8</td>
</tr>
<tr>
<td>1984-85</td>
<td>793,369</td>
<td>12.5</td>
<td>32.0</td>
<td>68.0</td>
<td>76.7</td>
<td>16.3</td>
</tr>
</tbody>
</table>

Source Derived from Annual Accounts

* Includes Members Loans to the Co-op.
its ability to borrow money and fund further expansion. The co-op may have to rely more on internal funding.

As Table 1.3 shows, between 1977 and 1980 Suma rapidly increased the proportion of internal funding. Between 1980 and 1982 this increased slowly, then sharply declined in 1982-83, but has held steady at about 30% since then. The major source of internal funding has been retained profits, although some personal loans from members were made, and still exist. Of external funding, the most significant sources are trade suppliers and a bank overdraft. The former have fairly consistently comprised between 70% and 80% of external funding, but the funds provided through bank overdrafts varies more widely. However, it can be anticipated that these two figures will always be quite closely related - varying as much with purchasing and cash flow fluctuations as the co-op approaches the year end, as with more strategic decisions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital/turnover ratio</th>
<th>Stock turnover rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>1:4.5</td>
<td>6.3</td>
</tr>
<tr>
<td>1978-79</td>
<td>1:5.3</td>
<td>7.3</td>
</tr>
<tr>
<td>1979-80</td>
<td>1:4.2</td>
<td>7.4</td>
</tr>
<tr>
<td>1980-81</td>
<td>1:3.7</td>
<td>6.3</td>
</tr>
<tr>
<td>1981-82</td>
<td>1:4.7</td>
<td>8.2</td>
</tr>
<tr>
<td>1982-83</td>
<td>1:4.2</td>
<td>7.8</td>
</tr>
<tr>
<td>1983-84</td>
<td>1:4.4</td>
<td>8.1</td>
</tr>
<tr>
<td>1984-85</td>
<td>1:4.9</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Source Derived from Suma Annual Accounts.
DIAGRAM 2.
SUMA WHOLEFOODS
TURNOVER CAPITAL EMPLOYED AND STOCK VALUES
1978-1985

£'000's

YEAR ENDING

TURNOVER
CAPITAL EMPLOYED
STOCK VALUE

As can be seen from Table 1.4 Suma is able to increase turnover by over £4.00 for each additional £1 it adds to capital employed in its business. Of particular significance, however, is the stock turnover rate. In the last four years this has been significantly higher than in earlier years. The 1984-85 rate of 8.5 means that on average items in stock are being sold and re-stocked an additional 2.2 times per year compared with 1980-81: if the stock turnover rate for the latter year was applied to 1984-85 trading, then the value of stock held would have to increase by 34% in order to achieve the equivalent sales turnover. To increase stock levels in this way would require a 20% increase in capital employed!

The relationship between sales turnover, capital employed and stock values is shown in Diagram 2.

Reviewing this material on the commercial development of Suma, a number of points should be noted:

* sales turnover has increased by an average of 30% per year with under 10% of this being attributable to price inflation
* Suma has (since 1979) been able to fund between 30% and 40% of its capital needs internally - most significantly from retained profits - and to obtain credit from suppliers for over 70% of the additional funding it required
* there is a notable relationship between wage costs and dividend paid from net profits; while the distribution of money between wages and dividends can be viewed as different ways of allocating financial rewards to the members, lower net profits will effect the ability of Suma to fund growth internally, and raise money externally - in 1982-83 when net profits were lowest, the % of internal capital fell significantly
* stock turnover rates have increased and this has made an important contribution to the commercial performance of the co-op; without higher rates the current sales turnover (and therefore gross profit levels) could only be achieved with greatly increased stocks.

Having described the commercial development of Suma, attention can now be turned to explanations for these patterns.

Influences on Commercial Development

One explanation for Suma's growth, given by members, is that "we were in the right place at the right time". This view usefully highlights the character of Suma as largely reactive to demand. For much of its existence it hasn't consciously undertaken 'marketing' or set sales targets. Nevertheless, the 'right place' theory doesn't adequately explain how Suma has achieved its place in the changing market for wholefoods. The growth of total demand is not sufficient explanation for the growth in Suma's sales.

To start to understand Suma's strength it is necessary to define more clearly their market. In the previous sub-section it was suggested that the health-food and wholefood market totals about £220 million per year, and has grown by 600% in the last decade. But a considerable part of this growth is in supermarket trading in wholefoods (like Allinsons bread, flour etc) and health-foods like yoghurt. Suma has not targetted on this market, but serviced small retail wholefood shops, and has restricted its geographical base so as to avoid completion with other wholefood-wholesale co-ops.

It should be remembered that Suma was originally established as a delivery service to local retail shops who were members of The Federation of Northern Wholefood Collectives. So it had a 'captive' market provided by shops that shared some ideological perspectives.
The trust that will be shown to underpin Suma's internal 'management' extended to their clients. Supportive relationships were established. Suma (in the early years) provided small discounts for FNWC members but would also be helpful about cash-flow problems experienced by individual shops, share information with retailers, and pay attention to retailer's needs. This happened not as part of a conscious corporate strategy, but through shared values with the people establishing wholefood outlets. Job rotation and collective management in Suma made an important contribution to Suma's service. It meant that most delivery drivers knew a great deal about the products being sold, and about the commercial side of the business. Add to this their contact with a wide range of shops (on their delivery routes) and it can be seen that the drivers were in an ideal position to provide help and advice to individual retailers and respond to commercial problems they were experiencing. So Suma has provided a quality of service that is unlikely to be matched by non-co-op wholefood wholesalers.

There can be no doubt that Suma has grown with the popularity of wholefoods and the increasing number of wholefood retailers. But up until 1983, Suma did no direct marketing. Its customer network grew through recommendations, and this would not have occurred if they weren't providing quality of service.

In 1983 the co-op adopted a more active marketing strategy. It can be noted that this came at a time where wages were rising but net profits falling sharply. There was a realisation that change was needed. One option canvassed, was to split Suma into a number of small co-operatives, with more locally-based warehouses. This was partly a response to lower commercial achievements and partly a response to the changing inter-personal relationships in Suma arising from the growth of the co-op. But the rejection of this option amounted to a tacit decision to let Suma continue to grow.
Following the above debate, a marketing section was established. This has had two personnel (now increasing to three). One is 'on the road' as Representative and the other handles packaging, telephone enquiries and promotion. Much of the latter has focussed on promoting Suma as a brand, and improving the quality of labels and packaging. The creation of the marketing function may well have been vital for the maintenance of Suma's quality of service. As will be seen, the co-op grew rapidly from 10 members in 1980 to 17 members in 1982 and 23 in 1984, and 34 (including probationary members) in 1985. This has meant that the number of people driving has increased (so each driver visits any one shop less often) and the knowledge of the drivers about products, about Suma, and about the organisation of the trade has necessarily fallen. Furthermore, increased trade has resulted in heavier delivery schedules, so drivers have less time to spend at each shop. Although the drivers have a higher level of knowledge than drivers of other wholesalers, the information, advice and problem-sorting services provided by Suma are now offered more through the Rep. than through the drivers. At the same time the 'selling features' of Suma's early days have been maintained - but now as a more conscious strategy. The co-op still provides help to people establishing shops, is helpful when a shop hits cash-flow problems, and is sensitive to the views of customers. Through this service, and their open and friendly attitudes, the co-op has been able to convert 90% of first inquiries (about their service) into customers. Some members question how many of these new customers stay with Suma.

The decision to form a marketing section was one of the first pro-active responses to the market taken by Suma. As has been discussed above, it arose more from a fear about slipping profit margins and falling standards of service (arising from increased size) than from an aggressive attitude aimed at expanding the Suma market. This may have been true of Suma as an organisation, but may obscure the importance of individual initiatives to secure market growth.
Nevertheless, there remain reservations about growth in Suma. But the decision to move to a larger warehouse is a tacit decision to grow, and the increased costs that follow from the move will require that the commercial performance of the co-op improves.

For Suma, the decision to move has resulted in a radical departure from earlier patterns of growth. Despite the potential for individual initiatives, growth has been demand-led. There has been no dynamic for growth from the co-operative. This may be viewed as 'poor management' by the business-school mentality of Thatcherite commercial Britain, where aggression is the pass-word for success. Yet such aggression would be out of tune with the ideological perspectives of both the co-op members and many of its clients. A by-product of this has been very secure growth. Entrepreneurship requires the acceptance of risk - and in new businesses a high proportion of risks prove to be bad risks, and put the continuation of the business in jeopardy. Suma has maintained a growth rate of about 20% per year fairly consistently for the last eight years. By ploughing-back surpluses it has been able to maintain the proportion of internal funding while the capital employed in the business grew. The outcome has been 'a few cash-flow crises, but no long-term financial crisis': steady growth, but stable growth.

At this point we should perhaps recognise another contributor to this stable growth - the physical limitations of the warehouse. As demand grew, so pressure on warehouse space became acute. The result was a faster through-put of stock, and the need to clear slow-moving items. The stock turnover rate has thus increased from 6.3 times per year to 8.5 times per year. The co-op has been using its capital very efficiently - but as a response to circumstances rather
than as a response to some corporate plan. But this level of stock turn-over has created its own problems. It is inefficient to handle this volume within the present three-storey warehouse, and the momentum is only possible because the workers are willing to work long hours. The stress of working in this way (for decreasing real-value wages) clearly cannot be maintained indefinitely. Members now need less stress and more money. This cannot be achieved in the present warehouse on the current level of sales turn-over. So the co-op must move. But the move will increase the demands on the members (since some will be working further from home) and will increase the operating costs of the business. On the other hand, labour efficiency should improve since the new warehouse will be one-storey, with mechanical aids increased. Overall, the co-op must now expand sales turn-over if it is to achieve its aim of better wages and conditions for its members. It now, for the first time, has a real need for growth: it must grow to survive.

Perhaps finally in this sub-section it should be noted that there has been some element of good-fortune in Suma's survival. As will become clear in subsequent sections, Suma has operated for most of its existence with inadequate co-ordination and planning arrangements. For example, there was no formal (and only patchy informal) liaison between the buyers, purchase accounts and management accounts. This resulted in the periodic cash-flow crisis (mentioned previously) which occurred when buyers bought stock but the co-op hadn't the cash to pay for it. Through good fortune, rather than planning, these crises have been infrequent and have been overcome.

Boundaries with the External World

It has perhaps become clear in the above sub-section that Suma has a very supportive relationship with its clients. This is one example of a wider phenomenon in Suma - the weak boundaries between the co-op and other organisations with which it is in
sympathy. This has given particular characteristics to its commercial behaviour. A number of examples of these weak boundaries will be considered below.

Hebden Water Milling Collective (HWMC) is an independent co-operative formed in 1978. It arose when two people (one a founder of Suma and another person who had been working in wholefoods retailing) approached Suma and asked if they could do contract packing for them. Suma agreed, so HWMC purchased their own machinery, installed this in the Suma warehouse and established their own business - it has now expanded to five workers. Previous to this Suma had done some packing. Suma's control over HWMC's activities has been minimal. When Suma runs short of a 'mix' the buyers will give HWMC a note asking them to pack some more. HWMC help themselves to Suma's stock, pack the mix, put it into Suma's warehouse (unchecked) and invoice Suma. No checks have ever been made about the quantity of stock used, the quantity of 'mix' done, or the work invoiced. If HWMC think that fulfilling Suma's instructions will leave the latter short of bulk stock on some commodity, they do a smaller quantity of mix (leaving some bulk stock for retail clients), and make the additional quantity when more bulk stock is received. HWMC also does packing work for an external client with Suma's agreement - although Suma provides 90% of its business. If Suma General Meeting is discussing an item that would affect HWMC, then a member of the latter is invited to attend. So here we have a small and legally independent co-op, working as a sub-unit of Suma, and trusted in much the same way as a department within Suma would be trusted.

Another example is the relationship between Suma and other co-operative wholesalers. Now, it might be anticipated that existing co-operatives would avoid competing with each other where possible. This would be in the co-operative spirit - and it does occur. Suma don't supply shops in Scotland (even where they once had business) and enquiries are referred to Green City Wholefoods in Glasgow; Infinity Foods from Brighton cover Southern England; the Midlands is more
difficult since both Nova in Bristol and Suma operate in this area. Perhaps more notable was the willingness of Suma to allow March Wholefoods in Nottingham to take over Suma customers. This new wholesaler was supplied and given credit by Suma. In the end this relationship was not a happy one. Suma felt that 'their customers' were not receiving a satisfactory service from March and (apparently with the imminent demise of the new wholesaler) they removed stock from the March Warehouse (to reduce the debt to Suma) and took over the March customers. Nevertheless, it is clear that Suma were happy to assist spawn new wholesalers provided they supplied a Suma-quality service ... although in the current position where Suma need to grow to survive this may no longer hold true. Co-operation with other wholesalers will be returned to shortly, when 'federation' is discussed.

It has already been pointed out that a supportive service to clients is a feature of Suma's success. This extends beyond advice, and into financial support. Perhaps the most common situation is where new shops are opening and need credit facilities to stock the shop. This is often forthcoming. At one time Suma operated a revolving loan-fund for start-up co-operatives, with a small percentage of its turn-over being paid into the fund by Suma. However, this fund is fully loaned and is not being topped up. Another situation is where a customer is having cash flow problems. Here Suma will try to arrange a schedule of payments (of debts) that will allow the shop to keep trading, and will take-back slow moving stock etc. If a client is honest and prepared to tackle problems, then Suma will be most unwilling to take legal action to obtain payment of debts.

Suma has, in the past, also been a major client of one local co-operative - Wharf Street Cafe - which effectively provided a canteen service for Suma employees. Although the Cafe provided a restaurant service to the public, it is likely that serving Suma provided the largest part of their revenue.
What these examples show is that Suma has not been jealous about its business - and was prepared to support other co-operatives operating in the same market. It also extended the level of trust that operates within the co-op, to other co-ops, and their clients. Certainly there will be instances where this has not happened - but the attitude in the co-op is very different from the market aggressiveness and over-riding self interest characteristic of many 'straight' businesses.

