

## CHAPTER IX

### SUMMARY AND CONCLUSION

The main problem faced by the Co-operative Store is that monthly sales is very discouraging, thereby resulting in insufficient revenue to cover monthly expenses. This happened even in the first two months of the 1964/1965 Academic Session where everyone expects it to be otherwise. The main factor responsible for this problem is unsatisfactory management. The present organisational set-up with its delegation of responsibilities and the actual carrying out of these responsibilities is unsatisfactory. This tends to aggravate the problem, and to help minimise it, the following recommendations are suggested.

#### ----- THE CO-OPERATIVE STORE

##### Objective

The present objectives of the Co-operative store would seem to be sound but a series of short term objectives could well be formulated. For example, the Co-op can formulate a particular sales campaign at some particular time and try to achieve certain set targets for sales revenue.

##### Budget

A budget, which is one of the most widely used devices for affecting managerial control, should be drawn up for each academic year, broken down into three terms because expected revenue must be allocated in advance to certain items of expenses and these amounts should not be exceeded without specific central authority.

The budget requires considerable planning. Moreover, at Management level, a budget will reflect the organisational pattern and points up areas of efficiency too. As a result, where expected revenue is insufficient to cover expected expenses, then the question of winding up should arise before the Co-op becomes insolvent.

##### Financial aspects

Financial records concerning the Co-op is very essential. This should be properly kept and presented to the members at the General Meetings. Up to date figures concerning the Co-op is unobtainable but even using the figures of the most profitable year since its formation (1961) it would seem that capital turnover is rather small for comfort. This ratio is gross sales revenue to total

issued capital. Even for the best year figures, the capital was turned over only 4.8 times. For stores of this nature, the ratio should be at least 10.

To achieve a greater ratio, a great deal of effort will be required to increase revenue. This means that promotion has to be stepped up vigorously in order to increase sales, but at the same time, buying by Management has to be prompt, effective and from the cheapest source possible. Alternatively, share capital could be reduced by way of refunds to the passive members who do not carry out their obligations as required of a member of the Co-op. Either steps would put the capital to much better use than at present.

### Management

One of the most important factors responsible for the success of the Co-op is the right type of management. In accordance with general and normal practice, the Management is made up of elected members, but this does not guarantee efficiency for it is possible that those who stood for the elections merely did it for personal glories and not with the intention of dedicating themselves to the causes of the Co-op.

On the other hand, there may be enthusiastic members who are eager to serve the Co-op but were not elected. It is advisable to co-opt ~~such~~ such members and let them play an effective role in the Co-op. Although this is a departure from usual practice, such departures are justifiable if there are benefits to be derived.

Furthermore, the present management set-up of the Co-op can hardly lead to a successful Co-op. Management by individuals responsible for different aspects of the Co-op is not the best way of running it. It is advisable that this should be substituted by a central policy Committee. Although Management by Committee is rarely the best way of running any business, it is far superior than the present "each-on-his-own" basis. However, a paid manager should be appointed and the full responsibility should be placed on him. He should be paid a small basic salary plus a commission on sales. This will provide an incentive for the paid manager to strive harder to achieve greater sales and thereby benefiting himself and the Co-op as well.

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$$1. \text{ Capital turnover} = \frac{\text{gross sales}}{\text{total issued capital}} = \frac{\$8889.80\text{cts.}}{\$1854.00\text{cts.}}$$

$$= 4.8 \text{ (to one decimal place).}$$

## Location

Clearly the present location is unsatisfactory and inconvenient to the majority of the students. The store which is intended to cater for students in the day time is unable to reach a majority of these students because it is not near enough to them. As a result, the volume of sales is hard to increase. To achieve this the main store should be located in another place instead of in the canteen, presumably somewhere between the Library and the Science Faculty Car-park. This requires the setting up of a separate building. Although initial expenses may be high it will benefit the Co-op in the long run. Another alternative is to locate it in the Arts concourse. Lunch time sales in the Arts concourse would be profitable and even necessary because no student is going to walk all the way to the Canteen to get a new pencil, exercise books or foolscap papers. If the present location of the main store is not changed, the problem of discouraging sales will prevail and financial disaster would be the final outcome.

With regards to the Branch Store, the location is satisfactory and convenient to the 3rd College residents and since this store caters for the residents only, there is no necessity for a change in its location.

