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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. Some Societies have a delivery system. The cost of this service, amounting to about 4% of the price of the goods, is charged to those having goods delivered.

Such a store would probably start by selling groceries and such supplies as overalls. Later, meats, dry goods, coal, etc., would be added.

You will see from the above that there is a great deal to a Co-operative Store besides the question of buying goods cheaper than at present. Successful stores must have enthusiastic members who are willing to work for it and not to think only of their direct financial benefits. It has proved to be a great mistake for a Co-operative Store to be started with that object alone.
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 ..........................