It has already been made clear that the need for growth may result in Suma becoming more jealous of its markets. But at the same time there have been moves towards formalising a Federation of Wholefood Wholesale Co-ops. There already exists a degree of inter-trading between the wholesalers, with one co-op bulk buying a certain commodity, and re-selling it to the others. This permits all the co-ops to obtain some commodities cheaper than otherwise.

As already noted, there already exists some agreement not to compete. The proposal to federate is put forward as a way of formalising these arrangements and creating a national wholesaling organisation that would be able to withstand increasing competition - especially from national market leader Booker (who own the franchise Holland and Barratt and operate the Realfare service for independent retailers) and the supermarkets. The key to the federation would therefore be competitive buying, and progressive marketing of a brand. But for Suma the proposal to federate comes at a time when they need to grow, and when they feel least able to risk a federation that offers them few advantages. Of the existing wholefood wholesale co-ops Suma is amongst the most progressive in its marketing, and feels comfortable with its position on buying. The present buyers feel that they already achieve many of the benefits of bulk buying since the price difference between buying a bulk quantity on the commodity market and buying a part-load from an importer or wholesaler is small, and can easily be eliminated by a single 'bad buy'. The latter occurs because commodities are bought as futures
(for delivery some months in the future) and if prices fall before delivery, a loss on the purchase is inevitable. Of course, if spot prices (for immediate delivery) are higher than the purchase price, a buying profit can be made. So the commercial advantages of a federation for Suma may be difficult to describe. Nevertheless, Suma are working with other co-ops towards increased 'federative activity'. This is in line with their traditional non-imperialist approach to their markets (at least towards other co-ops), but has an uncertain relationship with the newly-acquired pro-active strategy of growth.

Once Suma has moved to its new warehouse and begins pursuing growth, federation will clearly become a very significant issue. It is likely that Suma would not be the major gainer (in commercial terms) from a federation, but it would find itself under pressure if it faced competition from a federation formed by other co-ops.

For the moment they are securely a part of the potential federation and this situation fits well with their openness and goodwill towards other businesses that share their values. Suma is an organisation with perspex boundaries, a perspex through which the basic assumptions of trust in individuals (that operates within the co-op) passes through and determines relationships with clients and other collective organisations.
SECTION TWO

MANAGEMENT IN THE CO-OPERATIVE

This section starts with a description of the formal and semi-formal management arrangements and then - switching to a rather different issue of management - the way work is organised. After this there will be a focus on decision-making in the co-operative and finally a discussion of the way 'management' has developed and is now exercised.

Formal Structures of Management.

From 1976 to early 1984 the formal decision making body in the co-operative was the general meeting (GM). There were no intermediate formal structures - decisions that were not taken at the GM were made by individuals in the course of their work.

GM's were held on Wednesday afternoons and the business was closed at this time - although delivery drivers would still be 'out on the road' and would therefore miss some meetings. To overcome this, GM's were held fortnightly and on the intervening weeks a ratification meeting was held. At this meeting decisions made at the previous GM were reviewed and could be reversed. So all members had the opportunity to participate, at some stage, in the GM decision making process.

A chairperson for the GM's was elected from time to time. There was no set length of time that a chairperson should serve, and no formal means of nominating or canvassing for this position. It should be noted that the chair of the GM was not the chairperson of the co-operative. No such role seems to have existed. The role of chairperson was to assemble an Agenda, convene the meetings and keep order in the meetings. It was not a coveted position and the co-op seems to have been grateful if one member was prepared to undertake the task. The chairperson was elected on a show of hands in GM. They remained in the role until they chose to step down.
Although the role of chairperson and the practice of following a full GM with a ratification meeting has continued, since 1984 there has been some significant changes in the structures of management.

Throughout the early period decisions were made by consensus rather than by majority decision. In this arrangement an important factor was whether any member wanted to push a discussion to a vote. Two situations were possible:

* A discussion was held and although there might be majority and minority views no vote was called for and the minority view was effectively disregarded
* A discussion was held and those members in the minority would insist that no action be taken.

So those people holding a minority view effectively held a veto right if they choose to use it. It is reported that in some instances members would say that it wasn't worth discussing an issue because they were never going to vote in favour of action, and the discussion would therefore be a waste of time. To overcome this problem the co-op decided, in 1983, to implement 75% majority decision-making. This had always been permitted in the co-op's constitution but had never been operated. This basis of decision-making in the GM continues today - but whereas some members thought the change a method of reaching a decision when consensus couldn't be achieved, it now appears to have replaced consensus decision-making in most cases.

An observer of the General Meetings during this period (Harold Pollard) noted a number of significant problems:

* Too much time was spent on minor matters: an analysis of first decisions taken between April and October 1983 shows that 50% of these
related to routine or minor matters of no
greater importance than many that were taken
by individual members in the course of their daily
work;

* preparation for the meetings was poor and consequently
members were inadequately briefed and didn't have enough
information to participate properly in the discussion
and decision: items were often put on the agenda at
the last minute; reports and recommendations were
often presented verbally to the meeting or at best
put on the notice board one or two days before the
meeting.

The prevailing arrangements in the GM appeared to present
particular problems for new members in the co-operative, who could
feel ".....on the outskirts figuring what's going on". Firstly,
they had only a limited knowledge of the history and implications
of matters under discussion, and the lack of briefing material put
them at a particular disadvantage. Secondly, the relatively
unstructured process within the meeting allowed members with
greater knowledge and stronger personalities to dominate. Many
members were wary of exposing themselves by speaking out against
other members in GM, and were afraid they wouldn't get the general
support they expected.

In some ways, the lack of information for GM debates reflects the
paucity of management information within the Suma organisation. At
this stage there was no management accounting function and no formal
liaison between buying, marketing, warehouse and finance to ensure
that the goods bought could be stored, sold and paid for. The
co-operative had over 20 members and an annual turn-over exceeding
£3 million, but no co-ordinating or planning functions. This meant
that routine information for GM appraisal and decision-making was
not produced. The co-operative could only react to situations after
they happened rather than plan ahead in order to achieve certain
objectives.
The first response to problems of planning and co-ordination was a discussion about establishing a management committee (MC). Although this is anticipated (and permitted) in the ICOM model constitution (1) Suma had adopted, it proved a contentious issue within the co-op. The concern of some members appears to have been that a clique of long-standing (and mostly male) members would have the authority they were already perceived to exercise in the GM legitimised by membership of the MC. Furthermore, it would increase the barriers to the participation of newer members at a time when some elements in the co-op (at least) wanted to reduce these.

In early 1984 it was decided not to create a MC, but to have two sub-committees (SC's) of GM; one to deal with finance and the other with personnel issues. Membership of these committees was not formally stated however, and in practice those people interested in each topic attended the sub-committees. The outcome was the Finance SC tended to be dominated by men who held finance-related functions in the co-op, and Personnel SC by women. This was again perceived as formalising an unofficial male-dominated hierarchy. However, the lack of a clear role given to the SC's, a poor flow of information from Departments, and a lack of time for the SC's to meet, frustrated the SC's development.

Dissatisfaction with the SC's led to the convening of a special GM early in 1985 at which it was decided to change the make-up of the committees. The membership of Suma was allocated to seven 'representative groups' and each group then put forward two of their members as potential representatives on the sub-committees. The whole membership of Suma then voted to make a choice between the two potential representatives. This process enabled an element of choice about the composition of the SC's for the full membership, but nevertheless ensured that the SC's were broadly based.
The selection of representative groups was sometimes obvious -
determined by the nature of the work carried out which gave members
a common interest (e.g. the warehouse group or the transport group).
But in other cases groups were assembled by combining several task-
groups e.g. the two person marketing section was combined with
the two-person manufacturing section (which makes peanut butter).
Since most people in Suma do several jobs, the allocation of members
to these groups is not always easy and has changed from time to
time. Nevertheless, on the basis of these 'constituencies' sub-
committees with the confidence of the full Suma membership were
formed.

The legitimacy of the new SC's was further enhanced by a decision
that they should meet during work-time, and that the work on SC's
(including routine attendance) should be included in the weekly
scheduling of work (see below, in Work Organisation). Each SC
selects a chairperson and a minute-taker and are formalised in this
way.

Although the detailed role of the new SC was not clearly defined, it
appears that the following principles applied:-

* the SC's didn't make policy: their role was to
  prepare information and raise issues for GM decision
* the SC's could carry out executive functions delegated
to them by GM.

In line with these principles the Finance Committee has the
following functions:-

1) It examines the arguments for the purchase of non-
routine items requested by a department. Usually
the members of the department will be asked to
present the arguments for making the purchase, detail the options (including new and second-hand prices, technical specifications and terms of purchase) and state their preferred choice. The representative of that work area on the SC, or other work area members, may present the arguments. Other SC members may be asked to investigate other matters e.g. the possibility of leasing, of bank loans, etc. to cover the purchase. The SC will then come to a view, and put the matter forward, with the relevant information, to a GM. Here the actual decision will be made.

2) It makes decisions on the replacement and renewal of routine items without any financial limits. Here again there is a major involvement of the work area directly concerned. An example here might be the replacement of a lorry. This would be considered first by the Transport Group. They would decide what lorry they wanted to obtain, get prices for this and for alternatives, consider the benefits of leasing or direct purchase etc. They would then attend a Finance Committee and present their case for decision. If there is consensus on the Finance SC the decision is made there: if there is not consensus then the matter is referred to the GM.

3) It makes decisions on purchases of non-routine items which cost less than £1,000. Again, the user-department will prepare information, and the matter must be referred to GM if there is no consensus.

4) It supervises the preparation of budgets and forecasts. This is work usually undertaken by the Management Accountant - who is automatically a member of Finance SC.
The Personnel Sub-Committee has the following functions

1) It interviews applicants for jobs and evaluates staff employed for trial periods. It makes recommendations to GM on these matters.

2) It handles staff disputes and issues of discipline. Once again, decisions must be taken by GM but the SC will try and resolve problems in a less formal way.

3) It makes recommendations to GM on matters relating to pay and employment conditions, working conditions and health and safety. It has formed a special joint group with members of Finance Committee to look at issues relating to pay.

4) It prepares proposals for GM on organisational matters including the running of the GM which remains a matter of concern.

5) It undertakes labour planning in conjunction with departments, and discusses the implications of these plans with Finance SC.

The work of the SC's has developed through 'practice' over the last fifteen months. However, there has been one important change. In the autumn of 1985 it was felt that the composition of the Personnel SC (PSC) no longer had the confidence of the membership. This situation came about because the composition of each committee tends to change over time. There is no set period for a representative staying on a committee: they choose when to step down, or the 'representative group' could ask them to step down. Also, if a 'representative group' only has one nominee for a SC, then this person is likely to be confirmed by the GM. Over time
the membership of the Personnel SC had changed (through this rather random selection process) so that newer and less experienced members of Suma predominated. This change possibly reflects a tendency for PSC not to be highly regarded by longer-serving members. This is somewhat strange since PSC takes on the vital tasks of appointing workers, and therefore has significant influence on the composition of the membership. For example, it was the PSC that created the policy of having a gender balance in the co-op and thereafter rapidly increased the number of women being recommended for employment/membership (see table 3.1). It was this issue of employment/membership policy that resulted in the recommendations of this PSC being challenged in GM, and a vote of no-confidence in this committee being passed. The method of selection for this Committee was then changed. Under current arrangements any member of the Co-operative can be nominated for this SC. There is then a secret ballot of members and the 'candidates' who get the most votes form the SC. This ensures that the committee has the confidence of a majority of the co-op members - and since nearly 25% of members can be on the SC it is likely that most interest-groups in the co-op will be represented.

The selection process for the Finance Committee remains unchanged.

In the Finance SC (and the Personnel SC previously) the representatives don't appear to 'represent' the interests of the 'representative group'. They act as a channel for information (in both directions) and where there is a clear set of interests in a 'representative group' they will project this into the SC discussions. For example, the representative from the warehouse group tends to share the concerns of other warehouse workers and include these in her/his contributions to SC discussions. The Rep. is not usually mandated to present a group view, neither is there a formal reporting-back mechanism.

So what is the status of the 'representative groups?' This seems to depend on whether this group has other functions. For example, the warehouse group consists of the four or five people who regularly spend the majority of their time doing warehousing functions.
They meet most weeks to discuss the distribution of tasks between themselves, and other matters concerning the warehouse. The Transport Group consists of the Transport Co-ordinator and the people who drive regularly. They meet on an occasional basis to discuss schedules, loads, problems with lorries, etc. In these cases the representative group coincides with a functional group and seems to obtain a formal status within the organisational structure. In other cases the amalgam of people in a representative group has only a weak functional unity and doesn't acquire this formal status. They exist mainly as a mechanism for selecting the Finance SC.

Besides the functional representative groups described above, there are other inter-departmental functional groups. One of these - the Buying, Warehouse and Marketing Group (BWM) has achieved formal status equivalent to the Warehouse and Transport Groups. This meets approximately weekly and discusses issues like new products, storage problems, slow-moving products. The aim is to avoid the situation where Buying order goods when there is no warehouse space. The warehouse representative(s) will virtually veto new products unless other products are dropped, if they don't feel there is adequate storage space. This group can be considered as a formal part of the organisational structure because:-

* it is not dependent on the people in particular roles for its existence - whatever staff changes occur the group will continue to meet
* it has functions that the rest of the co-op expects it to carry out e.g. selection and discontinuation of products, warehouse space planning
* it meets regularly and keeps a record of decisions reached.
However, there are also inter-departmental functional groups that don't (yet) have this formal status. For example, there is on-going interaction between Buying, Purchase Accounts and Management Accounts. This has a co-ordination function - trying to avoid or plan for cash-flow difficulties. Despite the importance of this function, the meeting has less formal status since:

* it has only started happening in 1986 when the incumbents of the three functions decided they could work together in this way - if the people change the meetings could cease
* the meeting is not yet given status by the wider co-op - indeed many members won't yet know that it occurs.

From the above it can be seen that the formal organisational structure has developed in response to the felt needs of the members. The process of expressing the need for change to actually affecting the change is slow. The changes when made tend to be in outline only - but from this the 'practice' that makes the change work is developed.

**Work Organisation**

Work organisation at Suma works around three principles:--

* people do several different jobs in their working week
* specialist jobs are always filled internally
* all jobs (even key jobs) are rotated.

