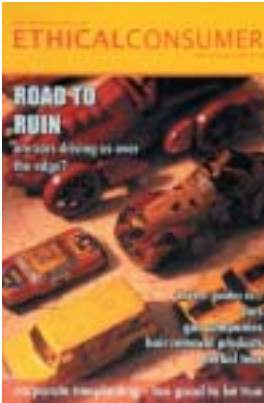


1 Ethical Consumer Research Association Publishing Limited



Ethical Consumer demonstrates how an organisation can combine collective decision-making structures with strategic governance arrangements to enable the organisation to grow and develop.

What it Does

Ethical Consumer Research Association Publishing Limited (Ethical Consumer), was founded in 1987, to promote, research, and publish information which enables organisations and individuals to be better informed of ethical issues in the market place. The purpose of the organisation is to empower the consumer to become a driving force for change through ethical consumerism.

The organisation produces a magazine six times a year, providing information and practical guides of the social and environmental impact of a range of products and companies. The organisation also provides an accessible database of ethically-related corporate information, and conducts research for external bodies.

How it Came About

Ethical Consumer began in Manchester, in the late 1980s, as an experimental project. Three graduates from Manchester University, interested in ethical investment, political campaigning and social change, created an idea of producing newsletters to help inform and raise awareness, with the longer term aim of achieving social change through ethical consumerism.

Following advice from the local co-operative development agency, the founder members established a collective worker co-operative, registering as a company limited by guarantee in 1988. With a start up grant of £1,500, and donations from family, friends and well-wishers, the organisation was able to finance the advertising of its first edition. Not knowing the demand, market or future of the project, the first magazine was produced at a huge gamble, with printers working at risk, unsure if the cost of production would be returned in sales. Using existing networks of co-operative based organisations, Ethical Consumer was able to waive the payment of printing the first issue until after its production.

The first magazine proved to be a huge success, with 1,500 customers subscribing to the magazine, and a further 3,500 within the first six months of the magazine's production. With the money coming in from subscriptions, Ethical Consumer was able to re-invest funds into the advertising and production of further issues of the magazine.

The first three years of the magazine, continued under-capitalised, with subscription charges and advertising income funding production costs for magazines, with little or no funds remaining for investment in capital assets for the organisation. With problems of under-capitalisation, Ethical Consumer resolved to advertise and raise capital with the issue of loanstock- a specific term to describe several loans given to the co-operative on the same terms at the same time. The process raised over £40,000, enabling the organisation to expand and recruit more researchers and writing staff for the magazine.

The organisation has continued for fifteen years, managing to ride the storms of recession, and remaining at the forefront of thinking, research and information for ethical

Facts & Figures

- Organisational Type – Collective worker co-operative
- Legal Form – Company Limited by Guarantee
- Date Established – 1988
- Location – Manchester
- Number of Members – of the twelve members of staff, ten are full worker members of the co-operative, with two remaining workers in the process of completing their probationary period of employment.
- Number of Workers – Twelve members of staff, of which nine are female, all are white and none have disabilities.
- Turnover – For the financial year ending March 2003, the turnover for the parent and subsidiary companies combined was £217,000.

consumerism. With two of the original three founder members still involved with the organisation, Ethical Consumer has managed to build and retain a loyal following.

Ethical Consumer has recently created a subsidiary organisation, with the aim of expanding and growing the business, creating a group structure, with staff from the parent company seconded to the subsidiary company.

Governance Structure

The organisation is a collective worker co-operative, with all workers also members of the organisation, and all members on the governing body as Directors. The governing document, also allows membership of non-employees— this enables volunteers working at Ethical Consumer to be involved in the governance of the organisation. However, the balance of power for decision-making, in terms of numbers on the governing body, is protected within the memorandum of association, to ensure it is always in favour of the employees.

All members are collectively involved in making decisions within the organisation, and Ethical Consumer has developed a series of different meeting types to accommodate and manage the decision-making process.

The series of different meeting types ensures all members are involved in the range of decisions that need to be made appropriately for a successful business operation.

The Board of Directors meet daily, weekly, quarterly and biannually to ensure the effective running of the Co-operative.

Daily meetings are held for all staff present on the day, to ensure daily tasks and decisions can be made collectively.

Weekly meetings are held on a day when all members are present, and decisions relating to workloads, project work, research topics and advertisers can be discussed and agreed.

Quarterly meetings enable the Board of Directors to consider more strategic issues

such as financial information, personnel issues and progress against strategic business matters.

Strategic planning meetings are held twice a year, away from the office, offering all Directors the opportunity to contribute and agree the strategic direction and policy issues for the organisation.

The organisation has developed a flexible, yet structured series of meetings to ensure issues are discussed and agreed, and that the governance of the organisation is maintained within a transparent and collective manner.

Participatory Practice

The schedule and different types of meetings enables the Co-operative to involve members in various levels of decision-making. In doing so, the Co-operative, through its democratic style of decision-making is able to sustain a culture of involvement, shared responsibility and participation within the organisation.

The participative nature of meetings is demonstrated for example, in members' meetings which begin with a dialogue of the issues to be discussed, therefore enabling members to set and decide the agenda for the meeting. The format and style of the meetings are open and encourage dialogue and transparency when discussing issues. Minutes of every meeting are circulated to all members, to ensure they are aware of the decisions made and issues discussed.

The organisation considers the principle of participation integral to its business, and encourages all members to participate actively. When participation by some members is not considered appropriate or adequate, the Co-operative first considers the training needs of the individual to ensure they have the appropriate knowledge, understanding and confidence to contribute to the decision-making process. In addition, during its strategic planning meetings, individuals review their personal objectives, and where appropriate are

encouraged to include training and support within these objectives to encourage participation in decision-making.

On those occasions when the resolution of issues has become difficult during regular daily or weekly meetings, the organisation ensures issues are resolved during quarterly or strategic meetings – providing the time and space to deal with issues appropriately. In other instances, the organisation has bought in external mediators to reconcile differences and enable the Co-operative to reach an agreement as to how to resolve an issue.

Stakeholder Engagement

Ethical Consumer recognises a number of external stakeholder groups, which are taken into account when making decisions affecting their relationships, and are consulted regularly to gauge opinion.

The stakeholder groups for the Co-operative are customers, suppliers, investors and the wider society. Customers of Ethical Consumer are encouraged to take part in reader surveys, conducted every two to three years, providing feedback on the quality of services, and ideas for future campaigns and research. The feedback from these surveys forms an important element of the strategic planning process for the organisation.

Ethical Consumer meets with all its suppliers at least once a year, providing an opportunity to discuss the goals of the Co-operative, along with the plans directly impacting on the supplier organisation. Investors in the Co-operative are informed of progress and developments in an annual investors report.

The organisation considers its engagement with the final stakeholder group – wider society – to be taken into account in the research and campaign work it leads on, by considering the social, environmental and economic impact of corporate operations and trade on both current communities and future generations.

Key to Success

The Co-operative has managed to operate and maintain the democratic life of the business for over fifteen years.

The Co-operative states that the factors contributing to this success include:

CONNECTIVITY: to other co-operatives, learning from and supporting the shared experiences in the sector.

ADAPTABILITY: the organisation has been open to change, and willing to test new ideas and ways of working to benefit the business operations and the worker members. Through this approach, the organisation has developed a series of approaches for effective and inclusive decision-making for the organisation.

PROFESSIONALISM: combined with the adaptability described above, the organisation has also introduced a number of management techniques which ensure the conflict of being a worker co-operative and an employer are minimised.