

WEBINAR SERIES

Keeping Groceries Alive: Successful Ownership Transitions for Rural Grocery Stores

K-STATE
Research and Extension



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*Food Co-Op Initiative
Kansas Center for Business Transition
Kansas Rural Center
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NetWork Kansas
Rural Grocery Initiative*

Our Sponsor

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Grocery Business Transition Planning: An Overview

Thursday, January 28

Housekeeping

- This session is being recorded.
- A recording of today's webinar will be made available at www.ruralgrocery.org.
- If you have technical questions, our team is on standby to assist you.
- We will leave time at the end for Q&A.
- Please use the Q&A feature to post your questions to our presenters.

Why focus on rural grocery stores?

*Dr. David Procter,
Rural Grocery Initiative*

Why Focus on Rural Grocery Stores?

Because, rural grocery stores provide:

- **Economic Development**
 - Rural grocery stores are an important rural economic driver
- **Food Access**
 - Rural grocery stores provide a primary source of nutritious and competitively priced foods
- **Important Community Hubs**
 - Rural grocery stores provide important local, civic and social meeting spaces



Economic Development: Why Focus on Rural Grocery Stores?

Because, rural grocery stores are a critical small business.

1. Rural grocery stores in KS, on average, **contribute \$644,000** to the local economy (Miller, 2015).
2. Grocery stores are **resilient businesses** in economic downturn times (Keen, 2011))
3. Kansas rural grocery stores provide, on average, 17 **local jobs** (CECD, 2008; Miller, 2015)
 - 6 full time; 11 part time
1. Rural grocery stores in Kansas generate **1 out of every 5 tax dollars** for local community (CECD, 2008)
2. Rural grocery stores are **barometer** for other local, rural businesses (Keen, 2011)
3. Locally-owned, small business have a larger **economic multiplier** (KSU Ag Econ study, 2020)
4. SNAP and WIC benefits provide **economic stimulus** (Chrisinger, 2015; Reinhardt, 2018)
 - SNAP puts food dollars directly and indirectly into local economies.
 - Food Dollar Leakage: Local grocery stores are critical to capture SNAP dollars



Healthy Food Access: Why Focus on Rural Grocery Stores?

Because, 8% of rural population (approx. 4.75 million people) in the U.S. are living in communities lacking access to healthy foods (Policy Link; Food Trust, 2013).

- **Poverty:** 20% of census tract is below poverty level.
- **Lack of Access:** 33% of the census tract's population resides more than 10 miles from a supermarket or large grocery store.



Healthy Food Access: Why Focus on Rural Grocery Stores?

Because:

1. Rural areas suffer the highest obesity rates in the nation (Center for Study of Rural America, 2006).
2. Rural grocery stores offer more healthy foods, at lower cost, than rural convenience stores (Liese, 2007).
3. Presence of grocery stores in non-metro counties is inversely associated with incidence of obesity (Jilcott, 2011).
4. Rural grocery stores are often a distribution point for locally-sourced foods (Center for Study of Rural America, 2006).
 - Provides support for local producers
 - Provides site for fresh produce sales



Community Hubs: Why Focus on Rural Grocery Stores?

Because, rural grocery stores:

- Function as anchors of community life
 - Helps form community identity
 - Familiar places where community bonds are created and sustained
 - Social capital built
- Provide public gathering places for community members to come together
 - Public community gathering spaces
 - Cafes, deli
 - Clubs, libraries, art galleries
 - Neutral places to talk with one another
 - Face-to-face small talk
 - Talk about local, state, national politics



What are business transition plans?