A new person joining the co-operative starts their career as a 'rota-flota' - this means that they will do several jobs organised on a weekly basis. A typical diet would be 2 days on order-picking,
1 day on warehouse and two days in the front office. This gives the newcomer a broad experience, enables them to find out what they like doing, and gives them a chance to work with a number of different people. Experienced workers will also choose to do spells as a rota-flota. After about six months, it is likely that the newcomer will begin to specialise, perhaps doing a regular two-days in the front office and three days in order-picking or in the warehouse, or driving.

The arrangement that most people do more than one job, and that many people can do any job that needs doing, obviously gives Suma a lot of flexibility in its work organisation. It also means that the workers have a varied diet of work - although often including inherently mundane tasks.

There are a number of jobs in the co-op where it is accepted that the need for continuity means that it must be done on an almost full-time basis. These include buying, marketing and sales, warehouse co-ordination and transport co-ordination. However, some of these 'full-time' tasks may be job-shared by two people who work predominantly in that area; e.g. two people who work mostly in the warehouse currently share the warehouse co-ordination role.

There are also a number of jobs where it is accepted that the incumbents must do the task for a long period. For example, it takes at least eighteen months to learn all aspects of the buyer's job, and it is expected that people in sales accounts will stay in that job for one or two years. In the former example a person would work full-time, in the latter example, the person may only work three days in sales accounts and (say) do two days driving.
So jobs in Suma can be analysed on two different levels:

* the minimum length of time the role-incumbent must spend on it each week, full-time : job share : part-time,
* the length of time a role-incumbent should carry out the task - determined by the training time required for competence.

The distribution of the weekly work between members is done on a rota - one member is given the task of preparing a rota which is 'pinned up' three days before the commencement of the rota. Workers that want to have days off on particular days (either as holiday or because they are contracted for four day weeks or nine-day fortnights) will advise the rota-person of their preferences. Workers that want to do particular tasks on particular days (e.g. drive on Monday or Tuesday, not Thursday and Friday) will act similarly.

The arrangements of having a mixed diet of jobs has advantages for Suma, but it can also have disadvantages. It gives the co-op great 'labour flexibility', and an important depth of skills. This

\[\text{conventional skill distribution} \quad \text{Suma skill distribution}\]

means that if there is a work overload in one function (or staff shortages due to illness etc.) there are likely to be several people around able to help out; and there is always someone to ask if you don't know how to do something. This applies as much to the specialist jobs (like buying or accounting) as the more
manual tasks. However, it has also been suggested that the arrangement has its inefficiencies; that many of the workers don't develop the level of skills or knowledge of the job that they would do if they worked continuously on one job. Customers have complained about shoddy goods and frequent invoice mistakes, and it seems likely that 'wear and tear' on the delivery vehicles is increased through constantly changing drivers. Nevertheless, of great importance for the members is the reality that the varied work diet makes the repetitive jobs more bearable for them, and the breadth of skills they obtain, and can hope to obtain, is rewarding. The reduction in the differences between the skill levels is an important contribution to equality in the co-operative.

The second principle underlying patterns of work organisation (as mentioned above) is that people are not recruited to Suma to undertake specific specialist jobs. Specialists are recruited and trained from existing members.

In the early years of Suma it appears that people rotated around all jobs fairly frequently. It appears that over time there has been an increasing number of jobs which are rotated only at longer intervals. The reason for this is the time it takes for a new role incumbent to 'learn the job', and the need for a reasonable level of performance to be maintained in each function.

The procedure for internal appointments has been as follows. When a person wants to give up a specialist function (either to leave the co-op or move to another job) the vacancy is pinned on the Notice Board. People wanting to be considered will then attach their name to an accompanying list. The Personnel SC would then consider the list and select those they feel justify an interview. Others would be told that they were considered inappropriate (probably because they lacked experience in the co-op). Candidates would then be interviewed and an appointment made. There are three important points to note about this process:-
* the other members of the department with the vacancy didn't play a role in the appointment
* it was assumed that any member had the ability to learn to do any function - skills and aptitude were not the most important consideration
* the basis of appointment was likely to be a combination of experience of other tasks in the co-op, and 'deserving a chance': the candidate must have enough knowledge of relevant aspects of the co-op to do the job and they must also have done their share of menial tasks.

In some recent appointments the first two of these points have been changed, and it would appear that a different - and more objective - procedure is emerging. A recent appointment to the marketing/sales department was handled like this. The existing role incumbents drew up a list of characteristics and skills that the appointee should have. They then joined the Personnel SC in the selection of candidates and the interviewing procedure, and joined with that SC in recommending an appointment to the General Meeting. This is particularly significant in challenging the assumption that all members have equal potential to do all jobs. It appears that in the future more account will be taken of the candidates' skills and aptitude. Nevertheless, it is felt that this is unlikely to change the principle that specialist functions are filled internally.

For almost all jobs training is 'on the job'. The exceptions to this are Heavy Goods Vehicle (HGV) driving and fork-lift truck driving. In both cases Suma pays for external training. Although there has been no complaint about the quality of 'on the job' training provided for the specialist functions, there have been suggestions that this is less than adequate for the less-specialised
tasks, and especially for new workers. This is on two levels. First there is not enough practical instruction provided on 'order-picking' which can mean that the newcomer feels very isolated (because the norm is that order-pickers work individually, and each has such a volume of work that they are reluctant to give time to newcomers), and increases the number of mistakes in this important operation. Secondly, it has been argued that not enough instruction is given to new members about the products or 'the trade'. An independent survey of training needs in Suma is being commissioned and it is hoped that improved induction and training will increase both the knowledge in the co-op and the enthusiasm of the membership.
Decision Making

In the previous sub-section describing the formal and informal elements of the 'organisation structure' illustrations were given of the types of decision made through each element. However, little was said about the process of decision-making that occurred within these elements, or the scope for individuals to make decisions outside of these elements. These subjects are the primary focus of this sub-section.

In Suma, as in most businesses, the largest proportion of decisions are routine and are taken by individuals or groups of individuals as a part of their work-tasks. In conventional organisations the discretion of the individual decision-maker is limited by the formal management structure and the general policy and guidelines handed down through this structure. Individuals (more or less) accept this limited discretion because of the power relationships that exist within the organisation. In Suma there are few overt constraints imposed on individual discretion. The elements of formal and informal organisation structure that have been described previously tend to emphasise co-ordination rather than control. To understand the process of decision-making in the co-op it is necessary to turn away from the formal structure of the organisation, and focus instead on the way that work-groups and peer-groups can influence decision-makers - and on the mechanisms that exist within the co-op to ensure that decision-makers consult and respond to these groups.

Decision-makers are likely to be influenced by some of the following:

* Custom and practice that has developed about who should be consulted when certain decisions are being made. For example, the selection of goods to be sold by the co-op is made by the buyers after consultation with Marketing and
Warehouse, and in their discussions this group have to take account of the definition of 'wholefoods' that has been built up in the co-op (mainly through arguments in GM's) over time.

* People who have previously done the decision-maker's job; as stated earlier the job-rotation arrangements mean that several other Suma members will have the skills and experience to advise the decision-maker.

* Current colleagues (where there are several people in a section) who may be consulted informally.

* Colleagues operating through a work-group meeting.

* Friends in the co-op.

Clearly, different weight can be given to the views of each person/group consulted. It can be surmised that this weighting will vary dependent on the matter being considered, but it may also be (in part) a response to the accountability and status relations between decision-maker and influencer, and the basis of these relations. The range here is likely to include situations where:-

* the established practice of consultation is now expected by the GM; an example here is the expectation that the buyers will consult with 'marketing' and 'warehouse' before extending the range of products
the decision-maker obtains authority from a regular meeting of work group colleagues - here their actions will be judged by those colleagues and any criticism voiced at subsequent group meetings (if not sooner)

* the person consulted has special knowledge which is widely respected and also has the self-confidence to be critical 'face to face', or in the GM

* the person consulted works closely with the decision-maker and is therefore likely to assess the outcome of the decision - here there is a weak accountability link, but a strong peer-group status link

* the person consulted doesn't work closely with the decision-maker and is unlikely to learn or judge the outcome - here both accountability and peer-group status links are likely to be weak.

To some extent the above influences may operate in a conventional company - usually within an overt and coercive authority structure. In Suma it operates without the latter structure, relying instead on individual and group interaction. The result is that in most cases the workers at Suma have far more discretion in their work decisions than workers in other firms. This applies both to the strategic decisions (like buying, pricing, giving credit, etc), and to the work-planning decisions (like how to order pick or when to take lunch or tea breaks). The difference is important. In the Suma collective management arrangement the individual decision-maker can select who they want to consult (in many cases) and what weight they wish to give to the outcome of each consultation. This gives all members of the collective (and indeed non-member workers and associates) a level of personal autonomy and opportunities for self-esteem that are reserved, in most organisations, for a privileged few. The rewards in terms of
work satisfaction, individual commitment, and the well-being of the individual's personality are felt to be significant in Suma. These rewards will be explained further in Section Three 'Working in the Co-op'.

The essence of decision-making in Suma is trust in the individual. But isn't this abused and doesn't it result in instability in the business? What are the problems of these decision-making arrangements? Perhaps the greatest safeguard is that in the collective each member has a personal and an institutional interest in the decisions that other members are making and the job-rotation arrangements ensure that several (and sometimes many) members have the knowledge and experience to understand and challenge the decisions of any other member. Furthermore, the formal decision-making arrangements and the ethos of equality give every member the authority to challenge each other member's work. This can happen in three ways:

* by raising the question directly with the other members concerned - e.g. if one order-picker feels that a colleague is not working hard enough, or always leaves work early, they will be expected to challenge their colleague individually
* by raising the question at a work-area meeting and so try to increase the colleague pressure on the other individual - the person complaining will usually be expected to have tackled the wayward member individually before raising it with the colleague group
* by raising the matter with Personnel Committee and at General Meeting - this is more likely to be done on behalf of a work-group than by an individual.
It is worth noting that the potential for other members of the co-op having influence on routine decision-making has increased with the development of management since 1984. Prior to this, individuals could only be challenged over decisions they made in a direct confrontation within or outside the GM. Not all members were willing to risk doing this, and powerful individuals could therefore operate with very few constraints on their decision-making. The development of formal and informal co-ordinating groups has provided an increasingly structured setting for consultation and challenge, and facilitated the exercise of more influence on decision-makers. It is interesting to note how the development of the organisation structure (formal and informal) has provided safe arenas for consultation and (where necessary) challenge to individual decision-makers. This has made a substantial contribution to the extension of democratic control in the co-op.

There is now a hierarchy of responses if one member feels that the trust given to all members (and workers) is being abused. Although there is no formal arrangement the 'custom and practice' has developed that any complaint moves up the hierarchy of responses and therefore has to be more broadly based to make progress. These arrangements place considerable pressures on individuals to follow custom, consult and heed advice, and work within the parameters of good practice that have developed among their colleagues. Nevertheless, the arrangement does have two potential problems for the development of the business. These derive from the decentralised nature of decision making. Firstly, there remains a danger that important cross-referencing doesn't occur and that a series of isolated decisions could result in unforeseen and unwanted outcomes. The lack of formal consultative arrangements (for most decisions) means that the extent of actual consultation may depend on the strength of the personal relationship between individual post-holders.
If these are not good (or the post-holders have different perspectives) then consultation and liaison may be weak. Perhaps the clearest example of this is cash-flow problems arising from weak liaison between buyers, purchase accounts and management accounts. Since this liaison has only commenced ten years after the co-op was formed there has perhaps been an element of good-fortune in the survival of the co-op!

A second problem is that the decentralised and non-regular decision-making process makes pro-active business development more difficult. Such development involves the gathering and analysis of information followed by a programme of decisions and actions that together lead to a pre-determined pattern of development. In Suma the process of determining the direction that the co-op should develop has to take place in the General Meetings - a long and somewhat difficult process - with information collected by the sub-committees or supplied by individual members or departments. But when and if a decision is made it can, at this level, only be a general decision which members seek to implement in the many individual operating decisions they make daily. Since it is likely that different members will interpret the content of the GM decision in different ways, and give different weighting to that decision (perhaps depending on their own preference on the issue), it can be seen that implementation of a pro-active policy is not likely to be dynamic. In reality it is as likely that a change of direction for the co-operative comes about because discussion of the issues changes the perspective of individual members and this influences the decisions they make for Suma - regardless of whether a formal decision for a particular policy has been made. This points to the importance of opinion formation activities in the collective management setting. This will be considered below.

**Collective Management**

In this sub-section the focus moves away from individual decision-making in the collective situation, to collective decision-making. It will have been clear from earlier sub-sections that the important
ethos in Suma is consensus decision-making .... over many years the co-operative operated a form of consensus and although today a 75% majority is accepted for GM decisions there is still an important value attached to consensus both in the GM and in the sub-committees and work-groups. For example, the Finance SC can only exercise its delegated powers if there is consensus. This concern with consensus clearly derives from concepts of equality to which people in Suma ascribe, and which are built into Suma's constitution. In this sub-section two aspects of consensus will be addressed. Firstly, how it is achieved - its formation - and secondly, the implications for Suma.

To understand the formation of consensus it is necessary to consider the ways in which the opinions of the members are formed. This process can be divided into a concern with:-

* sources of information
* the interpretation of this information
* the weighting of information

It is clear from surveying the Minutes of meetings and attending GM's that although these formal sessions are a source of information and a place where options are rehearsed - many members come into the discussion with other information, with pre-conceived ideas about the importance of particular bits of information, and with preferences for the outcomes. So what are the influences on individual opinion formation? In Suma each member has a number of channels through which information can be obtained and implications discussed. The following have been identified:-

* Reports prepared by individuals or groups, pinned to the Notice Board and discussed in the General Meeting.
* Information provided to a sub-committee in which the member takes part - and discussions in those meetings.

* Issues raised at work-group meetings and the information provided and evaluated by colleagues in these meetings.

* Information passed through work colleagues that attend sub-committees.

* Information obtained through friendship networks within Suma - so a member may get information from a sub-committee through a friend who is on that committee rather than through their work group nominee.