## Consumers

The number of consumers who patronise the Co-op store is not large enough. There is great potential towards increasing and even doubling the present number of customers. Since "serving the students" is one of the objectives of the Co-op, it is important that the Co-op should satisfy the students. One way of doing this is to carry out a survey on a questionnaire basis so that the Co-op can know what products are demanded by students, or by placing a suggestion box at The Store. The answers to these questions should be used as a basis as to what products the Co-op should handle and what to drop off. For example, stamps is highly demanded by the students but this is not sold because there is no commission whatsoever to be derived. Such an attitude, on the part of management, should be discarded. Since it is selling writing pads and envelopes, it is obvious that stamps should be sold too because all these are complementary products.

## Products

Many complaints are directed at products being out of stock. It is obvious that a proper stock control system should be adopted. One such method would be for the Business Manager to check on the particular products at the end of the day so as to see what amount is sold. The amount sold should be replenished so that the next day's

sales could begin again with the same amount as that of previous day. If this is done, the Business Manager can, at any moment know what is left of the stocks and if it is running out, he should re-order it immediately to ensure that supply can cope up with demand. Moreover, old stocks should be sold off at reduced prices and stocks could be prevented from becoming old by sensible re-ordering policies.

New products that are bound to be popular should<sup>be</sup> introduced. For example, products like pewter tankards with the University of Malaya crest should be introduced. But on the other hand, old product lines like textbooks should be dropped.

Finally, the Co-op should try and purchase some products from the Malayan Wholesale Co-operative Society because this organisation and the Department of Co-operatives could give a lot of practical advice.

### Prices

As a general rule prices are quite competitive and satisfactory to the students. However, Management should try and get its goods from the cheapest source possible. Experimenting with different wholesalers and through effective bargaining is necessary to achieve this. This will then make it possible for all prices to be set at the same level with those prevailing outside, instead of the present discrepancies. When students realise that there are no discrepancies whatsoever, they will then patronise it more often instead of purchasing their requirements from outside the Campus. The building of patronage habits is very important. If this is achieved, sales will increase and the problems faced by the Co-op could be solved.

### Promotion

The major problem faced by the Co-op is small volume of sales which is a result of unsatisfactory management and the small number of members. Hence, promotion of sales and membership is crucial for the Co-op if it is to be successful.

The present promotional set-up is very unsatisfactory for promotional purposes. Instead of carrying on with the one man set-up, a Sub-Committee should be formed, consisting of a Chairman and aided by six committee members made up of four representatives from the four Residential Colleges and two from the Non-Hostellite organisation. It is the responsibility of these representatives to promote sales and membership in their respective Colleges and among the non-hostellites. Such a set-up will enable the Management to be aware of the complaints and suggestions put forward by the consumers and then act accordingly to satisfy consumers to the best of their ability.

For the promotion of sales, some aggressive promotional efforts is required, for example, the carrying out of a relentless publicity campaign so as to distinguish the Co-op as a separate entity. To supplement this, the products available for sale at the store should be made known to the consumers. Towards this achievement instead of using posters as the sole form of advertisement, it is advisable for the Store to advertise in "Campus Talk" and the "Mahasiswa Negara". These, instead of the posters, will be able to reach a majority of the students.

To promote membership, the Management should use mimeographs or printed bulbs with an application form attached to it and distribute this to the students at the beginning of the term. However, this should be done only after they have settled down to the new environment and after giving a talk to them about the benefits to be derived by becoming a member. The most important thing here is that this action must be followed up and not merely to forget about it after the distribution. This means that the right type of management is very important if the Co-op is to be a success.

Although advertisement and management may be efficient, sales cannot be pushed up if prices are not in line with those prevailing outside. With the exception of those products over which the store has a monopoly, it is advisable for the store to try and fix all its prices at the same competitive level with those prevailing outside.

The availability of products, so that patrons are not turned away or disappointed, is another important factor. Proper stock control by the Management is required to eradicate this hindrance.

Finally, the promotion as a whole should be dynamic and it should have a definite budget which could be in the form of a percentage of sales. All these, along with the proper and smooth co-ordination by a centralized Management instead of the present unsatisfactorily co-ordinated "each-on-his-own" basis, will increase the volume of sales and membership and thereby the conditions of the Co-op. Management and promotion are the main areas which are responsible for the problems and the solving of these problem areas will be the solution to the Co-operative store.

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