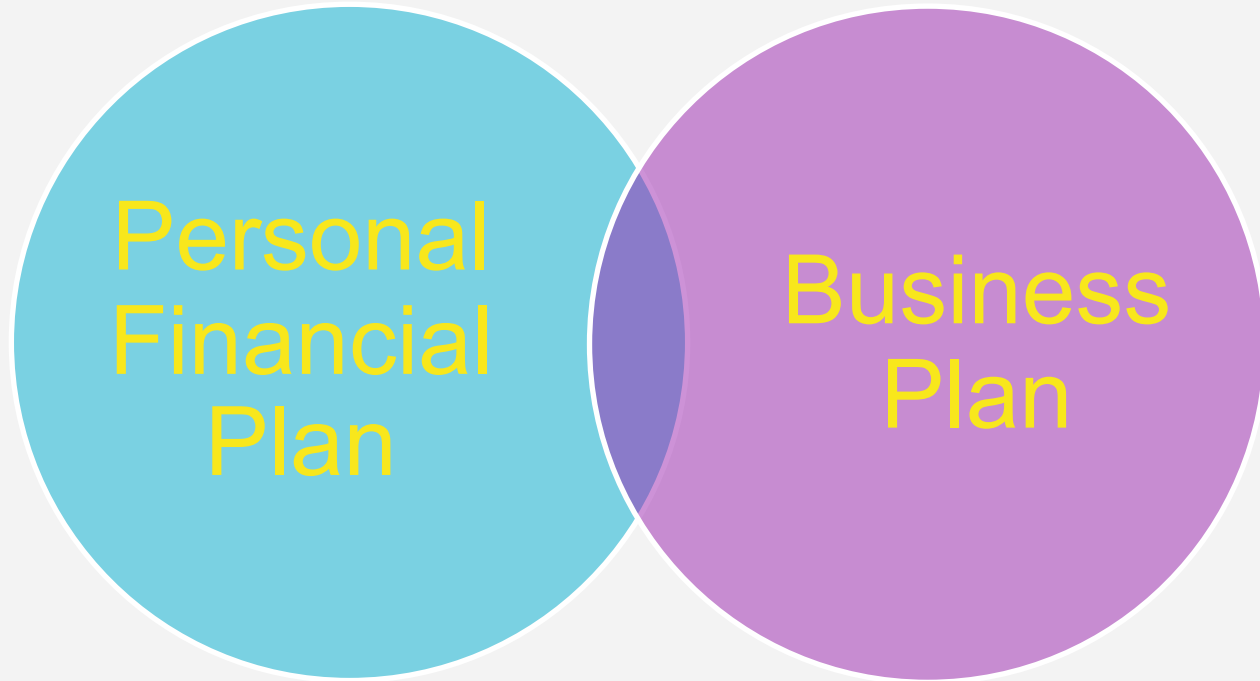
*Jack Harwell,
Kansas Center for Business Transition*

**A Business
Transition
Plan is...**

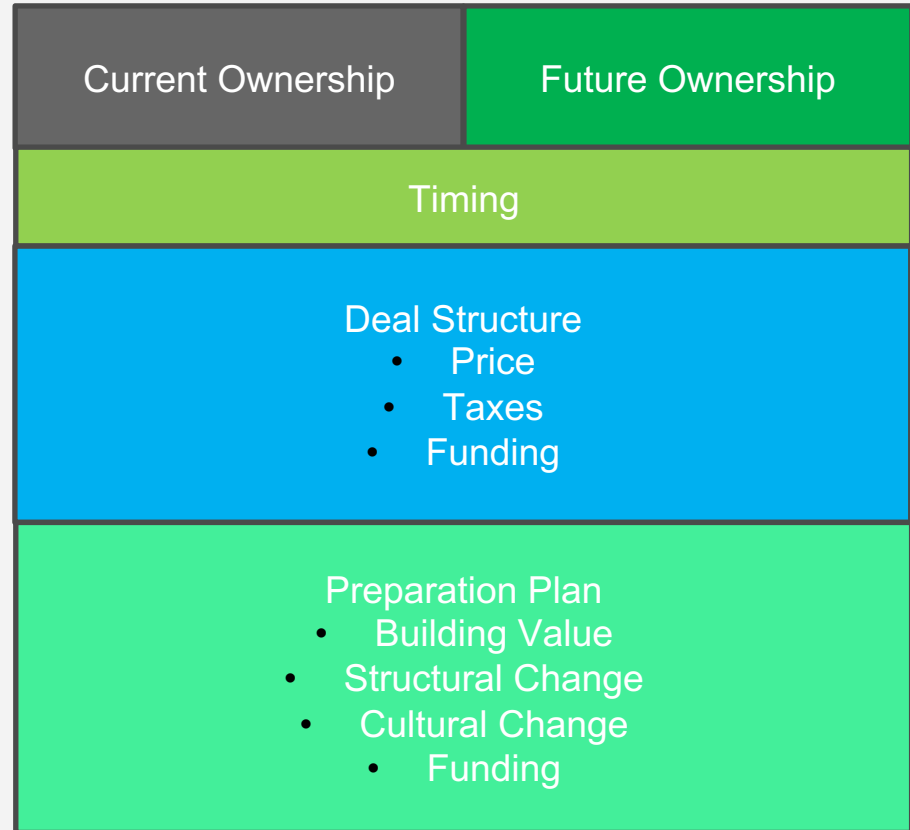
The Ultimate
Business Plan

The Ultimate
Financial Plan

Integration of Both Plans



Transition Plan Components



Why Plan Your Transition?