* Informal discussions during work or during breaks, with colleagues, friends, etc.

So there is a range of sources of information (and arenas in which opinions can be formulated) which a member of Suma can use. The individual member can choose which source to use, and what weight to give to the information and opinions being broadcast by different sources. This choice is likely to be influenced by the trust and respect that the member has for the different sources and are likely to be functions of common experiences and interests and friendship. Examples of these 'trust networks' are feminists, founders and early members, people that joined at a similar time, people who have worked closely together for a considerable period. And of course a member may have several trust networks, and may use different networks for different types of issues. It is clear from the above that people do not arrive at important discussions in the co-op without information and a partly-developed opinion - unless they choose not to inform themselves.
Moving from the formation of opinions by individuals to the formation of consensus in the co-operative is a slow process. It is clear that many issues are raised and then allowed to lapse several (sometimes many) times before any decision is made. Most issues will be important to some people in the co-op and their activity will make sure that discussions continue in relevant sub-committees, work-groups, or friendship networks - and new information/ideas then flow out through feedback arrangements and individual trust-networks. The outcome of this process is the building of a consensus (either for or against) which eventually surfaces at the appropriate decision-making forum.

What are the implications of this reliance on consensus collective decision-making for Suma? Obviously the process is slow and time-consuming compared with hierarchial decision-making. For example, the decision to move warehouse involved GM discussions (and on-going research and discussion) lasting from December 1984 to July 1985. This has some implications for the speed with which the co-operative can decide to change. Once again, it makes proactive direction of the co-operative difficult to achieve. This is the conventional criticism of collective structures .... they are inefficient in their use of time, and therefore will not be able to compete with hierarchically organised businesses. This does not appear to be the case at Suma - possibly because inefficiencies are compensated for in other parts of the management system. The following points may be relevant to note here:-

* Day to day decision-making in Suma is undertaken by individuals who are trusted with a high degree of autonomy. The slow collective decision-making therefore doesn't greatly impinge on the short-term success of the business; decisions in this area continue to be taken as required by individuals (using the consultation processes described above).
* Although the consensus decision-making is slow, the decision when eventually made has the support of most members. This support is likely to be based on a thorough understanding of the issues and options: the decision process changes the opinions of the members who then have a greater degree of commitment to the decision than they would through other processes. This reduces problems of implementation.

* The broad range of views and experiences that is brought to bear - and has to be taken account of in order to achieve a decision - means that the decision that is made is well considered. This challenges the conventional wisdom that fast-moving entrepreneurial decision making wins all the prizes. Perhaps it is precisely the inability of the co-operative to make sudden changes (in any direction) which has helped it maintain stability in growth. So the core of the greatest criticism of collective decision-making (its lack of speed) may indeed be a significant source of strength.

Manipulation and Control by Individuals.

As may be anticipated, as individual members gain knowledge of the decision-making systems, they are able to devise strategies for getting decisions they want or need, through the collective process. Three strategies have been described:

* Confrontation and shock: the person regales the GM with the dire consequences of inaction, and then presents an 'over-response' as the ideal solution. The co-op doesn't accept the suggestion but moves with unusual speed towards a compromise.
* Checking-out support: the person talks through their proposal with members of their trust network, and takes account of views received in shaping the proposal they eventually put to the co-op. So there is a careful process of building the consensus through informal networks, before the issue appears on any Agenda.

* Pre-selection of options: the people promoting the issue for decision select the information that they present to the co-operative and also pre-select the options between which the co-operative is asked to choose.

These strategies have a useful function within the co-operative insofar as they may speed decisions that individuals need in order to perform their service for the co-operative. Where there is trust in the motives of the promoters of an issue, building consensus and pre-selecting options is useful for the co-operative; if that trust is lacking then there is ample awareness and opportunity for other members to challenge the information, options etc. But isn't this manipulation of the decision-making system indicative of deeper inequalities between the members of Suma - and if so does this amount to a hidden hierarchy? To some extent the answer has to be yes: most members at Suma agree that there are forms of hierarchy. But, the nature of hierarchy in Suma deserves exploration.

There are clearly differences between the members of Suma, and these influence their ability to participate in the collective decision-making processes. Important differences relate to:-
* knowledge of the decision-making processes and the custom and practice which gives flesh to the formal organisational structure
* knowledge of the history of Suma which permits a member to speak with the authority of earlier experience
* length of association with Suma which facilitates the development of extensive trust-networks, and knowledge of other members' views and likely responses
* knowing the wholefood trade and therefore being able to speak confidently on trade-specific issues
* having a confident personality and being willing to tackle other members about their actions and argue for one's views in meetings
* having a job in the co-operative that provides opportunities for discussing ideas during work-time, and formulating (and pre-selecting) options for discussion by the whole membership - some jobs in buying, marketing and accounting are reputed to provide this facility.

From the above it can be understood that people with a longer career in Suma will tend to have greater potential for participation in the collective decision-making processes - and therefore have the opportunity to exercise greater influence on decision-making than newer members. But there is also an issue of personality and this has been related to gender. There is a feeling amongst the women members (and a few men) that male members tend to have a more dominating personality and therefore tend to exert more influence than female members. To some extent this is difficult to determine since all of the veteran members are men and they therefore have a strong position on other grounds. The gender issue will be discussed again in Section Three.
If hierarchy in Suma is based on experience and personality then in some respects it is significantly different from conventional hierarchy. It is noticeable that people in Suma did not associate hierarchy with formal positions (e.g. chairperson of GM) or with membership of key committees (e.g. Finance or Personnel). There was some association of hierarchical position with work tasks, but the direction of this was somewhat unclear. Some people doing largely manual work thought that the inner-office jobs (buying, marketing, accounting) had higher status - and indeed these jobs may yield greater influence because of control of information and because they facilitate discussion etc. However, people in these jobs felt that a counter-culture existed in Suma as a reaction to the possibility of conventional hierarchy and the power of white-collar work in wider society, and that in Suma greater esteem was given to skilled manual work e.g. in the warehouse. It is notable that this counter-culture argument was expressed most strongly by men and it may have been their way of dealing with the disparity between the status of these specialist roles in their own value-system, and the lower status given to these roles in the co-op. The issue of a male tendency towards conventional hierarchy is explored more fully in the sub-section on 'Gender Issues'.

To understand hierarchy in Suma it is necessary to recognise that (unlike most conventional organisations) there are numbers of hierarchies existing simultaneously, and individual members will have different positions on different hierarchies and at different times. For example, hierarchies can be based on:-

* the job a person is doing for the time being
* a member's experience of a particular topic (e.g. transport) when that topic is being discussed
* participation in sub-committees and the more formal parts of the organisation structure.
It should also be noted that different members will hold their own views on where each other member is placed on each hierarchy. So the formation of hierarchy in Suma is complex, shifting, and multi-layered. If there is a single hierarchy that appears to emerge it is likely to be limited (to certain situations and issues), based on experience and personality, and surviving only because most other Suma members are tolerant of it.

The Development of 'Management'

Although Suma has retained its allegiance to management arrangements that are compatible with the co-operative objectives of equality, there has been a growth of management instruments that can be compared with those in conventional companies. This sub-section aims to review these instruments, and asks whether their use amounts to a degeneration of the co-operative: degeneration either in democratic control or through the increasing pursuit of capitalist priorities.

In the early years of the co-operative when membership was small and the business a relatively simple 'cash' operation, Suma utilised a very unrefined form of collective control. Decision making, co-ordination and planning was operated by individuals and at formal or informal congregations of members. Over time, and especially over the last three years, the following activities have been developed to supplement the collective management:-

* Co-ordination roles - for example in the warehouse and in transport - to facilitate information gathering and planning.
Co-ordination groups - sometimes to co-ordinate activities within one department (e.g. Warehouse Group) and sometimes to improve liaison between departments (e.g. the Marketing/Buying/Warehouse Group and the Buying/Purchase Accounts/Management Accounts Group).

Introduction of standard procedures e.g. for processing orders, or for recording customer payments. This has become more necessary with the introduction of a computerised order/invoice/credit system.

Increasing concern with financial management that started with introducing a management accounts function, and has progressed through the formation of a finance sub-committee and its gradual development of procedures and requirements. Quarterly management accounts are now published and in 1986 departmental budgets are being introduced for the first time. It is likely that this will be the first step towards instituting departmental financial controls.

Increasing selectivity over appointments to key functions: it is now recognised that for some jobs to be done effectively the people appointed must have certain skills and aptitude.

The motivations for these changes are important. They include:-
The increasing size of Suma. It is suggested that once the co-op grew beyond 18/20 people it became difficult to operate in a crude collective way. In particular, it was no longer possible for each member to have a good informal relationship with each other member (there were too many) and so the informal arrangements needed to be supplemented.

The increasing size and complexity of the business activities. An increasing range of products, number of customers and pressure on warehouse space required better co-ordination and planning if on-going crisis was to be avoided. The computer-based systems were a way of overcoming these problems of business volume - but they extended the standardisation and formalisation of arrangements.

A perceived need to improve commercial performance. This has been highlighted in the decision to move premises: the increased cost involved in the bigger warehouse means that the business must increase profitably if it is going to survive.

An increased awareness that leaving individuals to assess situations and decide on appropriate responses places an unfair responsibility on these individuals: the co-operative is not taking enough collective responsibility. For example, increased budgeting controls and liaison commitments will reduce the buyer's autonomy but will also reduce their individual responsibility and personal stress.
Perhaps the crucial point to note about these motivations is that they are related to the needs of the co-operative. The changes have arisen as a response to changing internal and external circumstances. Some of the changes do reflect pressure from 'the market'. For example, sales income and commodity prices are clearly subject to market forces. But the co-operative does have some discretion about the responses it makes and in choosing a response it doesn't appear to be slavishly driven by the market. For example, in the early 1980's there was a long debate about whether the co-operative should continue to expand and the implications of expansion (like problems associated with growing membership, the need for different working practices, and pressure on warehouse space) were fully debated. Over a period of time a consensus for expansion was built. Following this the co-operative established a marketing department and created the role of 'representative' as the first steps in a conscious choice for expansion. A similar process has been followed regarding the move to a larger warehouse. Another area of discretion is in the way in which necessary changes are made. As has been described above, the process of building a consensus for change tends to be slow and provide opportunities for all views to be expressed, and if possible accommodated. Most importantly, the changes that are made don't threaten the fundamental equality in Suma. So Suma accommodates itself to the change (both forced change and selected change) by modifying its management procedures and processes within the framework which they collectively determine and protect. It is important to understand that although the function of 'co-ordination' in Suma's collective style and the function of 'co-ordination' in a conventional (single-hierarchy) firm may be similar, the social and political connotations of Suma using conventional management tools are different from those implied by the same tools in a conventional firm. They could fuel degeneration - but only if the commitment to the underlying philosophy weakened.
So has the development of management amounted to a degeneration of the co-op? Looking at 'degeneration of democratic controls' it can be argued that in fact the development of management has strengthened these controls not weakened them. As we have seen, up to the early 1980's Suma's system of management was very individualistic and permitted the exercise of expert power within the co-op. Information flows within the organisation were poor, co-ordination functions difficult, and control exercised through rather unpalatable face-to-face confrontations. The revised arrangements give more members access to information, rights of participation or consultation in routine decision-making, and a more standardised and supportive platform for challenging other members. The increased participation in consultation and decision-making increased the general level of knowledge within the co-op and thereby weakens the possibilities for expert power to be exercised. Looking now at the second concept of degeneration - the increased pursuit of capitalist priorities - it has been argued above that although many of the management techniques now adopted by Suma are used for similar purposes in capitalist (hierarchical) businesses, their adoption has been as a means of strengthening democratic control and it therefore doesn't amount to degeneration. So, whether conventional management techniques lead to the degeneration of a co-op depends on the power relationships that the techniques are supporting. In Suma these relationships are essentially collective and the techniques carry a collective ethos, not a capitalist ethos.
SECTION THREE

WORKING IN SUMA

This Section looks at the people in Suma and their work experience. It starts by describing the recruitment and training procedures, then describes the people involved, the working conditions, and the rewards and penalties of the work experience. Finally, the effect of growth in the size of the co-operative is considered.

Recruitment and Training

It would appear that Suma has always taken care in who it accepts as members. Within the Constitution a person must work a six month probationary period before they could be considered for membership. If they were not nominated and accepted for membership in the period between 6 and 12 months, then they have to leave the co-op after 12 months. In addition to this, candidates for employment are first interviewed and then (if they get through this stage) asked to work a trial week. After this the co-op would decide whether to offer employment and probationary membership.

Prior to the establishment of the Personnel Sub-Committee interviews would be carried out by the whole Co-op - well, at least by those who were able and chose to attend - and the review of performance and decision to offer employment was taken at the GM. Now the Personnel SC interviews candidates and decides on whether to offer a trial period. It reviews the latter, and recommends to GM appointment or otherwise.

In the early years of Suma new members tended to be friends of existing members. More recently, public advertisement of vacancies has taken place although it remains common for applicants to be drawn from the friendship networks of existing members.
As mentioned previously members of Suma are not appointed to specific jobs, and specific skills and experiences are not the basis upon which appointments are made. The possible exceptions to this are 'knowledge of wholefoods', or 'experience of working in a co-operative'. These are taken into account in filtering the initial applications, although it may be less relevant after this stage.

The most important single criterion for selecting new members appears to be an ability to get along with existing members. The first crucial test of this is in the trial week. Here the potential worker is given different work each day. This is not an easy situation for newcomers, who have to learn the task and establish new relationships each day. On the other hand the candidate is likely to have casual contact with a significant proportion of members, and get a taste of a range of the work that takes place in Suma.

