

WEBINAR SERIES

Keeping Groceries Alive: Successful Ownership Transitions for Rural Grocery Stores

K-STATE
Research and Extension



Understanding Grocery Ownership Models

Thursday, February 4

Our Partners

Food Co -Op Initiative
Kansas Center for Business Transition
Kansas Rural Center
K-State Research & Extension
NetWork Kansas
Rural Grocery Initiative

Our Sponsor

Ewing Marion Kauffman Foundation

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 of the webinar for Q&A.
- Please use the Q&A feature to post your questions to our presenters.

Why consider various ownership models?

*Stuart Reid,
Food Co-Op Initiative*

Why consider various ownership models

You don't *necessarily* want to pick right back up with what previous grocer was doing.

It's an opportunity!

- Consider built environment (location, building)
- Offerings/services
- Partnership with other businesses (baker, florist, pharmacy)
- Consider community needs (more on this coming in Webinar #4)



Municipal entity
(ex: city or county government)



Store Owners/
Managers



Organized group of citizens
(ex: non-profit, community
development committee, co-op)

Grocery Ownership Models

- Independent operators
- Cooperatives
- Non -profit (501(c)3)
- Public / private partnership
- Municipality -owned
- School -based
- ? Corporate Chains

**How would you
define a community
owned store?**

[Poll Question]

Independent Operators



Property



Building



Business



Inventory

Benefits:

- Uncomplicated
- Direct personal vested interest
- Flexible and adaptable
- Less need for community investment



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Hired Man's Grocery & Grill

Conway Springs, KS

- Joe's Market shut down in 2007
- Local resident Clint Osner was encouraged to open a grocery store
- Family worked to build store
- Opened in 2008
- Clint & Jenny Osner continued their "day jobs" for 3 -1/2 years
- Now working 6 half -days/week



The Osner family standing in front of Hired Man's Grocery & Grill, Inc. in Conway Springs, Kansas.

**What level of
familiarity do you have
with a food co -op?**

[Poll Question]

Cooperatives



Property



Building



Business



Inventory

Benefits:

- Community owned and controlled
- Long -term commitment
- Retains community wealth, supports farmers and businesses
- Commitment to education
- Strength of a national network
- Not a charity



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Marmaton Market

Moran, KS



Population 517



Marmaton Market

Moran, KS

- Stub's Market for sale
- Thrive Allen County takes lead (2017)
- VISTA volunteer acts as project manager
- Cooperative established and recruits owners
- FCI Provides \$10,000 Seed Grant and guidance
- Experienced co-op grocery manager hired
- New co-op acquires business, May 30, 2018
- Store operates continuously through transition and as improvements are made

Nonprofit



Property



Building



Business



Inventory

Benefits:

- Mission -driven
- Organizational involvement
- Potential for volunteer operational support
- Potential for charitable contributions to subsidize operations



Municipal entity
(ex: city or county government)

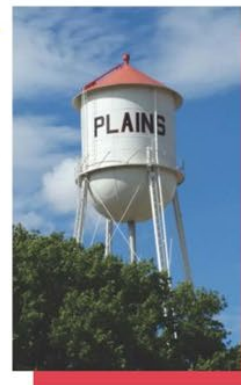


Store Owners/
Managers



Organized group of citizens
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The Timeline of Making Plains' Grand Avenue Market a Reality



2001

Last full-service grocery store in Plains, KS closes.



2009

Information Gathering:

- Connected with the following organizations:
 - Rural Grocery Initiative, Kansas Sampler Foundation, United States Department of Agriculture, KS Department of Commerce, grant writers, Meade County Economic Development, Rural Electric Cooperative, Black Hills Energy, Small Business Administration, Grocers, Office of Rural Opportunity, Attorney.

