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NB HISTORY DISCUSSION
(11/29 - 12/7/86)

MAIN CONCEPTS

1. CYCLES OF KNOWLEDGE -- summarizing practice.
2. LAW OF VALUE -- ideological struggle.
3. DEVELOPING CADRE LEADERSHIP
4. THRUST OF NUTRITION
5. POLITICAL ECONOMY -- Laws of Capitalism;
Relations of Production
6. STRATEGY AND TACTICS

The main concepts listed above were presented as a focus for discussion. Within each section of the paper, attempt was made to connect to these one or more of these concepts. The format of the discussion was to follow the paper; each section first read, then broken into sub-stages for discussion. Key people to contribute to the discussion within each of those stages were targeted to draw out their experience.

FINANCE:

Main concept: Political Economy; Laws of Capitalism and the Relations of Production.

Who: Ann

1. Learning skills.

Key People: Willy, Wallace, Zach

- * Books were always behind; labor used in production, not administration.
- * Teams were organized to catch up, but were unsuccessful due to missing documents and other problems from previous stage.
- * Ideological obstacle to overcome: contempt for business.
- * Profound ignorance of business/financial concepts; view people with skills as magicians.
- * AR's given lower priority than AP's. Did not have statements or invoice register as condition to track and collect payments. We were subordinate in the business world.
- * Some people started vocational training; learned standardized methods.
- * Income Statements brought current at one point, but fell behind again. Were very labor intensive to keep up.
- * Did learn that labor costs were as much as 50%. At that point, people started getting jobs.

2. Computerization.

Key People: Donald, Betty, Ann, Vita, Matty, Suzanne

- * Computerization process was subordinate aspect; manual systems were dominant. Tried to put manual systems into the computer. This frequently did not work; manual systems were not right, and needed to change.
- * Trying to document the existing systems to build the computerized system; had positive result of conditioning people to think about "systems". Learning these basic concepts and skills such as flow-charting.
- * Learned to be more precise; data entry requirement. Sometimes produced output that was inaccurate and un-usable.
- * Still a contradiction between labor required for production VS getting the systems computerized to lay foundation to control production.
- * Installation of Order-Invoicing system: This was the turning point, where computerization became the D.A. Computerized aspect caught mistakes in the manual delivery system.
- * Laid the foundation for us be less subordinate in relations with customers: customers were trained to do their own ordering. Previously, most things were consignment, and we handled the ordering. Development of interdependence; no longer try to run their businesses, and absorb the losses for mistakes and errors.

3. Finance Capital/Loans.

Key People: Zach, Vita, Joanne, Ann

- * Learning differences in capitalist FOO's; bank loans, vs. leases.
- * Co-op bank: came up with one objection after another;

essence finally became clear. That we were too small for them. We thought \$60,000 was a lot of money at that time; for them it was not a big enough loan to be worthwhile.

- * Like other banks, co-op bank also wanted collateral, or equity in the business. Not willing to take much risk. Externally, they were losing funding and political support.

4. Cash Flow Management.

Key People: Jeri, Ann, Vita

- * Learning to speed up flow of capital on Receivables side while slowing down the flow of Payables side. Capitalist enterprises struggle over this circulation of capital.
- * Used the Master Schedule, based on sales projections, to precisely plan purchases and payments. We were in control at this stage, though struggling for survival in very tight cash situation.
- * The business was beyond break-even at that point, and making a small profit. Back debt was holding us back, and most importantly, lack of capital to finance the next stage. Example: cost of sales/promotional literature and packaging; need for new production equipment.

PRODUCTION

Main Concepts: Cycles of Knowledge
Law of Value
Cadre Leadership

Who: Zach

1. Craft Skills.

Key People: Wallace, Zach, Willy

* Craft skills of old bakers were unceremoniously rejected. Drew on the People's Co. Bakery skills. Later, this became inadequate, especially as product line was expanded. brought back the old bakers to train others. Eventually, they became resistant to technicalization; the process moved beyond them.

* Intensity of labor. Lack of basic equipment such as a moulder (meant physically kneading each loaf of bread), and a rotating oven (pizza oven baked unevenly; had to physically rotate each tray--extremely hot work). Bread sheet, which was used for batch planning, took 3 to 4 hours daily to prepare.

* Ideologically, there was a lack of motivation to bring in machinery. No desire to make money, nor to improve the process.

2. De-personalization.

Key People: Willy, Zach

* High resistance to de-personalization; brought into contradiction via: 1) technical training and 2) working class elements were hired or brought in organizationally.

* Relations were very personalized; a social character to the process. On the opposite side, people began to learn to train and supervise others.

* Quality of the product changed/improved, but intensity of labor and production did not change significantly yet.