The second stage of selection is the long probationary period. Here the prospective member must show some aptitude in several work areas. New workers usually start as rota-flotas: doing some order-picking, some driving, and some front-office work. Towards the end of this time they could move into a regular pattern and begin to specialise - most probably in front-office or warehouse work. Once again, it is important for the prospective member not only to perform adequately at their tasks, but to build good relationships with a number of members. Before the introduction of the Personnel SC prospective members were dependent on an existing member to propose that they be offered membership (before 12 months of employment passed). Now Personnel SC will consider each prospective member at the due time, and raise the matter in GM.
Although the selection process doesn't overtly demand certain skills, the process might tend to favour some applicants. The following points may be important:

* knowing someone in the co-op may help by providing support and an introduction to other members during the trial week and early in the probationary week: on the other hand having a friend may mean that not enough attention is given to making other relationships, and the new member may be unfavourably associated with an existing member,

* self-confidence (but not over-confidence) are important for making relationships among a group of colleagues that changes almost daily,

* an ability to learn new routines quickly is important - since many of the initial tasks are routine, and 'on the job training' may be patchy because of time-pressures on 'minders',

* knowledge of whole-food can be beneficial since judgements are often needed about suitable substitutes for items out of stock,

* good driving skills and confidence in driving small trucks - since prospective members are expected to drive delivery vehicles,

* strength and stamina - the work is often physically hard.

Nevertheless, the assessment of each individual is based, in the end, on the subjective view of the existing membership: on their observations of performance, and on relationships established. It would appear that the main filter-point is often the trial week and that most probationary members are eventually offered membership.
It is felt by people in the co-operative, and by new workers, that induction to the co-operative is particularly poor - "Up to two years ago drivers knew much more about wholefoods and the wholefood business than a normal wholefoods truck driver because they had a wider involvement in all aspects of the business and because we had a policy of worker exchanges with shops. Over the last year, because of new people coming in and a shortage of time, the new people do not seem to have developed the knowledge". To co-op members the main problems appear to be the lack of an introduction to the products that are sold, the characteristics of the wholefood trade, and the essential ingredients of Suma's service. New workers are left to learn this by experience. This can result in a lower standard of service to customers. It may be remembered that one of the advantages of Suma is said to be that the delivery drivers have much greater knowledge of the products and the business than drivers of other wholesalers. Since driving is one of the early functions that new members take on, it is clear that good induction is important for maintaining the Suma service. New workers feel that they are left too much on their own, and are not given enough help in making social contacts within Suma. Furthermore, since there is no direct task co-ordination in many of the functions and no clear authority structure in the business, new workers can feel that they are not being given sufficient direction.

For most jobs within Suma, training is 'on the job'. External training is provided for Heavy Goods Vehicle driving - needed for driving most of Suma's vehicles - and workers can attend a short instruction course on fork-lift truck driving.

Perhaps the most difficult task for an induction process is enabling new members to participate in the management process.
Under the present arrangements a person is likely to acquire full rights of participation after about 6 months contact with Suma. At this point their knowledge of Suma's history and its business is likely to be poor. Consequently, they may be reluctant to take part in GM discussions, and/or their contribution may not be sufficiently well-informed to be useful. One long-serving Suma member suggested that the dictum "new members old ideas : old members new ideas" was appropriate. This indicates the frustration that some long-serving members feel about the contributions of new members. It has been suggested that new members should not be given full rights of participation until they have been with Suma for two years. This might result in marginal improvements, but problems would probably remain. For example, if a member on an extended probationary period was denied full rights of participation in meetings, then they might well see little point in continuing to attend these, and their learning would be retarded not improved. Once again, a more considered and extended process of induction would appear to be appropriate. And, of course, there may be situations where 'old ideas' may be suitable for new situations, and should be tried again.

There is now an awareness within Suma that both induction and ongoing training needs to be improved and a consultant is being appointed to prepare a training manual for the co-operative.

To some extent Suma's business is seasonal. To cope with this, and staff shortages during holiday periods, Suma employs casual workers. Many of these work only for short periods, but there are also a number of permanent-casuals (in reality part-time workers) and these have an anomalous position within the co-operative.
There are currently two people that have worked as permanent 'casuals' for a long period - one for 4 years and the other for 2 years. These people will be given two or three days work per week, planned into the rota. They are paid the same rate as members and obtain equivalent holiday rights and employees benefits. But they do not have to be offered membership and therefore cannot take part in the formal management processes. There are a number of temporary workers (also called casuals) that have worked full-time and successfully applied to become permanent staff and members. But permanent part-time 'casuals' have been refused membership of Suma. It might appear that Suma is drawing a distinction between part-time and full-time workers and only the latter are entitled to membership. However, the co-op does allow members to work four-day weeks and nine-day fortnights, and it has allowed members to reduce their commitment to permanent part-time without loss of membership and rights of participation. It has also been argued that the reason for excluding part-time workers from membership is that their commitment is to other activities, and they use Suma merely to obtain cash to fund these activities. Again, this is likely to be true also of other members. For example, members 'burn-out' tends to result in a withdrawal from participation in the management processes, and a re-focussing of the individual on non-work activities. In the end, the anomaly of permanent part-time workers who are not members persists because those workers have a poor platform from which to challenge the co-op: if they demanded a right to equal treatment, and then failed to be accepted into membership, they would lose their employment.

It should be noted that the employment of people as casuals before they apply for a permanent position has advantages for both the applicant and for the co-op. The former will have a much better idea of both the range of work and the opportunities and pressures
of working in Suma. The latter has a good opportunity to assess
the suitability of the workers as a prospective member.

So there are effectively four classes of worker at Suma:-

* Members

* Probationary members

* Permanent part-time 'casuals'

* Temporary 'casuals'

The latter two groups have no rights under the Constitution,
although they are now invited to send a representative to GM
and to Committees where issues relating to their 'interests'
are being discussed.

The People in Suma

The size of the co-operative and the research approach taken
has not made it possible to interview every member, and so
it isn't possible to provide a detailed analysis of the
membership. However, interviews have taken place with over
one-third of the membership. These cover a reasonably
representative cross-section of new and long-serving members,
but an unrepresentatively high proportion of women. From these
an 'indicative picture' can be built up of the people who form
Suma.

Of the 13 members from whom personal details have been collected,
10 had a university degree or equivalent qualification, one had
'A' levels and only two had no significant academic qualifications.
Of this sample, three regarded their parents as working-class, three as aspiring middle-class, and 5 as middle-class. An analysis done in June 1985 showed that of 37 permanent workers then employed, 20 were men and 17 women. As can be seen from Table 3.1., 75% of the members with over 2½ years service were men, 90% of the workers were aged between 20 and 40 (see Table 3.2). Only one worker is of ethnic-minority origin (although he doesn't feel that there is racism within the co-operative). However, a somewhat deeper level of analysis is required to understand the common characteristics of the membership and this also helps to challenge some of the conventional wisdoms about co-ops.

A common feature of Suma members is the lack of a career pattern, and more specifically the failure to develop a career after higher education. Sometimes careers were aborted. It's not that people left the bureaucratic world of conventional employment in order to join Suma, or even to join a co-operative. But over half of the people interviewed had left conventional employment frustrated or bored by the career structure, hierarchy and exploitation. Three members interviewed stated that they knew nothing of co-operatives when they joined: they just needed a job. However, most members had an awareness of co-operatives when they joined: some had previous experience in workers co-operatives, others lived in housing co-operatives. Most members thought that their commitment to co-operative working had increased during the Suma experience and those who joined 'for the job' said they stayed at Suma because they were committed to co-operative working. But then, these were the people who had stayed! It is notable that only 25% of those interviewed were interested in wholefoods when they joined Suma.
Table 3.1
Length of service of permanent workers of Suma (June 1985)

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.5 years and above</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>2.5-4.5 years</td>
<td>5</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>0.5-2.5 years</td>
<td>7</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>0.5 years and under</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>17</td>
<td>37</td>
</tr>
</tbody>
</table>

Table 3.2 Age distribution of Suma workforce (June 1985)

<table>
<thead>
<tr>
<th>Age</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>40+</td>
<td>4</td>
</tr>
<tr>
<td>30-39</td>
<td>19</td>
</tr>
<tr>
<td>20-29</td>
<td>14</td>
</tr>
<tr>
<td>19 and below</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>37</td>
</tr>
</tbody>
</table>
During the interviews, attempts were made to establish whether members of Suma had contacts with other 'alternative' organisations. Did they conform to some model of alternative living? Clearly this question depends on what you count as alternative. Perhaps the best characterisation is to point out that most of the members (interviewed) live in family situations. About 30% of members support children. Several members live in housing co-operatives or a shared house, but others own their houses or flats. Politically there appears to be sympathy with 'left movements' for peace and women's rights and a sympathy with trade unions.

So who are the people in Suma? Well, the common characteristic is that they were disenchanted with the work environment in conventional organisations and had done something about this. Most had some commitment to co-operatives when they joined Suma, but only a minority were particularly committed to wholefoods. Politically, they are likely to be socialist rather than conservative, and have sympathy with popular campaigns. Many have stable domestic lives and view Suma as a long-term employment option. They will grow old in Suma.

Rewards and Penalties

Suma operates a policy of equal net pay. Currently each worker receives £100 per week take home pay. An additional allowance is paid to workers with children - £5.00 per child per week. These rates apply also to casual workers, but a reduced sum of £60 net is paid to applicants in their trial week.

The current rate of pay has remained unchanged since 1982 - and that year probably represents a peak of 'real value' of wages in Suma. Prior to 1982 wages had been low -
1977 - £35 per week net
1978 - £45 " " "
1980 - £55 " " "
1982 - £100 " " "

But the 1982 figure compares well with wages paid in comparable businesses. For example the appropriate Wages Council Agreement for 1983 gives the following basic wages -

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehousemen</td>
<td>£73 gross per week</td>
</tr>
<tr>
<td>Drivers</td>
<td>£82 &quot; &quot; &quot;</td>
</tr>
<tr>
<td>HGV Drivers</td>
<td>£89 &quot; &quot; &quot;</td>
</tr>
</tbody>
</table>

Since workers could expect about 40% of gross wages to be deducted for state tax and insurance, it is clear that Suma's rates were almost double the wages council rates. However, this probably exaggerates the relative advantage for Suma workers. Points to note here are:-

* many firms in the food industry pay wages above the Wages Council Agreement
* workers in other firms would receive overtime pay - in Suma, members are expected to work long hours for no extra cash
* since many people at Suma do a range of jobs and are given more responsibility than workers in other firms, the jobs are not really comparable with those in the food industry as a whole: for example a warehouse operative in Suma is both labourer and chargehand
* there are clearly jobs which would be paid at a higher rate in other companies - most notably the 'management' functions like buying, marketing, and accounting.
It may also be inappropriate to compare Suma wages with those of other food industry firms - since this is not a relevant comparison for the members themselves. Their main concern is that wages should:

* meet their personal needs
* be sensible in relation to the financial stability of the co-operative.

It should be remembered that many of the members could have obtained well-paid jobs in conventional organisations if they chose.

Beside weekly wages, Suma had paid out a dividend at the end of each year. In 1983, £200 net was paid to each member - amounting to about 4% of salary. In recent years Suma has aimed at paying quarterly dividends based on quarterly trading performance of the business, but only three dividends have been paid out in the last eighteen months.

As has been indicated earlier, the process of setting a wage level is tied very closely with Suma's performance - and confidence about its performance. The failure to raise wages in the last four years reflects a dip in profit levels - but also the strains on Suma's finance caused by continuing growth. Growth requires that more money is tied up in stock and debtors, and in Suma's case - where growth has presented problems in moving the volume of stock through an unsuitable warehouse - increased need for workers. And now, in 1986, the decision to move warehouses will tie up capital and increase the revenue costs of the co-op - again making it difficult for members to confidently raise wage levels.
But for a number of members - especially those supporting a family - the current wage level is clearly felt to be inadequate.

The absolute level of wages is not the only concern relating to remuneration expressed in the co-operative. Others are:-

* that adopting equal net pay, rather than equal gross pay makes the wages calculations difficult and time consuming
* that it is inequitable to pay temporary casual workers the same pay as members who have a long-term commitment to Suma, and carry the wider pressures of management and responsibility
* that there should be increments for service in the co-operative to reflect the greater input of experienced members, and encourage them to stay in the co-op
* that eventually the co-operative will become uncompetitive (with conventional firms) because a greater proportion of income is dedicated to paying wages - in order to maintain the equal pay arrangements.

To look at the broad questions of wages the General Meeting has agreed that a Remuneration Committee be formed. This consists of two people selected by both Personnel and Finance Sub-Committees. This has already recommended that a bonus be paid while wage levels are looked at. It is now considering recommendations for moving to a policy of 'equal gross wages', and 'equal pay for equal service'. Nevertheless, the move of warehouse provides an uncertain background for making decisions - while intensifying problems of remuneration for members. It will clearly take time to resolve these issues.
People do not choose to remain working at Suma for the money. The real rewards are in the quality of the working experience. During the interviews opinions about why people liked working at Suma were collected. These are analysed in Table 3.3

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>No. of Times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having control of your work</td>
<td>9</td>
</tr>
<tr>
<td>Get on with the people</td>
<td>9</td>
</tr>
<tr>
<td>Able to learn new skills</td>
<td>5</td>
</tr>
<tr>
<td>Have a mixture of jobs</td>
<td>4</td>
</tr>
<tr>
<td>Non-hierarchical: you are allowed to think</td>
<td>2</td>
</tr>
<tr>
<td>for yourself</td>
<td></td>
</tr>
<tr>
<td>Allowed to be myself</td>
<td>2</td>
</tr>
<tr>
<td>The Wages</td>
<td>2</td>
</tr>
<tr>
<td>Flexible hours</td>
<td>2</td>
</tr>
<tr>
<td>Non-sexist</td>
<td>2</td>
</tr>
<tr>
<td>Learning about the products</td>
<td>2</td>
</tr>
<tr>
<td>You can share the responsibility</td>
<td>2</td>
</tr>
<tr>
<td>It gives confidence</td>
<td>1</td>
</tr>
<tr>
<td>People care about you as a person</td>
<td>1</td>
</tr>
<tr>
<td>It's big enough to have specialists;</td>
<td>1</td>
</tr>
<tr>
<td>therefore you can rely on people</td>
<td></td>
</tr>
</tbody>
</table>

* Taken from a total of 17 interviews.