- Reduces risk to ongoing operations
- Preserves the value you've created
- Improves economic outcome for owner
- Opportunity to defer or reduce taxes paid by owner

Like Death and Taxes...



You will exit your business

**Wouldn't You Want it On
Your Own Terms?**

Why engage with communities?

*Nadine Sigle,
K-State Research & Extension*

Why Engage with Communities?

- Community buy in
- Community growth and sustainability
- Recognition of needs and wants
- Builds trust
- Interdependency
- Improve quality of life



Grocery business transition success stories

Morland Mercantile & Erie Market

Morland Mercantile in Morland, KS

- 1915 Grocery store opens on Main Street
- 1976 Bean's Country Store opens
- 2006 Bean's Country Store owner retires and store closes
- 2007 Morland Community Foundation purchases building



Morland Mercantile in Morland, KS

2007 Renovations begin

- Walls reinforced
- Roof replaced
- New furnace
- New bathrooms
- New coolers
- Flooring repaired
- Tin ceiling restored

2013 Morland Mercantile opens

2015 Community kitchen opens



Questions for the Morland Mercantile



Photo Credit: Erin Mathews, *Northwest Kansas Today*, a publication of the Dane G. Hansen Foundation.

Erie Market in Erie, KS

- 2004 David and Shirlene Mahurin purchase Stub's Market
- 2007 Stub's Market rebuilt after flood
- 2019 Mahurins approach City of Erie about possibility of purchasing the grocery store



Erie Market in Erie, KS

- Sept 2019 City holds first town halls & begins financial review
- Apr 2020 City drafts proposal for possible purchase
- Jun 2020 City conducts survey
- Oct 2020 Agreement finalized
- Jan 2021 Erie Market opens



Questions for Erie Market



Photo Credit: <https://www.facebook.com/Stubs-Market-140477202656297>

Questions

Please use the Q&A feature

K-State Research & Extension



K-STATE
Research and Extension

Mission:

K-State Research and Extension is dedicated to a safe, sustainable, competitive food and fiber system and to strong, healthy communities, families and youth through integrated research, analysis and education.

More information:

ksre.k-state.edu/community/

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Kansas Center for Business Transition



Mission:

To support the continuity and growth of small businesses with education and resources that benefit both the businesses and their communities.

More information:

www.KSBizTransition.com

Contact Information:

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jharwell@jccc.edu

Kansas Rural Center



Mission:

To promote the long-term health of the land and its people through research, education and advocacy that advance an economically viable, ecologically sound, and socially just food and farming system.

More information:

<https://kansasruralcenter.org/>

Contact Information:

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Food Co-Op Initiative



**FOOD CO-OP
INITIATIVE**

New co-ops start here.

Mission:

FCI aims to increase the number, success and sustainability of new food cooperatives delivering access to healthy food in diverse communities across this country. It provides information, training and technical assistance, as well as seed capital, and engages in research to blaze, maintain and improve the development path for new food coops.

More information:

www.fci.coop

Contact Information:

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info@fci.coop

NetWork Kansas



Mission:

To promote an entrepreneurial environment throughout the state of Kansas by establishing a central portal that connects entrepreneurs and small business owners with the right resources - expertise, education, and economic resources - when they are needed most

More information:

www.networkkansas.com

Contact Information:

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info@networkkansas.com

Rural Grocery Initiative



Mission:

To provide resources to help sustain and enhance independently-owned rural grocery stores. RGI assists communities and citizens to strengthen rural grocery operations and improve access to healthy foods.

More information:

www.ruralgrocery.org

Contact Information:

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Dr. David Procter
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Thank you to our sponsor



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Webinar Schedule

All webinars are on Thursdays at 1:30 PM CT

Save your spot by registering at www.ruralgrocery.org

February 4	Understanding Grocery Ownership Models
February 11	Preparing for Business Transition
February 18	Assessing Markets & Community Needs
February 25	Planning your Business
March 4	Funding the Transition
March 11	Recruiting Store Managers
March 18	Mastering Grocery Store Nuts & Bolts

Upcoming Webinar

Understanding Grocery Ownership Models

Thursday, February 4
at 1:30 PM

For many years, the family-owned grocery store was king, but alternative forms of grocery ownership are becoming more common. Often, these models are the right fit for rural communities. This webinar will describe the basics of shared ownership models and explore why it's helpful to consider them when transitioning grocery store ownership.

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