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Finally the Group has a leader to ensure its future

NOW the dust is settling on the terms for rescuing the Co-operative Bank, a few points are worth making.

First, the new Group CEO Euan Sutherland should be congratulated for his staunch defence of the Bank's well-known trading ethos and indeed for his confident stance throughout an almost impossibly difficult first few months in the job.

His performance on BBC's Today programme on the day the full rescue package was announced was masterful and it does appear the Group is finally being run by someone of the calibre needed to ensure its long-term future.

Second, we should remember that the Bank never was or has been a true co-operative - it has always been a PLC or equivalent, and not a mutually or member-owned organisation in the strict sense of the words. So it can fairly be argued that future use of the Co-operative name will be no more misleading than it is now.

Third, we should not forget that the Bank's past behaviour as a genuinely ethical bank was almost always open to question: how come, for example, it appears to have mis-sold so much payment protection insurance to its hapless customers?

If, in the future, as part of the rescue deal embedding the ethical stance into the Bank's constitution, it behaves towards its customers in a fairer and more ethical manner while delivering high levels of service (as it does at present), then it will deserve to prosper.

Let us hope Mr Sutherland now has more time to get to grips with the rest of the Movement, in particular the flagging food stores and the lacklustre own-brand offering. Merging own-brand and procurement with that of Waitrose might be one way to go - just think of the increased buying power of a truly co-operative deal like that!

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Bank should hold on to Co-op name

I WAS extremely disappointed by the views expressed by Ed Mayo, Secretary General of Co-operatives UK, and Ian Snaith in the News (November 5th).

Ed Mayo is reported as saying of the Bank: "in short that it will not be a co-operative, or owned in line with core co-operative principles." Mr Mayo also claims that "if it [the Bank] hadn't been a co-operative, arguably things would have been worse".

The fact is that the Co-operative Bank is not a mutual or a co-operative; it is a PLC which was, until recently, wholly-owned by the Co-operative Group. Mr Mayo and Mr Snaith omitted to acknowledge that the name "The Co-operative Bank" is not just a description of the company's association with the Co-operative Movement, but is also a strong and trusted "brand" highly regarded by Bank customers.

Many ordinary members of co-operative societies are probably unaware of the constitutional differences between a PLC and a co-op. To most customers the name "The Co-operative Bank" is a brand name, which they respect and trust.

I am astonished that both correspondents fail to discuss the concept of "branding" and how the "brand name" is an intangible asset, which can be the most valuable asset on a PLC's balance sheet. Carefully nurtured, "brand names" can create positive shareholder value.

Mr Snaith quotes a raft of legislation to suggest that perhaps a review and a decision should be taken on whether the Co-operative Bank be stripped of its name because it may not fit the criteria of a co-operative. Mr Mayo hints that perhaps Co-operatives UK may argue vigorously for a review of the name.

A sudden change to an unknown brand name might well have a negative impact on the company's share price. If this were to happen, investors - including the Co-operative Group, loyal and long-serving co-operative members, as well as private investors - would suffer a reduction in the value of their investments. This could have serious financial implications for the Group and its membership.

No doubt the Co-operative Group and the Co-operative Bank's executive and directors have more pressing issues to deal with at the moment than to join in with Mr Mayo and Mr Snaith's academic exercise regarding the Bank's name.

Any review of the "brand name" should be carried out with due diligence and careful consideration. Any decision should not be the result of a knee-jerk reaction for political reasons.

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