It is notable that it is not the right to control the business that members of Suma value most frequently - indeed reference to Table 3.4 will show that it is the mechanisms and problems of control that are most disliked! No, it is the ability to control the way they do their tasks, and the relationships with the
people they work with, that are most frequently mentioned. These are essentially by-products of democratic control of the business: arising from the belief in the equality of each person and the congregation of people who want to work in a non-hierarchical way. 'Control of the job' includes flexible working times (although some limits to this are dictated by co-op-wide time-tables e.g. evening wagon-loading and weekly delivery routes), a choice of how jobs are done, and freedom to suggest innovations to colleagues etc. Getting on with the people refers to the relative ease of making relationships and the helpful attitude of one worker to another.

The opportunity to learn new skills is also valued by members. This arises through the job-rotation arrangements, and in particular through the principle of only appointing existing members to specialist functions. This means that a new member can expect to have opportunities to learn about finance or marketing or learn to drive the articulated lorry. It is also clear that members value the variety of work they are able to undertake. In particular the ability to mix physical with non-physical work seems to be appreciated.

Another range of 'likes' relate to the opportunities for people 'to be themselves'. One member described the delight at having a single persona instead of separate private and work personas. A gay person said 'it was great .... the co-op accepted my lifestyle : it blew my mind'. Other people described the encouragement the co-op gave them to think for themselves, the confidence running the co-op business gave them, and the way the co-op treated them as a person - not just as a workhorse.

But working in the co-operative also has some disadvantages and frustrations. Table 3.4 sets out a number of these.
Table 3.4  
Dislikes about working in Suma

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>No. of Times Given *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty of Decision-Making</td>
<td>9</td>
</tr>
<tr>
<td>Long hours</td>
<td>7</td>
</tr>
<tr>
<td>Varying levels of knowledge and commitment</td>
<td>4</td>
</tr>
<tr>
<td>Need for More Management</td>
<td>3</td>
</tr>
<tr>
<td>Hidden Hierarchy (of men)</td>
<td>2</td>
</tr>
<tr>
<td>Poor information flow</td>
<td>2</td>
</tr>
<tr>
<td>Isolation: not enough encouragement given</td>
<td>2</td>
</tr>
<tr>
<td>Dirtiness of the Building</td>
<td>1</td>
</tr>
<tr>
<td>Physically hard work</td>
<td>1</td>
</tr>
</tbody>
</table>

* Taken from a total of 17 interviews.

Here again there are two outstanding issues. The first, as mentioned previously, is the difficulty in making decisions in a system where many people have the right to express their view. Decision making is slow, old arguments are repeated, the dynamic of the meetings is considered to need revision, the co-op fails to confront important issues and tends to be reactive rather than pro-active.

The second outstanding dislike is the long hours. But the complaints were not just about the hours, they related also to the emotional demands that the co-op makes in these hours. Several members complained that they no longer had time or energy for other political activities ("I used to be in CND and in a women's group, but I don't have time now"). Other members complained that the co-op didn't leave them time and energy for their families. So the complaint about long and stressful hours can be developed into a broader complaint - that Suma didn't take enough account of the members' needs as 'whole people': there was a moral pressure to work long hours (when needed) which meant that one's life became unhealthily Suma dominated. It appears that there is
a recogniseable pattern of stress and 'burn-out' in the co-op. - "....work is physically very hard and with the mental stress you're wiped out....you start forgetting that there's life outside....." A new member may take upto two years to become inducted and able to take part fully in Suma management. They then over-commit themselves to Suma, working long hours and getting involved in management-type extra work. After one or two years of intense input they burn-out and withdraw. They may continue working, but not attend GM's or take part in sub-committees or other meetings - they just do their task. After this they may leave the co-op, or else get back in at a more moderate level.

The inequality between members was felt to be a difficulty. This has several aspects. Inequality in the knowledge about Suma and its business led some members to feel frustrated. This leads back to the earlier points about decision-making and has led some members to argue for improving management - possibly by instigating a management committee : a recognised elite. Inequality in commitment was also felt to be a problem. One origin of this could be the 'burn-out' cycle described above. However, another was the existence of people in Suma who were committed to some external issue and gave this priority over their commitment to Suma. Other members felt that there existed a hidden hierarchy and that because this wasn't acknowledged it was very difficult to tackle. This hierarchy was also associated with male dominance in the co-op. At one time this certainly existed (since all of the most experienced members were men) but the balance in the co-op has changed. Nevertheless, it is felt that some men conceive of themselves and act in a hierarchical way.

Given the appreciation of working relations in Suma it is perhaps strange to record as a dislike a failure to give encouragement. The complaint is that within this system of equality people are too critical of their own performance as a co-operative and as
a business and don't focus on their success often enough. This can be translated also to the personal level - people don't compliment each other on the work they have done, it is all taken for granted. A feeling of isolation in the work, can then arise....."when I joined there was a lot more caring".

Looking at the rewards and penalties working at Suma a number of points can be made:-

* Pay is an issue, but not an over-riding issue for workers at Suma.

* The greatest rewards from working at Suma come from the equal and supportive environment, the dedication to job rotation and internal appointments to key jobs, and working with people who share the desire to be non-hierarchical.

* The greatest frustrations of working at Suma arise from the decision-making arrangements, and from the amount of commitment (of both time and emotion) that Suma demands.

The problem for Suma is therefore how to improve the processes of collective management without sacrificing the benefits that derive from all members experiencing equality.

In discussing the commercial success of Suma (in Section One) it was suggested that individual initiative was an important factor in Suma's performance - given that its organisation structure didn't facilitate a pro-active stance towards its commercial environment. But are there incentives for individuals to take initiative since there is no career structure with higher financial rewards for
'promotion'? Although direct financial gains are not on offer, members report that other rewards are available e.g.:-

* financial gain by increasing the net profit and so allowing wages or dividends to rise
* increasing self-esteem and personal satisfaction at work that arises from taking initiatives and seeing them become successful
* increasing the financial stability of the co-op which could reduce the amount of work each member has to do, and reduce the stress associated with this
* showing that co-ops can work well - confounding sceptics and providing an example which others may choose to follow.

It might also be noted that taking initiatives that benefit the co-op can increase the individuals' standing amongst their peers.

So, there are a range of rewards for individual initiative. But whereas the non-hierarchical equal-pay arrangements reduce the financial gain and personal power motivations for initiative-taking, the opportunities for gaining self-esteem and peer-group esteem within the collective are considerable.

Gender Issues in Suma

At several points in this case-study reference has been made to gender issues. In this sub-section the intention is to focus on these issues and describe how (and if) they have been resolved.
It is clear that most of the long serving members still in the co-operative are men. Out of ten current members who started prior to 1981, only one is a woman. The women who had been members in the early years have moved on. In the early 1980's the co-operative grew with roughly equal numbers of men and women. At this time most of the specialist positions in the co-op were held by long-serving men and the comments of women who were involved suggest that men tended to dominate the GM proceedings. This male domination began to weaken after the formation of a 'women's group' in Suma after which women agreed to support each other both in meetings and in work situations. Many women feel that they then gained the confidence to make a greater contribution to the general meetings. This trend, of greater women's participation, increased with the formation of the Finance and Personnel Sub-Committees. As described earlier, the first Finance Sub-Committee became dominated by the men who held specialist roles. However, after the re-constitution of these committees in 1985, it is clear that the male dominance had been broken. After this, in 1985, there was a concerted effort to equalise the number of men and women in the co-operative.

It is important to record the perspective of some Suma men on these changes. A significant number of those interviewed say that male domination didn't really exist..."the men and women are equal in the co-operative and it is divisive to consider whether men have one or another role, or make a greater or smaller contribution to the management of the co-operative. There is not a gender-based dominance." Some men regard the formation of the women's group and its decision to support other women as divisive and sexist. It has also been pointed out that a minority of women share this view. They point out that gender balance was an issue as early as 1982, and that changes in the management of the co-op pre-dated the 'womens group' meetings.
It's possible to interpret these different perspectives by suggesting that many men don't understand the real problems of sexism faced by women. At a deeper level, however, it may be that the gender issue in Suma exposes different attitudes towards hierarchy. It has been suggested that men see 'careers' in the co-operative in hierarchical terms: a person starts in the warehouse and progresses eventually to the specialist office functions like buying and marketing and accounts. On the other hand, women viewed 'careers' in the co-op as circular so that moving from buying to order-picking or front office was perfectly acceptable. It is notable from the interviews that it was only men - and those that had been members since before 1980 - that felt Suma needed more management, and sought solutions in a management committee and a weakening of the rights of new members. These suggestions could be seen as wanting to create a more hierarchical management structure. So the question can be raised - when there is a need for more efficiency, is the male response to demand less participation and more hierarchy: and the female response to demand better forms of participation? It is notable that post-1985, long-serving men tended to withdraw from active participation in the new participative management structures, e.g. not attending the GM and not putting themselves forward for sub-committees, and several have recently left the co-op.

Organised meetings of women members have not taken place since early 1985. It appears that three factors have influenced this:

* after the re-formation of the sub-committees, the difficulties experienced by women are felt to have been less significant
* perhaps because of the additional time demands imposed by the sub-committees, members have little time to meet
* an increase in the number of gay women in the co-op has increased the diversity of views held by women members.
The increased number of gay women in Suma is thought by some members to signpost an additional gender issue in the co-op. The way work is organised at Suma means that every person has to undertake hard physical work (at least in the early years of their employment) and be willing to do tasks which are conventionally termed 'male' (like lorry driving). So, women coming into the co-op must be prepared to undertake work that is not (in our society) expected of them. The way management and control is exercised results in all employees carrying time and stress demands over-and-above normal work commitments. Finally, the way varying work-flows are managed (requiring long work-hours from members) increases the level of commitment that members must make. Combining these three factors it can be suggested that many women (with commitments to co-ops and knowledge of wholefoods) would not be able to work at Suma. If they have childcare responsibilities they may not be able to make the time and emotional commitments, and anyway, they may not want to take on physically hard (and culturally male) work. So, does the way Suma is organised amount to a form of institutional sexism - excluding from membership many women who cannot make the necessary physical and emotional commitment? And does this mean that if Suma wishes to maintain a gender balance it will necessarily have increasing numbers of gay and active feminist women, since these people have a strong political commitment to equal working practices and are more likely to have established shared childcare arrangements where appropriate?

The increased number of gay women in Suma raises another issue which conventionally falls in the realm of 'sexual politics' - the commitment to work. Although it has been argued that gay women members of Suma have both the time and the political commitment to engage in Suma, there are suggestions that their political education has increased their sensitivity to 'work dominating life' (a male convention?). Their great commitment to political feminism has perhaps meant that they were less willing to respond to Suma pressures (e.g. to work long hours) than other members.
This has been a source of tension in the co-op.

It should be made clear that Suma is not anti-gay (female or male) and does provide an accepting and supportive work environment for them. But this acceptance has not easily stretched to changing the underlying assumptions of how the co-op operates as a response to the different insights and assumptions that gay members have brought into the co-op.

Working Conditions and Industrial Relations

The conditions of employment in Suma are in many ways better than workers would expect to find in comparable firms. Working times are flexible, although there is a move towards ensuring that a core of hours are covered, and workers are expected to get their work done within the time limits imposed by the 'systems' in Suma. Holiday allowance is generous as is maternity and paternity leave. As employees, the workers/members have contracts of employment although at present the letter of appointment is the only written document they receive.

The building in Leeds in which Suma has (until now) been based, is an old brick warehouse on three floors. It has provided an adequate physical environment for the co-op. There is a rest-room/meeting room which includes a kitchen. Toilet and washing facilities are poor in relation to the number of workers.

Suma does appoint a Health and Safety Officer, but many members expressed the view that not enough attention was paid to health and safety. Particular complaints have been that:

* people working in the warehouse are not compelled to wear safety-boots even though these are provided free by the co-op
* there is no training provided in lifting techniques so there is a danger (and experience) of people suffering injury when lifting and carrying loads
* the delivery runs are too long and there is a danger of drivers exceeding the legal daily limit for lorry driving
* the co-op is now using larger lorries and carrying heavier delivery loads - since the drivers have to unload this manually, the amount of lifting in a day can be excessive.

Clearly, Suma needs to pay some attention to the complaints.

Perhaps the greatest health problem is stress. Although the co-op has few rules about attendance and in many tasks doesn't dictate how they should be done, it compensates for this by placing workers/members under moral pressure to perform. If a worker doesn't complete their quota of work then another worker will usually have to do that work - in addition to their own quota. This provides a sound basis for workers to pressurise slower colleagues or people who are frequently absent or sick. This pressure becomes most acute in peak trading periods when the daily loads can only be shifted if people work long hours. There is moral pressure on members to work these hours, even though they receive no overtime pay. The moral pressure may also be experienced by workers who are unwell, but try and complete their work before 'going sick'. It is notable that relationships in the co-op are most difficult at peak trading times when everyone is tired and their tolerance low.

Suma has a Disciplinary Procedure, which is an adaptation of an ICOM Model Procedure. If there is a complaint about a worker, or a dispute between workers, then this is first brought to the Personnel sub-committee. Here, great efforts will be made to resolve the problem - in one recent case the matter was discussed at nine consecutive meetings. If this fails to resolve the issue it is taken to a Disciplinary Committee (chosen through secret
ballot by all of the membership). The 'defendant' is asked to attend this committee, and they may be supported by another person. The decision of either Personnel or Disciplinary Committees act as recommendations to the General Meeting, so this effectively acts as the first level of appeal. However, there is also an arrangement for independent arbitration. This is carried out by members of another wholefood co-operative, and its conclusions are binding on both parties. So far, no case has gone to arbitration. Suma is, of course, bound by the same legal requirements regarding the way they discipline workers as other companies.

There are no trade unions operating in Suma, although most of the members interviewed were supportive of TU's and would become a member if a TU was successfully introduced. It appears that there have been four attempts to establish Transport and General Workers Union (TGWU) representation in the co-operative. The first attempt failed because the local TGWU officials considered co-op members to be company directors, for whom TU membership was not appropriate. The second attempt fizzled out. Although co-op members were accepted as TGWU members, the union was not (in the eyes of these members) prepared to give them the service they expected. The third attempt also fizzled out. This time it was the local 'Food and Drinks Branch' of the union that refused to accept Suma. Apparently the members from other companies thought that it would be wrong for co-op members to attend their Branch in case they picked up trade information which would give them an unfair chance of competing with other local firms. This might threaten the jobs of union members in these other firms. In the end the Suma members were allocated to the Voluntary Sector Branch of the union - which was, again, inappropriate. Finally, Suma tried to establish a local Co-ops Branch of the TGWU, but there was not enough support from members of other co-ops.
Is there a role for a TU in Suma? Some members have argued yes. The following reasons have been given:

* to express solidarity with the major workers movement in Britain
* to provide a channel through which information about co-ops can find its way into the TU movement
* to provide members with routine TU services (e.g. legal service in the case of an industrial accident, and health and safety training) and information about 'standard' wages and conditions
* to represent the interests of individual members when these are in conflict with the views of the other members.