3. Technicalization.

Key People: Carol, Willy

* Computer was the key element of this stage. Production Orders were computerized (no more Bread Sheets). Again, made some mistakes in trying to computerize incorrectness; ex. the Baker's Percent struggle.

* Becoming manufacturers. Applying theories from Operations Mgmt. such as Line Balancing; study and application of MRP. Developed the sub-assemblies (pre-mixes). Sometimes tended to be abstract, due to some lack of prior experience in manufacturing. More equipment and a larger facility advanced production to some degree; still not highly automated.

* Becoming more scientific; taking control of the production process. Digital scale was a very important element, in connection with the computer systems use of pounds/decimal calculations. Use of D.M. worksheet to analyze problems and processes.

4. Productivity and Standards of Quality.

Key People: Jeri, Zach, Ann

* A period of refinement of systems. Inventory was completely implemented at this stage. Purchasing system was developed; setting up a Shipping/Receiving area; setting up systematic methods and training.

* Cleaning standards were upgraded; maintenance standards and procedures put in place. Health Dept. was no longer a threat.

* Systems were so fine-tuned that unskilled workers could be trained into most functions within 2 days.

* Development of Quality Control function. Internal systems for testing products were developed, and problem solving methods. However, the limits of the equipment being stretched; some quality problems required different equipment to be resolved.

SALES and MARKETING

Main Concepts: Cycles of Knowledge
Laws of Capitalism

Who: Jeri

1. Traditional Markets.

(Not Discussed, due to being covered in previous topics)

2. Retail/Institutional Accounts.

* 1980-1981. Institutional orientation. Experimentation with retailing in storefront.

* Built a foundation on the institutions; overcoming subordination in the marketplace; this was more likely to occur in the institutional market, due to the forms of competition in the retail market.

* Internally, requirement to bring standards up to a new level.

* Cycles of knowledge. Learning what the requirements of the market were. Ex. at first did not know we had to sell individually wrapped slices of bread. Went into the market, pulled back from it and returned later, building on what was learned.

* Each market area required capital investment. Example: deli equipment and cash register purchased for storefront; slice packager for institutional sales.

3. Institutional Sales Focus.

Key People: Jeri

* Cycles of knowledge rapid in this stage; development of Sales systems and Customer Service function. Study/research done: what is Marketing? What is Customer Service?

* Using S&T to target and obtain accounts; specific programs developed to meet requirements of target markets.

* Development of pricing methods; use of incentives. Used Cost of Production tool extensively.

* Learning how to "commercialize" whole grains--mass production and mass marketing. More scientific use of chemicals (vs historically being purist). Most important feature was complex carbohydrates as opposed to refined/white flour products.

* Sales area was still personalized. Came out as resistance to forecasting and procedures. Personal promises made to accounts; could not always be kept.

* Why we couldn't keep institutional accounts: early on was due to production quality; later due to price. Around 1983, became much more price competitive due to new laws in the health industry--controlled pricing of medical procedures. Also, there was a lot of competition in the T.C. due to large number of major bakeries in the area. They could make profit out of state, and cut prices in the T.C. area, making it difficult for smaller competitors. Market research was done to find out more about competitors; library research, as well as calling them as potential customers--provided very useful information.

* Tactic of projecting NB as woman-owned business, and trying to obtain bids. Learned that the entire process is political. Starts early: who's product specifications get written into the bid.

4. Retail Markets.

Key People: Jeri

* Key to this period was Product Development. Necessary to adjust product line: more specialty products, frequent changing and introduction of new products. Able to develop a seasonal product line of muffins. Product Development came to be market driven.

* Product Development also became more scientific. Use of multiple regression analysis for problem isolation; sensory testing to evaluate products.

* Use of samplings as new marketing method.

POLITICAL FORMS

Main Concepts: Political Economy--Relations of Production
NB's relation to Workers.
Strategy and Tactics

Who: Betty

1. Early Co-op.

Key People: Zach, Wallace, Willy, Matty

- * Based on volunteer labor
- * Lumpen elements present
- * Branch of People's Coop Movement (PCM); political came from PCM.
- * Not much to provide workers; personal compensation often used to soften contradictions with workers. Relations were social; as a family.
- * No legitimate business image.

2. Corporation.

Key People: Matty, Zach

- * Concrete struggle for people to wear suits to work; develop as business people.
- * Required greater discipline as workers; clear divisions based on functionality; labor grades established. Physical division of production from office/computer space. Relations of production becoming more objective.
- * Capitalization occurred in this stage. Some improvement in working conditions.

3. Legal Co-operative.

Key People: Vita, Zach, Joanne, Jeri, Ann

- * Dividend system installed. New economic and political relationship with workers.
- * Education was essential; political education and concrete training to deal with taxes.
- * At this stage, able to bring true development to people.