- Investigated the **KAN STEP** program

Funding:

- Conducted Tree of Lights Fundraiser (2009 - 19)



2012

Information Gathering

- Shared our story at the **National Rural Grocery Summit**

Store Decisions

- Received Non-Profit 501(c)(3) status
- Developed Business Plan

Funding

- Received a State Farm grant
- Hosted RADA cutlery fundraiser



2014

Information Gathering:

- Attended National Rural Grocery Summit

Funding:

- Awarded Kansas tax credits
- Received grant from Meade County Economic Development
- Hosted Jail & Bail Fundraiser
- **Launched KANstarter** Crowd funding event



"Unless Someone Like **You** Cares a Whole Awful Lot, Nothing is Going to Get Better. It's Not."
- Dr. Seuss



2008

Information Gathering:

- Grocery Store Committee approached nearby grocery store owners about opening an additional location in Plains

Store Decisions:

- **City Council formed Grocery Store Committee**
- Conducted feasibility study



2010

Information Gathering:

- Visited rural grocery stores to learn (about ownership models Morland Mercantile to learn about Nonprofit approach)
- Investigated selling shares & the store being a co-op
- Contacted Dollar General about opening location in Plains
- Attended National Rural Grocery Summit

Store Decisions:

- Named the store - "Grand Avenue Market," and selected logo (designed by K-State student)
- Incorporated as The Community Enhancement Foundation of Plains (CEFOP)



2013

Information Gathering

- Attended Community Development Block Grant Workshop in Hutchinson

Store Decisions

- Secured partnership with pharmacy for prescription to be delivered to Plains 5 days per week

Funding

- **Held a Walk-a-Thon 2013-14**
- Hosted Build-a-Burrito Fundraiser 2013-14
- Registered CEFOP as charity with AmazonSmile.com



2015

Information Gathering:

- Attended Rural Food Development Hackathon

Funding

- Family, Career and Community Leaders of America (FCCLA) students held two fundraisers
- Received Southern Pioneer Electric Grant
- **Hosted Playing Cards Fundraiser**

CONTINUED ON BACK





2017

Information Gathering:

- Observed "Dream Dinners" business model in operation

Store Decisions:

- KSU students designed kiosk for store
- Conducted a community survey in Plains
- Associated Wholesale Grocers conducted market study

Funding:

- Secured Sunflower Foundation Healthy Eating, Rural Opportunity (HERO) Planning Grant
- Awarded USDA Rural Economic Development Loan



2019

Information Gathering:

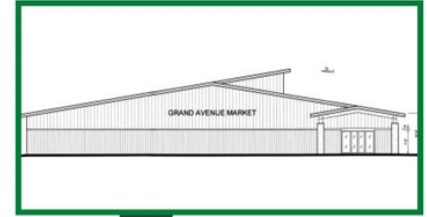
- Attended K-State's Regional Rural Grocery Workshop in Kingman, KS

Store Decisions:

- Started working with NetWork Kansas
- Interviewed for store manager position
- Worked with Architect, Engineer & Contractor on exterior & interior design, floor plan, building & equipment costs

Funding:

- Worked on Sunderland Foundation Grant.
- Worked on Baughman Foundation Grant
- Applied to KHFI/IFF for funding



2021

Construction Complete, Grand Avenue Market opens!

"Unless Someone Like **You** Cares a Whole Awful Lot, Nothing is Going to Get Better. It's Not."
- Dr. Seuss



2016

Information Gathering:

- Investigated NuVal program

Store Decisions:

- Bought property on 600 block of Grand Avenue

Funding

- Hosted 2nd Chance Prom fundraiser
- Hosted BoomBozz 5K fundraiser



2018

Information Gathering:

- Presented at the National Rural Grocery Summit
- Attended Sunflower HERO meeting

Store Decisions:

- Became member of Associated Wholesale Grocers, Inc.

Funding:

- Received Sunflower Foundation HERO Implementation Grant
- Awarded Kansas tax credits
- Received grant from Southwest Kansas Community Foundation
- Contacted KFFI/IFF about loan and secured Letter of Credit



2020

Information Gathering:

- Break Ground!
- Letters to supporters giving the opportunity to support the store by purchasing items needed for the store or a brick with their name stenciled on

The Timeline of
Making Plains'
Grand Avenue Market
a Reality

Public -Private Partnership



Property



Building



Business



Inventory

Key Players:

Public Entity: municipal government (city or county government), school district, community foundation

Private Entity: independent business owner

Benefits:

- Ability to access new types of funding
- Buy-in from city leadership for the long-term
- Less burdensome transition



Municipal entity
(ex: city or county government)



Store Owners/
Managers



Organized group of citizens
(ex: non-profit, community development committee, co-op)

Garden of Eden



Little River, KS



Municipality -Owned



Property



Building



Business



Inventory

Key Players:

Public Entity: municipal government (city or county government)

Benefits:

