# Co-operative Farm Business

### BUY EVERYTHING THE FARMER NEEDS

Although incorporated under the Co-operative Act in 1914, the year just passing is the first, calling for the whole time devotion of the management of the Hilton Co-operative Trading Association Ltd. The secretary-treasurer acts also as manager, with partial and occasional employment of others.

The lines of trade now handled are groceries and general merchandise, lumber, building and fencing supplies, fuel (with triple coal binnage on track site), with car lot work and track distribution so far as convenient and possible, together with livestock shipping.

The shareholders registered now number 197, with shares of $10 subscribed to the extent of $4,200, of which about $1,500 has been paid up. A third call is now in process of realization. Six per cent. on invested capital is given and the balance of profits, thus far, has gone to reserve. It is quite within probability, however, that bonus-on-purchases plan (the Rochdale) will be eventually instituted.

We have plenty of competition to run up against in the way of other stores and proprietary businesses. Our premises are now rented, but the steady call for extended service will mean we must erect our own and larger premises as soon as possible.

Exact figures at this date are not returnable, but the turnover for 1916 will be around $40,000 in supplies and over $45,000 in livestock shipping. The former will be shown to have been conducted on a basis of under 10 per cent. overhead costs (including the year's further net profits) and the livestock work managed on a margin minute but safe enough to yield its quota of administrative cost and a little over. In the latter branch, the system of pro rata charging of marketing expenses in the patronage shipping weight contributed is used, with provisional home grading as to hogs and ownership clip marks as to cattle. Each shipper receives an account showing selling prices, expense ratio and net results with his remittance.

#### Can Compete with Mail Order Houses

The management refuses no business offered, but undertakes to get anything desired, and competes with mail order business where reasonable bulk, case lots or definite orders for anything the farmer needs are placed. Direct connection with packing and milling houses enable us to place their products very favorably to patrons.

In our accounting work, counter check books are used and from these each day's transactions are entered into a Day Book, with departmental columns so that results can be closely followed up. Thence transactions are taken to a monthly summary book and patronage ledger, and private or main ledgers are treated monthly, with quarterly trial balances.

We are occasionally able to co-operate in supplies and livestock work with sister organizations. Advertising in local papers we find helpful, but undoubtedly our greatest assistance has been the well-recognized fact that private traders, in the west especially, have right along had the main object so much of making money as quickly as they could and have consequently declined to know such a thing as a "moderate margin." They do not consider themselves from a community service point of view and are not ready to take only a reasonable livelihood for themselves.

#### Recognizing "Policing" Power

Probably the greatest difficulty all the time is the getting together of really sufficient working capital. No tremendous amount need be wished, but the maximum interest of 6 per cent. permitted under the Act is not particularly attractive and the bulk of the farmers are not yet sufficiently logical or able to see their way to make a real stake, apart from a very immediate gain, altho recognizing the advantages more and more of keeping their own concern going by purchasing work. There are however a greater proportion now recognizing the "policing" effect of co-operative activities. Other traders cannot put any old prices they like on commodities, but have to take more reasonable and steadier margins from their customers, else away they come to us to see about it. If farmers in a community would but more closely reckon their annual savings both by direct co-operative purchasing and this "policing" effect and would decide to put in as capital such amount gained in a year's purchases, ample capital would be quickly forthcoming to keep their own all-powerful distributive work going finely, and to build and sustain their own premises.

The following are the winners of prizes offered for best letters on co-operative work for publication in this Business Number. Only a few of the letters received can be used.

1st Prize—Geo. E. Collins, Wilton, Sask.
2nd Prize—Hampton Hudson, Rapid City, Man.
3rd Prize—Wm. Halsall, Killam, Alta.
4th Prize—W. E. Kimber, Parkside, Sask.

#### Board of Directors Important

An important point in establishing and conducting co-operative trading ought to be the constitution of the Board of Directors. If composed of genuinely public-spirited and business-like farmers a well-balanced program has the better chance of being followed, with consistent progress. If, on the other hand, the Directorate is packed with cranks (we exclude the term "crooks" as foreign to an embryo body of co-operative farmers), with ill-balanced or loose ideas and ideals, of no particular loyalty or determination, even an efficient manager may be too seriously hampered to pursue a reasonable policy by having the medley of conflicting opinions to contend with. Ten men, "good and true," and pulling together should be a sufficient leaven to raise a powerful co-operative trading concern in a rural community, if they will look at things in true proportion and act in consistent loyalty, remembering that their attitude and example are being measured.
—Geo. E. Collins, Secy., Wilton Co-operative Trading Assn. Ltd., Wilton, Sask.

### SECOND ANNUAL FINANCIAL STATEMENT

Of the Willow Hollow Co-operative Association Ltd.