LEGAL

Main Concepts: Political Economy: Relations of Production

Who: Ann

1. IRS

- * A process of moving assets around; a "shell game". We shaped the process, to get ourselves classified in their bureaucracy in our best interest. Ex.: getting a new tax number under the cooperative-- to them this was key in separation of the two businesses.
- * They were not able to see the interconnections, nor to analyze; for the most part, they are bureaucrats. Try to use tricks and intimidation as substitute.
- * Important cycle of knowledge: control mechanisms. Their procedures are presented in a way that can be intimidating; is a paper tiger. We were able to learn the procedures and control the process. Had to overcome moralism re: paying taxes (it is a duty vs. the common place practice of capitalist evasion of taxes; honesty vs. plead your case confidently--you don't get a second chance.)

2. DES

- * Opportunity to do research re: coop law, and make contribution to the body of law. This suit has some significance, but has not yet been appealed to the state court level. Importance of the precedent.
- * Cycle of knowledge: ultra-democracy vs. cooperative economics, where pay is proportionate to labor. Education of workers re: coop economic theory, as well as concrete business knowlege (income statements posted monthly). They developed more of a committment as a result. Learning to run a cooperative, managing these new relations with workers.

3. Commercial Suits

- * Small claims; learning to defend our rights in court, take the offensive. Opportunity to re-gain our money, minimize our losses.
- * Sub-contractor case. Moralism (we won't pay...), lack of S&T. Lost control of the process. Learned that lawyers will take advantage, to make the most out of the case. Must maintain control of the lawyer and the process.

BAKERY CLOSES

Main Concepts: Cycles of Knowledge
Political Economy: Laws of Capitalism
Cadre Leadership

Who: Zach

- * Originally, in the 30's, Chapter 11 was established to assist businesses suffering results of the general economic condition. Now is used by monopoly capitalists to buy time on their debts and use their capital for other purposes--i.e. maximizing their profits. This distinction was made clear to workers thru the education process that was an integral part of the Chapter 11 process.
- * Use of the re-organization plan: to re-establish legitimacy, open possibility of new loans. New creditors have higher priority for payment than old creditors; are more protected under Chapter 11.
- * When NB closed, vacuum created; People's Coop took over some accounts (Applebaum's). They delivered a decent product with poor packaging. Doubtful they can sustain the account.
- * Earlier struggles with cash flow crises; important that NB did not fold at that time, because of need to complete cycles of knowledge.
- * Lack of capital at NB, which was a highly developed business; in contrast with corporate waste, un-systematicness, like they have money to throw away. Necessity of socialist transition becomes clear; due to the irrationality of production under capitalism. Able to see an opposite being built, very concretely. Deepened understanding of what socialism really is.
- * At point of closing, workers were clear on connection to Reagan administration. Were not antagonistic to management. Was condition of mutual concern in relations of production.
- * Relations with vendors were more antagonistic before bankruptcy than afterwards.

SUMMARY OF CONCEPTS

1. CYCLES OF KNOWLEDGE -- summarizing practice.
 - * Learning skills
 - * De-personalizing skills
 - * Rationalization of knowledge to carry back into practice.
 - * Summarizing becomes second nature.
2. LAW OF VALUE -- ideological struggle.
 - * Skills as source of value brings on resistance, perpetuates relations of domination and subordination. Some people could not make transition at each stage.
 - * Thru struggle with law of value, were able to predict effects of this law and take steps so the process was not impeded.
 - * Individuals learned to control themselves.
 - * Germs of no-exploitative relations. See what socialism really looks like.
3. DEVELOPING CADRE LEADERSHIP
 - * NB as a school to develop leadership skills. Concretely, learned what management is, it's role and functions.
 - * Material development in many areas: production skills, commercial skills, DP skills...as well as understanding what these forms are in capitalist system.
 - * Evolution of management; no longer operating in crisis mode. Deal objectively with problems that arise. Reached stage of possibility of management of controlled growth and development.
 - * As cadre developed, able to bring development to others.
 - * Individuals able to be productive, and make constructive contributions. Becoming more effective as cadre. Able to see how a revolution is possible with only a few people, of quality.
4. THRUST OF NUTRITION
 - * Commercialization of whole grains thru production and marketing. Produce a quality product and gain dominance in the market.
 - * Complex carbohydrates as the essence of nutritional aspect. Overcame dogmatism of earlier stages; learning more scientifically: what various additives are, whether or not they are harmful.
5. POLITICAL ECONOMY -- Laws of Capitalism;
Relations of Production
 - * Objective forms of capitalism; how money flows thru the system.
 - * The system is political. Things are not what they seem to be.
6. STRATEGY AND TACTICS
 - * Overall strategy of the period: transformation to dominance of variable capital over constant capital. S&T is the how.
 - * Each stage analyzed, problems classified. FOS developed to deal with this classification. This is how an end can be achieved.