

# Co-op Management and growth



## Changes in management as a co-operative business grows

Members	Considerations
1	2.9 million out of 3.2 million businesses start here. 40% fail in 3 years. A big jump is needed involving letting go and sharing to get to...
2	Everyone is involved in what everyone is doing. At these stages recruitment is more like a merger. 60-56% fail. Those that survive are typically those that are growing rapidly out of this stage.
3-5	Highest rates of growth and profitability of survivors (also highest murder rate...)
6-11	Need to trust, delegate and specialise.
11-23	Now considered a small business rather than a microbusiness. Too large to be a single group. Subgroups needed for efficiency. Management emerges as a specialised task. You will probably have to develop your own managers and train on the job.
24-50	Specialised tasks, formal communications, accountability, feedback mechanisms.
51-120	You don't know everyone, so all relationships must be formalised. You may need to recruit people who already have specialised management skills. Large differentials are emerging in skill and responsibility levels – this may lead to growing pay differentials.
121-130	Sub groups of subgroups (Stafford Beer's rule of eleven suggests that groups greater than eleven become inefficient and must subdivide in a lower 'layer' of organisation). Businesses with 249 – 500 employees are usually considered 'medium'.

### What else implies a change of management?

- New external finance
- Multi site operation
- Business environment changes fast (eg IT)
- Business maturity - 5 yrs +. Up to this time growth rates of 100% each year are needed - businesses growing at 25% or less invariably fail
- Founder members move on

### What does management involve?

- Individual development - appraisal, recognition, training
- Concentrate necessary resources and allocate responsibility for finance, personnel, marketing/PR, production and R&D.
- Verify work is being done and targets achieved - even if its only a checklist.
- Collect operating information - especially budgets, but also trends and overall health of the business and the people in and around it.
- Bring in information from outside - customers, suppliers, community. Reciprocate with openness about the state of the business.
- Separate admin and operational decisions from strategic decision making. The former need to be taken at the most local level, with clear responsibility and autonomy.