For the year ending 31st December, 1916

| Receipts | | | Expenditures | |
|---|---|---|---|---|
| Cash on Hand, Jan. 1, 1916: | | | Interest and Dividends paid out, Jan. 1, 1916 | $ 49.30 |
| Reserve Fund | $16.50 | | Building and Lot | 332.40 |
| Undivided Profits | 49.99 | | Coal | 1,825.42 |
| Share Capital | 220.00 | $ 286.49 | Twine | 5,663.15 |
| New Share Capital | | 190.00 | Salt | 314.90 |
| Coal, 15 cars | | 1,916.06 | Wire | 324.85 |
| Twine, 2 cars | | 5,764.90 | Apples | 711.97 |
| Salt, 1 car | | 279.10 | Machine Oil | 16.29 |
| Wire | | 338.30 | Fence Posts | 928.47 |
| Apples, 1 car | | 747.50 | Gopher Poison | 151.30 |
| Machine Oil | | 14.10 | Formalin | 64.85 |
| Fence Posts, 5 cars | | 1,010.90 | Insurance | 7.50 |
| Gopher Poison | | 134.70 | Stamps, $11.00; Advertising, $10.50 | 21.50 |
| Formalin | | 63.15 | Secretary's Salary, $50.00; Bond, $5.10 | 55.10 |
| | | | Sundries | 3.25 |
| | | | Balance Cash on Hand | 274.95 |
| | | $10,745.20 | | $10,745.20 |

| Assets | | | Liabilities | |
|---|---|---|---|---|
| Cash on Hand | | $274.95 | Capital Stock | $410.00 |
| Building and Lot | $332.40 | | Reserve Fund, 1915 | 16.50 |
| Less Depreciation | 16.40 | 316.00 | Unpaid Accounts | 15.00 |
| Outstanding Accounts | | 78.05 | Interest Due on Capital Stock | 18.70 |
| Stock on Hand | | 66.50 | 30% Profits Reserve Fund | 82.60 |
| | | | 70% Profits at Disposal of Shareholders | 192.70 |
| | | $735.50 | | $735.50 |

### SERVICE THE KEYNOTE TO SUCCESS

In March, 1914, the fear of private enterprise establishing itself at the railway siding which the local Grain Growers' Association had been using for distribution of supplies at Moline, Man., prompted eight of us to meet, draw up by-laws, appoint one another the trustees and thereby launch the Moline Co-operative Ltd. We felt one would be safer thus than supporting a private scheme which we would pay for but neither have any voice in its management, nor any control over profits or division of same.

The first year we crept along with a paid up capital of $249, a turnover of approximately $10,000 and a net profit of $261. This was practically all on carload business and about half of it on livestock.

In the winter of 1915 we were fortunate in purchasing the old school building that the district had outgrown. We got a permit from the C.N.R. to move it on to a site we rented from them at the siding and there we started in the store business.

Previous to this, wholesale firms were very chary about doing business with us, but now we were established we had little difficulty in getting the required supplies. We first stocked groceries from a leading wholesale mail-order grocery firm that was about the first to recognize us as a business concern, and which I might add, has recommended us to other wholesale firms. This materially assisted us in securing other merchandise. Since then we have added other lines as capital has permitted and demand warranted.

#### Ready To Start Egg Circle

Our enterprise was apparently appreciated, for the second year our business turnover, our shareholders and capital and our net profit all practically doubled. This year we have struck our stride and are walking ahead to what we believe our books will show to be a big business.

A notable feature of our business during the past summer has been a consolidating of the egg supply of the district at our place of business and we believe the time is now opportune for the establishment of an egg circle in our district. The possibilities and details of such are under consideration.

In our organization we provide for a reserve fund and for dividend on paid-up capital, after which surplus profits may be divided pro ratio according to amount of business done by patrons, or carried as a balance to Profit and Loss to help finance the business, as the shareholders in annual meeting decide. We have so far practised the latter method altho it is anticipated a trading dividend may be declared this year.

We trade with anybody who is willing to deal with us, reserving the right, however, to appropriate any trading dividends that may be declared to the paying up of one full share of the capital stock of the society. We also provide that at least 75 per cent. of our shareholders must be paid-up members of the Grain Growers' Association and the matter of granting the trustees power to make our shareholders members of the Association out of declared profits will come before our next annual meeting.

#### Justice For Stock Shippers

One of the first matters to receive the attention of the trustees after organization was the matter of livestock shipping. Many farmers were compelled to team hogs and drive beef cattle ten or twelve or more miles to market, with a consequent heavy shrink, which was greatly to the buyer's advantage. They had to accept the price made by the buyer, which was nominally a cent a pound under newspaper quotations, but which usually worked out at a handsome margin over the cent, as we learned newspapers were not in the habit of quoting the top prices choice stock brought, to say nothing of a premium that it was often possible to secure for select stuff.

We therefore decided "to try our luck." We decided hogs could be handled on three-quarter cent margin less than actual selling price in Winnipeg and cattle at one cent a pound less, on initial weights at the Grain Growers' elevator at Moline. The hogs were to be graded when brought in by the farmer, the cattle to take the grade given at stockyards in Winnipeg.

Needless to say our "venture" into the livestock shipping three summers ago was "something new" and it must be confessed was not received by many of the farmers who had stock to ship in just the same spirit we hoped it would be. This resulted in our having to buy outright at a guaranteed price quite a considerable portion of the stock we handled the first year, altho be it said here to the credit of the majority of these same farmers, that they were willing to await their check in payment until outturns were received from Winnipeg and even when they insisted on a check at delivery would generally agree not to present it for payment till outturns came back. Hence we were able to carry on this branch of the business with little or no capital. The condition of having to buy has almost entirely disappeared however, and it is now the exception to have to pay for animals on delivery, the great majority being quite satisfied to consign.

The drovers have not ceased to do business, but oh, what a different basis they deal on now to form-

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