The latter point does seem to be especially important in a co-operative. Unlike other firms, if the individual worker in a co-op gets into conflict with the co-op as a whole, then they may well be in conflict with their colleagues: since these are also their employers. Yet the co-op may not have due regard to the legal rights of the individual member, and the view taken in the co-op may be in conflict with justice - as defined by the law. So a TU can have an important role in defending the right of the individual, against the collective. Perhaps this point can be broadened. Since workers in a co-op have the role of both employer and employee, there is a danger of them not taking enough account of their needs as workers. One way to overcome this is for a TU presence, and regular 'shop' meetings at which the workers needs as workers are the main focus. Now, it is likely that how these needs are met will have to be raised and resolved in the co-op General Meeting. But the TU shop meeting could provide a safe environment for workers to express their feelings, and recognise that action is needed. This might help to deal with some of the problems about health and safety and the moral pressure for self-exploitation that have been described in this sub-section.
Problems of Growth

To complete this Section 'Working with Suma' it is intended to focus briefly on how growth (in numbers of members) has affected the co-op.

It would appear that common observation of a break-point where close inter-personal relations with all members is impossible is supported by Suma members. It is argued that with up to 18 members (and this figure varies between members, from 10 upwards) it's possible to know each person well. This makes the resolution of problems and finding a consensus easier. After this point a different dynamic starts to occur. In Suma the creation of departments and the decision to have majority decision making and functional sub-committees are seen to illustrate this different dynamic. However, it has been pointed out that it takes time for the pressures to be felt and then translated into change. For example, one observer thought that relationships started to change once Suma had about 18 people: but that the co-op had grown to about 22 people by the time changes in the arrangements for collective management were made.

A second common observation is that there are differences in the attitudes of new members compared with founders. There are several observations that can be made about this in Suma. Firstly, there is a tendency for people who are newcomers together to have a special relationship within the co-op. They form a trust network. It appears that this comes about because they have mutual problems as 'outsiders' when they join the co-op, and they share an induction process which is influenced by the situation in the co-op at that particular time: they go through a similar socialisation process. Secondly, there is clearly a hierarchy based on knowledge within Suma, and the long-serving members who went through the experiences that created this 'knowledge' understand why it is held to be self-evident in the co-op. Other members don't have this knowledge and may wish to challenge its truth. But it is
difficult to challenge the inertia of 'the self-evident'. It was created by experience and for a group of people it may only be changed through new experiences: experiences they seek to avoid because they cannot believe that they will be beneficial. So perhaps there will always be differences between old and new members, based on their experiences and what they have learnt from these. It could be suggested that the drawn-out, difficult, and continuing process of organisational change in Suma is the way they are coping with the problem of old-timers' power; and the response of the old-timers has tended to be to withdraw from active participation in the collective decision-making process because they couldn't believe that the new collective arrangements would work adequately. They needed the experience of seeing them working. So, collective power was able to shift in the co-op. It is notable that the 'old-timers' that remain (and several have recently left the co-op) have now begun to participate more actively in the new management arrangements.

The final point to make about growth is that the larger the co-op, the greater will be the absolute numbers of leavers and newcomers, and the greater will be the effort that the co-op has to commit to maintaining adequate levels of suitable staff. As has been described in the sub-section on recruitment, Suma puts considerable effort into selection of members. This is certainly more time-consuming than a conventional competitor for whom appointment of most operatives would probably be a matter of one person interviewing several applicants once. Growth in a co-op will thus demand a relatively high time commitment at the appointment stage, and then further work in induction to both the job and the co-op. At Suma, with current employment of 37 people, it is likely that a continuing flow of 'trial-weekers' will be around, plus a number of probationary members, plus some temporary 'casuals'. For many existing members, this will be too many new people to make contact with: yet this contact is necessary if all members are to participate in decisions
about who to offer membership to; decisions based on the social relations established by applicants. The increasing tendency may be for existing members to rely on their immediate colleagues and their trust-network for social contact in Suma. This would seem to lead to a relative weakening of the social unity in the co-op. These problems are not yet acute in Suma, and they have been discussed. For example, one suggested solution to both the problems of collective management (eventually resolved through the Committee structures) and the problems of out-growing the warehouse, has been to split Suma into two smaller co-operatives. Some members argued that it was the close social relations that made the co-operative different from other firms: if this was lost there would be no difference between Suma and other firms. These people may still feel this loss. On the other hand, maybe the formation of trust-networks within the co-op has enabled them to maintain sufficient feelings of closeness, while allowing the single co-op to grow. And as we have seen in this Section, people in Suma do still feel that their working experience is far better than they have obtained in conventional organisations. It is also likely that the rate of expansion (in membership) of Suma will decline when the move to a new warehouse is achieved, since labour will be used more efficiently in a one-level warehouse than in the present three-level warehouse.
SECTION FOUR

CONCLUSIONS

In this concluding Section it is intended to summarise the achievements and weaknesses of Suma as a commercial business, as an example of collectively managed business, and as a working environment. But it should be remembered that the wider objective of the 'Leverhulme study' of which this forms a part is "to explore the critical processes affecting the socio-economic performance of worker co-operatives". What can we say about Suma that would inform this wider objective?

Suma's Achievements

A major achievement of Suma is to have successfully established a substantial business. As we have seen in Section One, Suma now has annual sales of about £4 million. Sales have grown at an average rate of over 30% and even allowing for price inflation an annual rate of growth of about 20% has been maintained. The key reasons for this success would appear to be:

* The growth of demand for wholefoods

* The quality of service provided by Suma. This was built on the high level of knowledge of the trade and Suma's business held by all members of the co-op and especially by the delivery drivers who acted as representatives for the business.

* Job rotation which ensured that members had a wide knowledge of the products, the trade and Suma's procedures. This was a major contribution to the quality of service, but it also gave the co-op a depth of skills and therefore considerable operating flexibility: several people could do most jobs.
* The limitations of the building which have forced
the co-op to increase stock turnover rates and shift
slow-moving stocks, as the volume of business has
increased.

* The commitment of the members which has been shown in
their willingness to work long hours at peak trading
periods. Some members feel that they have accepted low
wages: this may be true in comparison with professional
wage-levels that most of the members might otherwise have
expected to earn (since most had received higher
education) but is not generally true in comparison with
other manual or clerical jobs.

It is not clear how much of the commercial success of Suma is
attributable to efficiency that derives from collective management.
It is clear from the discussion of the development of management
that control of the workforce is not a significant part of overt
management in Suma. This control does exist but it operates
through the prevailing culture of the co-op and through moral
'peer-group' pressures. Control exercised in this way tends to be
powerful and self-reinforcing, and therefore very efficient. But
the benefits of this efficiency may be offset by additional person-
hours spent in decision making - although this is not necessarily
more than in a conventional company and any additional costs involved
in decision-making may be offset by increased ease of implementing
decisions.

A second achievement at Suma is to have retained collective
management. This statement may be open to challenge. It can
be pointed out that there is unequal power in the co-op and that
forms of hierarchy exist. Let's explore this a little. In any
group there will emerge hierarchies based on skills and experience.
In a trading company it would be foolish not to utilise the
experience of existing members: to deny their knowledge could jeopardise the commercial success of the company and lead to an unhealthy frustration in the longer-serving members. So the problem in a trading co-op is how to cope with this hierarchy. Here are a number of points that can be drawn from the Suma study:

* It is necessary to differentiate between a hierarchy of skills and experience, and a hierarchy based on other forms of power (e.g. the formal power attached to positions in a management hierarchy).

* There need not be a single hierarchy: in Suma the reality is that there are several hierarchies dealing with different topics, and with members having different positions on each. It would seem useful to foster the concept of multiple-hierarchies as a mechanism for recognising the skills and talents of individuals, while avoiding the concentration of all power in a few members.

* At Suma there is a constant regard to the dangers of hierarchy emerging. Although it may take time to develop, the general membership has challenged powerful cliques and diffused power to new groupings. The decision to re-constitute the Finance and Personnel Sub-Committees provides a clear example of this: effectively taking power from a clique of long-serving members who were felt to dominate the General Meeting and who also carried out key functions like buying and finance. The membership is also reticent to give high status to functions that would conventionally receive this status; warehouse co-ordination may be
favoured over buying or marketing and membership of sub-committees is not regarded as awarding prestige. Consciousness of the dangers of hierarchy would appear a good defence against a static hierarchy emerging.

Avoiding hierarchy probably requires provisions in the constitution that give the general membership the opportunity to overcome the opposition of an existing hierarchy to change. For example, at Suma the powerful elite that is felt to have existed in the early 1980s could not have been overcome without abandoning 100% consensus decision-making. What is needed here is more than a constitutional right to participation. There also needs to be 'side-rules' that detail what the wording of the Constitution is understood to mean, and there must be a willingness of all members to accept and work with the decisions of the majority.

So, it is argued here that forms of hierarchy are inevitable and that the important features of a successful co-operative are to use hierarchy constructively, to be conscious of the dangers of a single hierarchy emerging, and to have the means and the will to challenge and dismantle those that do emerge. In Suma this has been achieved so far.

A third achievement at Suma is to have provided a quality of working life that is appreciated by the members. There are reservations here - particularly about 'self-exploitation', which will be discussed later. Three aspects of working at Suma are widely applauded by the members. The first is having control
over their own work: nobody is in the position of 'telling' another what to do or how to do it. People are available to ask, and some co-ordinators exist that act as a central point of reference and information. The work-control arrangements operate through trust - largely without problems - and it appears that this increases the self-esteem of the members. The second aspect of the working environment is that members like the people they work with. Possibly this is the result of the careful selection process where high regard is given to applicant's ability to interact - although this also has aspects of exclusivity. Thirdly, members welcome the opportunity to learn new skills and to have a mixed diet of work. Newer members of the co-op look forward to learning some of the more specialist and 'business' jobs and most members like the mix of manual and non-manual work.

Problems at Suma

One underlying concern with the way Suma has developed is that as a business it has been reactive, not pro-active. It appears that this approach derives from the collective management arrangements rather than from a corporate strategy. In the period from 1976 to 1983, the co-op had no co-ordination functions. There were two levels of decision-making:

* the General Meeting - with a difficult internal dynamic and a poor flow of information
* the individual carrying out their specific functions.

The first of these had the potential for co-ordination and probably did this effectively when the co-op was small. As membership grew and the business expanded, and as more permanent specialist functions were established, possibilities of the GM being able to co-ordinate receded. At an individual level
co-ordination was possible - but depended on the relevant 'functionaries' getting together or individuals personally observing other areas of work, e.g. the buyers keeping an eye on warehouse stocks. The get-togethers appear more likely to work where the individuals concerned were part of a trust-network in the co-op, but could cease when personnel changes occurred. So co-ordination was haphazard. Without co-ordination it was difficult to obtain information for forming a pro-active strategy of future development. It is also possible that Suma's rate of growth meant that the members were always at full stretch dealing with the changing situation.

Since 1983, there has been increased potential for a pro-active approach. The first move was the establishment of a sales/marketing function and the appointment of a Representative. This meant that one Section of Suma focussed on the potential growth of sales and how to achieve this. The decision to have Finance and Personnel SC's, formalised the development of the 'constituency groups' (like warehouse and transport), while the development of joint groups like Marketing/Buying/Warehouse and Buying/Purchase Accounts/Management Accounts, provides the basis for much better co-ordination. It would appear that in 1986 the potential of this greater co-ordination for improving forward planning and strategic control is beginning to be used. The need to move warehouse - with the cost implications that follow from this - is stimulating the need for a more positive future strategy to be worked out. It remains to be seen whether the newly-developed co-ordination arrangements can result in a strategy, and see it achieved.

A second problem perceived by Suma members is self-exploitation - particularly the long hours that are worked without additional pay.
There are also complaints about the level of wages (which cause particular difficulties for members supporting children) and about the physical and emotional demands made by Suma which inhibits members' involvement in non-work activities (e.g. politics, family, recreation) and prevents them from achieving 'their whole potential'.

The term 'self-exploitation' is a term frequently used in connection with co-operatives, but is rarely defined. So it may be useful to focus on this concept in Suma. Firstly, the question must be raised whether Suma members self-exploit, or collectively exploit: or perhaps both types of exploitation occur? Workers in Suma are not self-employed, they are collectively employed. Therefore insofar as the collective decides that workers should do long hours and the workers feel this to be exploitation - then the workers are collectively exploiting. On other occasions a Suma member may volunteer themselves for work, or merely continue working. Insofar as they subsequently feel this was exploitation, they are self-exploiting. But the reality in Suma is that very often there is no conscious collective decision to work longer. Long or short hours arise from the flow of orders and the need to fit increased volume of trade into a finite pattern of weekly deliveries. As the volume of orders increases, the volume of work for most departments increases, and workers do longer hours, carrying heavier loads etc. So this is collective exploitation that arises from the failure of the collective to make decisions (about how to avoid or handle better the increased volumes). But since there is no direct supervision for most jobs in Suma, aren't the workers free to leave when they've done a reasonable day's work? Yes - but 'a reasonable day' appears to be socially defined within that community of work, so there is considerable
moral pressure on each member to complete the day's tasks - even if this involves working harder and longer. You can argue that people are free to leave and therefore self-exploit: but in context they are subject to great moral pressure to share the burden of extra work and are therefore subject to collective exploitation.

Collective decisions - or a collective failure to make a decision - therefore underlies feelings of exploitation in Suma. And the feelings themselves can be seen as arising from what the individual worker experiences as an appropriate level of input to the co-ops work, and the collectively defined expectation of input from each worker. The former may vary with personal commitment and circumstances, while the latter tends to vary with the volume of orders. Is this dissonance avoidable? There are several points to note here:

* In the approach taken here there is always likely to be some workers who feel exploited - those whose personal expectations are at odds with the collective expectations.

