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REPORT of COMMITTEE on CO-OPERATIVE STORE and COMPANY STORE

APRIL 16, 1920
Co-operative and Company Stores

Your committee has gathered for your consideration the following information regarding the above subjects. It has endeavored to present the merits of each fairly. It is hoped that every one will study the subject carefully in order to determine which proposition he favors.

Co-operative Store

This movement was started in England eighty years ago with a capital of $140 to reduce the cost of supplies and to promote the mutual welfare of its members. It has grown very rapidly until it now provides for over one-third the people of Great Britain.

Besides doing a retailing business, it has its own wholesale establishments, factories, mills, steamships and farms. The saving in the cost of food and clothes is about 20%. There are also such Societies in practically all European countries.

Until within the last five years the movement has not been successful in the United States. A great many Societies have been formed, but many of them were failures. Lately, however, with the rising cost of goods, large numbers of successful Societies have been formed. Numbers of them have their own wholesale establishments and their own bakeries. It is thought that the movement will grow rapidly until the Co-operative Societies are manufacturing part of the goods they consume along the lines they are doing elsewhere and that the savings will be greater from year to year as they succeed in cutting out the present high cost of distribution.

It has been proved that, in order to be successful, Co-operative Societies should be organized along the following general lines:

Members buy shares, the minimum for each number under present conditions being $20, which may be paid in installments.

The maximum number of shares that may be held by each member is limited.

Each member has one vote, irrespective of the number of shares owned.

No proxy voting is allowed.
Members may turn in their shares and receive the price paid for them, due notice having been given. The members meet and elect the officers and a board of directors of about 11 members. The officers and directors serve without pay. The directors have general supervision over the store and elect a manager to run it. The manager is paid a salary. He hires all help, buys the goods and fixes the selling price. He makes frequent regular reports to the directors, and all his acts are subject to their supervision.

All goods are sold for cash at regular retail prices. The accounts of the Society are audited every three or six months and the profit ascertained. From this is paid interest on the shares at 5% or 6%. Ten per cent of the balance is put into a surplus fund to increase the strength of the Society, and an Educational Fund is also created for increasing the knowledge of the members regarding co-operation and extending the scope of the Society.

The balance of the profit is then paid out to the members in proportion to the amount they have purchased. This return may amount to about 8 or 10% and should increase in time as the Society grows larger and extends its activities. The store is located so that others than members may buy. Many Societies allow the returns on the purchases of non-members to accumulate until they are sufficient to purchase a share of stock, which is then issued; and in this way new members are obtained.

Company Store

Such a Society presents a great opportunity for service. Everyone realizes that the present method of distributing supplies is very extravagant, and co-operation seems to be the only movement which offers a solution on a large scale. The full benefits cannot be achieved at once, and those who go into it now must be willing to work for the common good and not think entirely of themselves.

The members must be willing to attend the meetings of the Society; give serious consideration to obtain the very best possible officers and directors; stick to the Society through discouragements; try to get new members; pay cash for their purchases; buy at retail prices and wait until the profit is earned before getting back the savings; they must restrict the Society to its original purpose and not introduce other objects.

Without any reference to Company Stores in general, this will outline what might be suggested to the Company that it do along the line of selling food to those connected with the Company, at prices below what food can be bought for at public stores.

The Company is now operating a restaurant and buying from $700 to $900 of food each month. The cost of purchasing food would not be increased if a larger quantity were bought. Increasing the volume of its purchases would probably put the Company in a position to secure lower food prices for its restaurant. For the advantage of lower cost to the restaurant the Company should be willing to sell food to those connected with the Company at low prices.

The store might be located on the floor with and near the restaurant and connected by a single flight of stairs to Carbon Street. Such a street entrance would make it convenient for wives to visit and trade at the store without passing through either the shop or the office.

It should be arranged to have the store open so as to permit everyone connected with the Company to trade at appropriate hours.

To start with, staple groceries and perhaps some other articles might be carried, and the line extended as conditions may warrant. All sales should probably be on a cash basis. Perhaps the Company would provide a Ford truck and deliver purchases to the homes for an additional charge to cover cost of delivery.

If it is contemplated to later keep all patterns at Crescent Street, and if plans now under consideration to relocate the
restaurant kitchen and provide more convenient and better storage facilities for the restaurant are carried through, it would not be very expensive for the Company to arrange such a store location, or unreasonable to suggest that the Company consider opening a store under the plan here outlined.

There is reason for belief that, if the Company opened a store, it would sell goods at cost, with cost defined as "the price paid for the goods sold plus cost of freight, teaming, store labor and delivery, with no overhead charge for rent of either space or store equipment, light or heat."

A recommendation might be made to the Company, if it opened a store under this plan, that it appoint or cause to be selected a committee that would be willing, on its own time, to make suggestions as to the goods to be carried for sale and whose duties it would be to audit the stores accounts and, at regular intervals, post a statement on the bulletin board showing the result of store operations.

A Company Store operated on this plan would probably be able to sell at prices as low or lower than a Co-operative Store, and the saving in cost would appear at the time purchases were made and not be delayed for or contingent upon a refund from surplus savings.

A Company Store makes unnecessary the purchase of shares and asks none of its customers to take a financial risk on a store to be operated by people inexperienced in store management.

Summary

It seems to be a fair conclusion from careful study of the merits of the foregoing proposals that, if we have in mind the obtaining of supplies at a low price without taking any risk, we should ask the Company to open a store. This is undoubtedly the easiest way to get the maximum financial benefit for the present.

The Co-operative Store appeals to a different motive. It seems to appeal to those who want to help themselves and who are willing to take the needed risk and to do the work. Their reward, if successful, is that they have done a good thing, they have their own store, they are a part of the worldwide movement to reduce the cost of distribution, and they have gained financially while doing it.

In order that your Committee may know the general sentiment, they have provided the following questionnaire, which they ask each one to fill out, tear off, and bring in on Tuesday, April 20, when the questionnaires will be collected.

QUESTIONNAIRE

Co-operative or Company Store

Which type of store do you vote for? .........................

If you favor the Co-operative Store, would you be willing to purchase at least $20 worth of stock which may be paid in installments? .................................

Signature ..........................