- Buy-in from municipal leadership for the long-term
- Benefits for employees
- Less pressure on making profit



Municipal entity
(ex: city or county government)



Store Owners/
Managers

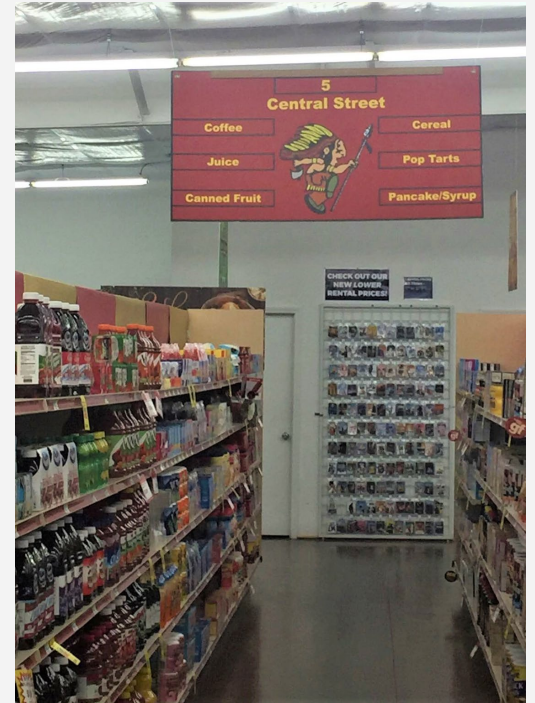


Organized group of citizens
(ex: non-profit, community
development committee, co-op)

St. Paul Market



St. Paul, KS



School - owned



Property



Building



Business



Inventory

Key Players:

School District

Benefits:

- Less pressure on making profit
- Supports educational mission
- Promotes school's role in community



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Bluestem Mercantile

Leon, KS



After hearing this presentation,
**What model are you
most interested in
pursuing or learning
more about?**

[Poll Question]

Rural Grocery Toolkit

Tools and resources for existing rural grocery store owners:

Resources for existing stores are organized in the following six key business categories. By clicking on the button below, you will find a listing of resources for improving all facets of operating a rural grocery.

Market
Assessment

Business
Organization

Financial

Business
Management

Food
Suppliers

Marketing

<https://www.ruralgrocery.org/resources/RGToolkit.html>

Food Co-Op Initiative Resource Library

Resource Library

This is our library of reference material, training documents, web links and other resources for everyone who is interested in retail food co-ops—organized by the Three Development Stages. **Not finding what you're looking for? Send a message to info@fci.coop or call 844-324-2667.**

- ▶ Getting Started

- ▶ Organizing

- ▶ Planning & Feasibility, Early

- ▶ Planning & Feasibility, Late

- ▶ Implementation

- ▶ Already Open

Use the filters on the left to narrow your selections by development stage or project. You may select multiple categories and subcategories, but it may get cluttered. Use the **Clear Filters** button to refresh and start a new filtering. You can also use the Search feature, above.



The FCI Guide to Starting a Food Co-op – download

Our comprehensive guide for groups starting a retail food co-op, with steps, case studies, templates, and more for every stage from organizing to implementation. **NOTE: This FREE DOWNLOAD will automatically load to your default download site when you click on it.**



The FCI Guide to Starting a Food Co-op – hard copy

This is our comprehensive guide for communities who want to start their own retail food co-op. We walk you through all the stages from creating a vision to opening the doors. **PURCHASE A COPY.**

<https://www.fci.coop/resource-library/>

Additional Resources

- **Rural Grocery Success Stories**
Rural Grocery Initiative
- **Business Entity Comparison Chart**
Nebraska Cooperative Development Center
- **Kansas Grocery Licensing and Certification Guide**
Kansas Department of Agriculture

Questions

Please use the Q&A feature

Webinar Schedule

All webinars are on Thursdays at 1:30 PM CT

Save your spot by registering at www.ruralgrocery.org

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

Preparing for Business Transition

Thursday, February 18
at 1:30 P M

How long do business transitions take, and who should be involved? What does a transition plan look like and what are the steps to prepare for transition? How to estimate the value of a store? What can you do to pave the way to success for the next owner and store manager? Jack Harwell and John Addressi with the Kansas SBDC and the Kansas Center for Business Transition will cover these essential considerations and more in this webinar to help you prepare for transitioning store ownership.

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