* An alternative approach would be to take an external measure (e.g. Trade Union terms and conditions) as a norm which is independent of the collective expectation, and then define exploitation as occurring when this norm is not met. Then it would be possible to define away exploitation .... even though some workers would still feel exploited at some times ....by applying TU terms.

* A third position would be to argue that the collective should become more conscious about the issue, and try and ensure that issues of work expectations are raised and resolved in collective meetings.
Ultimately, the major problem to be tackled is how the co-op deals with seasonal variations in demand for wholefoods - since this is the root cause of work overload. In the past, Suma has had poor planning capability - it could only react at peak times by increasing the number of 'casuals' employed and by working longer hours. Improving the planning functions within the co-op, and labour efficiencies obtained by moving to a one-level warehouse, could make a significant contribution to the reduction in members' sense of 'exploitation'.

A third 'problem' in Suma is a declining level of 'trade knowledge' in the co-op. It has been pointed out that an important ingredient in Suma's business success has been the trade knowledge possessed by each co-op member. This enable them to be helpful to clients when making deliveries, taking an order, dealing with queries, etc. The fall-off in this knowledge has been ascribed to:-

* the growth of membership which means that there is a higher absolute number of new members at any time .... and a higher absolute number of experienced people leaving

* there has been a weakening of inter-personal contacts within the co-op (again associated with size) which means that the 'automatic' mechanisms, through which new members learnt, have weakened

* the increase in specialist functions means that (despite the mixed diet of work) new members may have to wait several years before getting the opportunity to learn a bit about important areas of the business

* the increased volume of business means that delivery drivers have less time to spend at each 'drop' and therefore learn less from their clients, and provide less information to the clients
* the recruitment criteria changing to give more weight to applicants' gender than to their knowledge of, and interest in, wholefoods - although this trend seems to have been reversed in recent appointments
* the growth of the wholefood trade has introduced a wide range of products and so there is now more for new members to learn.

This problem has been recognised in the co-op and improved induction training is being developed.

Another issue is the on-going debate about sexism in Suma. Many of the women members recognise this as a problem; while some members (mostly men) think that women raising it as an issue is a problem!

Perhaps the difficulty is that the sexism that remains in Suma is 'institutional' rather than overt. It derives from the 'male' assumptions held to be true in the wider world, (and then by men in Suma) but challenged by feminist politics. One example of this in Suma is the value individuals give to 'work'. A criticism of male attitudes in society is that undue commitment (time and emotion) is given to employment and work relationships compared with family and domestic relationships. Sexual politics has raised awareness of this. But working in Suma apparently demands more commitment to the workplace than most employment in conventional companies ..... and it therefore reinforces the male attitudes to work. This effects both men and women in Suma, including many women conscious of sexual politics and men seeking opportunities to play a greater part in their family. However, it tends to be resisted by gay women whose political consciousness is reinforced daily by their domestic circumstances. As the discussion about self-exploitation has described, there is a strong moral pressure on Suma members to match the high level of commitment expected
(but not overtly stated) in the co-op - a moral pressure which effectively imposes 'male' attitudes to work within the co-op. It is notable that the increased number of women who resist this moral pressure (possibly because they have a greater commitment to feminist politics) causes resentment in Suma..... they are challenging the unspoken conventional wisd obs of the male world. Now, this debate about commitment need not be seen as a debate about sexism. 'Male' positions are reinforced by commercial arguments, and indeed the position women members of Suma are in has arisen because they have a high degree of equality with men! But for some women it is also an issue of sexism since they are challenging a natural truth that they have come to recognise as not deriving from their own beliefs - but deriving from an alien male world. Other 'sexist' practices may be seen by men as deriving from the hierarchy of experience, not from sexism. For example, the reality that some people's (and almost always men's) views carry more weight in collective discussion than other people's can be interpreted as sexist, or merely a consequence of experience. The irony of Suma's position is that, in the context of a sexist environment, it does put at a disadvantage women with families and women who (because of their perception of women's 'roles' or just through their physical size) cannot do the range of jobs Suma requires. Suma is perhaps institutionally sexist because it hasn't structured tasks, and facilities in a way which would permit the involvement of mothers - and it expects time and emotional commitments that members with families may have difficulty sustaining. But can the co-op be expected to provide for every group in society and survive as a commercial concern? Although this is a well-worn defence of 'male' attitudes there is a danger of expecting a co-op to tackle all society problems simultaneously. So the issues raised here are perhaps subjects for ongoing debate and change in the co-op within the context of its survival as a commercial operation.
Two other 'problems' deserve some mention. Firstly, there is on-going dissatisfaction with the process in the general meeting. It appears that there is inevitably a conflict between the time needed to discuss all relevant issues and make decisions that have broad support - and the time needed to do routine work. It appears that many members agree that meetings are better prepared now that sub-committees have been established. Nevertheless, continued dissatisfaction with the process has been expressed. Recently, there has been a greater tendency to split the meeting into small discussion groups - but Agendas are still too long and the process of the meeting tends to kill dynamism. Finally, one member raised 'the problem' that people in the co-op were so concerned with 'the problems' that they failed to notice how well they were doing! This can be added to the feeling that the lack of supervision means that individuals may not get their work positively assessed. The result is that Suma members may not recognise and enjoy their success while being, in many ways, successful.

Some Wider Implications of the Case-Study

An important question for the wider 'new worker co-op movement' is the effect of collective management on business development. Before exploring this question, it is perhaps necessary to start by reminding ourselves that Suma started operating with a combination of collective management and a high degree of individual initiative. It has now moved to a position where a third component of management has been introduced - the sub-committees and inter-departmental groups.

There are two main consequences for the business development that can be related to the Suma management arrangements. The first is the predominance of reactive development, rather than pro-active development. Suma has had a very poor structure for forward planning, and for undertaking a programme of actions to achieve a
business target. And this does seem to be related to the collective style of management. Despite the provision for a management committee within the Constitution - which would have provided a focus for collection of information and the formulation of plans - Suma members feared the formation of an elite. Instead, they formed formal and semi-formal groups: sometimes through collective decisions (e.g. the sub-committees) and at others merely by individuals recognising the benefits of improving co-ordination with complementary activities (as in the Buying/Purchase Accounts/Management Accounts group). This path has fed the development of multiple - hierarchies and helped maintain a level of equality between members that might easily have been lost.

In the conventional wisdom of business school 'good practice' the development of planning - in the form of a corporate strategy etc. - is the essential tool of a growing business. In the vocabulary of Thatcher-capitalism, dynamism - in the form of entrepreneurship - is the essential quality of successful business development. But here we have a business that grew successfully with no planning facility and a weak entrepreneurial facility! Three points can be made about this:

* To some extent dynamism was achieved through the freedom given to individuals - many of the most critical business decisions were made by individuals in the course of their work - without supervision or guidance from the collective. An example of this is the buying function which necessarily makes a major contribution to a wholesaler's success or failure. In Suma the buyers have been a major location of entrepreneurial, but individual, decision-making.
* Suma's growth may be attributed solely to the general growth in demand for wholefoods. This begs the question 'how much more successful could the business have been with better planning and an aggressive corporate strategy?'

Perhaps Suma's success is because it lacked a risk-taking capability. The business has grown at a fairly steady rate throughout its history, and largely without financial problems. It has steadily built-up its own capital and maintained the proportion of internal funding through periods of growth. So perhaps the high risk entrepreneurial model of development is flawed - and the non-dynamic Suma model a better route to success!!

Many Suma members would challenge the idea that growth is an important goal for them. Since sharing and promoting the benefits of co-operative working is a general goal for co-ops, some interest in growth is anticipated. But it is only one amongst several goals for the co-op - and one which Suma has not been prepared to jeopardise 'equality' in order to achieve.

So it is suggested that collective management has weakened the ability of the co-op to plan its future - but that the consequences of this are not necessarily bad (in commercial terms) and could well be preferred by Suma members. Nevertheless, Suma has slowly developed organisational arrangements that could now improve planning. They recognise that they must improve their commercial performance to cover the costs of the new warehouse. A corporate plan may therefore emerge. But the growth of this organisation has been slow, and is the result of the members recognising problems and seeking ways of overcoming these. This means that planning procedures are being built on the basis of
consensus, rather than being imposed by a boss or a representative elite. The process of building the consensus spreads information and builds trust. So it's possible that Suma, after ten years development has reached the point where it needs planning and has a collective process through which planning can take place.

The development of a planning facility in Suma raises a second general issue - how far has the organisational development of the co-op been a process of degeneration from co-operative ways of organisation to conventional ways of organisation? If this has occurred, what has been the cause of this?

In the last three years there has been a pattern of change in the way Suma manages its operations - and the direction of the change is away from the early collective mechanisms and towards the use of more conventional management tools. The following might be noted in this regard:

* the introduction of a management accounting function
* the introduction of computer systems which led to increased standardisation of internal procedures
* the creation of a marketing section and the appointment of a sales representative
* the abandonment of 100% consensus decision making, and its replacement with 75% majority decision making
* the introduction of specialist sub-committees of the General Meeting to focus on Finance and Personnel issues
* the creation of work area constituencies to choose representatives for the sub-committees
* the introduction of inter-departmental groups to improve co-ordination and planning
* the increased number of specialist functions
* the acceptance that people doing specialist functions must stay in these jobs for one or more years to ensure expertise and continuity
* the acceptance that people being appointed (internally) to specialist functions must have appropriate skills and aptitude
* the move towards the formalisation of induction training to supplement on-the-job training which no longer seems adequate.

Certainly this range of changes amounts to a very substantial increase in "management" at Suma. But what are the implications of this? Firstly, it should be noted that the changes have all come out of the collective process, and as a way of improving commercial performance and collective management. The specific mechanisms of management that have been introduced are related to similar mechanisms in conventional, hierarchical companies. But they are different in two ways:

* they are not carriers of hierarchical power relations.... they are not a tool for an elite to exercise coercive power over other workers
* in many aspects of detail they are more flexible and open (to enquiry and criticism) than their conventional counterparts.

So, many of the changes made have introduced techniques which in themselves are neither collective or hierarchical: they become imbued with different meanings when used to achieve either collective or elite goals. In Suma this point is underlined since several of the important changes (e.g. the creation of work-area constituencies and sub-committees) came about during a debate about the need to improve management. In this debate there were people wanting a more conventional approach like the appointment of a management committee - or even a manager. But these options were rejected, and changes made were in pursuit of more appropriate solutions for a collective company.
Despite the above, it is important to note that Suma has had to respond to its market environment, and changes have been prompted by this environment. The latest example is the decision to move warehouse. The cost implications of this mean that the members now feel less cavalier about financial planning, and have introduced departmental budgeting as a response. So Suma is not immune from its commercial environment, but it has been careful to tailor responses to fit with the collective processes they consciously defend.

There is one last point to make about increased 'management' in Suma. As noted several times, the weakness of collective management in Suma was compensated for by extensive individual power to make decisions. The most dramatic example has been the buying functions where individuals have been spending 75% of Suma's budget without any guidance or controls whatsoever. The scale of freedom for the individual could also be seen as a failure by the collective of members to take a responsibility that was properly theirs. Individuals benefited from and probably enjoyed the level of trust they had - but it may not have been reasonable for the co-op to place the responsibility on them. So increasing management mechanisms can be seen as ensuring that the collective accepts the responsibilities that are rightly placed at its door.

The final point to be made in this Section, and in this case-study, relates (appropriately) to what the members of Suma get out of their experience. The point is this. The arguments made for worker co-operatives tend to stress the benefits of ownership and control. Indeed, the distinction between co-ops and other forms of business organisation focus on these issues. The arguments for co-ops may then focus on the benefits that the individual achieves from the collective experience. Growing self-esteem and individual politicisation are commonly mentioned ... and these are assumed to lead to an increased ability for 'taking control of other areas of life' and for increased political awareness and action. What can the Suma experience tell about
these aspects of co-ops?

It would appear that many people in Suma find the practice of collective control, in itself, a frustrating and unrewarding experience. The General Meeting is especially disliked. What people valued most was:

* having control over their own work
* sharing the work experience with people they could relate to
* having the opportunities to do new work through job-rotation.

So it appears that is is not general ownership and control that members liked, but two by-products of this. It was from task control, job rotation, and trust relationships that members achieved self-esteem; and it was through contact with other people who were interested in working non-hierarchically that people found the experience enjoyable. The good things about working at Suma derive from a commitment to equality. The co-operative structures are one tool used to secure this equality: they are not the end in themselves, they are the means to an end. This has important implications for other worker co-operatives that are striving in to establish and survive in a harsh commercial environment that has institutionalised very different values. There is a temptation, when under pressure, to seek improved commercial performance by focussing power (say in a manager, a management elite, or specialists) and thereby compromising equality. Indeed, ICOM Model Rules - which provide for a management committee when the co-op grows over 20 people - accepts as logical the need for this change. But it is from patterns of work organisation and interpersonal relationships that are 'equality put into practice', that Suma members get most reward.

Equality in Suma is not easily defined or maintained. Many Suma members recognise inequality - they are concerned that
hierarchies exist, that there are imbalances between genders, and that cliques may form that control information and achieve undue influence. Yet it is because of this watchful concern that Suma has maintained a high degree of equality in its operating practices as well as its formal structures. In the end successful collective management appears to depend on a broad commitment to equality. This will mean that:

* the work processes (work organisation, job distribution etc) will reduce the propensity of inequality to develop through the different experiences of people working in the co-op
* the people prepared to stay and work in a system that undermines the development of inequality are likely to share core values and therefore relate well and enjoy working together
* a personal commitment to equality is likely to result in members supporting the democratic decisions of the collective which provides the mechanism by which a majority can challenge and overcome cliques that develop.

The formal constitution of the co-op has a role to play in maintaining equality by providing a bill of rights for members. But it is unlikely to instil a commitment to equality and internal work practices that maintain equality, if this commitment is not carried by the co-op members themselves. In Suma it appears that the experience of working in this collective creates or reinforces this commitment.