

# NON-PROFIT MODEL

## Defining Characteristics

There are several defining characteristics of this form of rural grocery operation. First, the non-profit grocery operation's purpose is to fulfill a charitable community food distribution mission. As such, all of the grocery store's operational assets are used to fulfill that mission and purpose. Second, the grocery store as a non-profit organization receives special considerations from state and federal government such as tax-exempt status. Third, this model allows people to join together and combine resources to achieve the common goal. The grocery store is also usually governed by a volunteer board of community representatives making this model highly collaborative.

## Challenges

- 1** Establishing 501(c)(3) status. Non-profit organizations must go through the IRS application process to obtain tax exemption. Applicants must take into consideration a number of state compliance issues. The final submission can exceed 50 pages in length.
- 2** Balancing product mix and cost. When funds are limited, product assortment and/or quality can become an issue. In order to keep consumer costs low, grocers may have to make major adjustments.
- 3** Trial and error. It takes time to identify and fulfill consumer demand efficiently. A commitment to using data informs and streamlines the process.
- 4** Sustainability. Profit margins are very low in the supermarket industry and most chains' earnings are accumulated through volume. Overhead expenses may be difficult to manage without sufficient profits.

## Benefits

- 1** Business structure for diversification. Non-profit entities address community concerns and have the opportunity to offer multiple, food-related services out of the grocery store operation.
- 2** Alternative means of supply. A lot of the food supply that is still good for consumption becomes waste. By sourcing food or goods nearing their "sell-by" dates from farmers, supermarkets, manufacturers, and food distributors, communities can take advantage of low costs.
- 3** Providing for low-income populations. By keeping supply costs low, grocers can pass these savings along to consumers.
- 4** Tax incentives. Donors can receive monetary tax breaks for their support of community-based organizations.

## REFERENCES

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# Case Study: Plains, KS

## The Challenge

Plains, Kansas is a thriving community of 1492 located in southeast Kansas. Founded in 1885, Plains is a proud agricultural community. The "Widest Street in America", which can also be found here, directs traffic through the three-block downtown district. This small Kansas community was only missing one thing, a grocery store. In 2001, the grocery store closed leaving the community without access to a variety of nutritious and healthy food options. Community members were forced to drive 28 miles roundtrip to complete their grocery shopping, becoming a way of life for the community members of Plains.

The key to addressing the loss of the local grocery store in Plains was developing a strategic plan:

## NON-PROFIT MODEL: Strategic Plan

### 1 Forming a Committee

In 2008, seven years after the closing of the local grocery store, the community decided they were ready for a change. A committee was formed to research a plethora of options to re-establish a local full-service grocery store. Countless hours were dedicated towards researching possible options to provide fresh and local access to a variety of food options. The committee created a goal to provide the best solution to meet the needs of the residents of the community and the surrounding area.

### 2 Conducting Research

First, the committee developed a community profile. This included an evaluation of the cultural, social, economic, nutrition, and age specific needs of the community. Second, the committee conducted a low-to-moderate-income survey. Third, the committee convened grocery suppliers, grocers, energy companies, economic development specialists, and other invested parties to conduct brainstorming sessions. Finally, the committee conducted a feasibility study and phone interviews as well as collaborated with Kansas State University's Rural Grocery Initiative.

### 3 Developing a Community Foundation

The research of the committee resulted in the development of a community foundation, the Community Enhancement Foundation of Plains. The Foundation would provide the leadership necessary to create and manage sustainable, interrelated food access and community programs that promote healthy and sustainable living for all ages.



Photo provided by Jeanne Roberts

"Widest Street in America"

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## Creating a Vision

The "Access to Food" project was created with the vision of developing a "Food and Nutrition Education Center". In addition to providing accessibility in order to meet the needs of the community, the store would create a market report to provide up-to-date project services, programs, and special events. A marketing campaign for the store would utilize print media, social media, and radio. Also, a website would be created to describe the services and programs of the store with an online ordering option. The store would strive to provide an educational environment along with partnering with the local food bank.

## The Result

The committee was ready to move forward to create a modern food market that offers healthy food choices, nutrition education, food assistance and community programs. In January of 2012, the Community Enhancement Foundation of Plains became recognized by the IRS as a public charity with a non-profit 501(c)(3) status. In order to turn the Food and Nutrition Education Center into a reality, the committee needed to construct and furnish a building to house various projects. It was established that the Food and Nutrition Education Center would be named the "Grand Avenue Market". An empty lot located in the central business district on Grand Avenue was selected as the home for the new store, and the Grand Avenue Market would be operated by a community foundation board of directors. The board of directors would directly supervise the market managers and the managers would directly oversee the market staff.

Views of Grand Avenue



Photos provided by Jeanne Roberts

### ADDITIONAL PUBLIC-PRIVATE PARTNERSHIPS

Fare and Square in Chester, Pennsylvania

Daily Table in Boston, Massachusetts