

K-STATE
Research and Extension

Rural Grocery
Initiative

Rural Grocery Succession Planning



COMMUNITY-SUPPORTED GROCERIES

Thursday, November 17, 2022

Featuring:

Amie Oltman, Bluestem Mercantile, Leon, KS

Jeanne Roberts, Grand Avenue Market, Plains, KS

Teryn Carmichael, Hometown Market, Bird City, KS

About this series

- Monthly webinars hosted throughout 2022
- Continuation of business transition work & *Keeping Groceries Alive*
- Goals
 - Highlight resource providers
 - Identify key succession planning considerations
 - Present options
 - Share examples of grocery ownership transitions
- Additional resources available at www.ruralgrocery.org.

Our Sponsor

*Ewing Marion Kauffman
Foundation*



Housekeeping

- This session is being recorded.
- A recording of today's webinar will be available at www.ruralgrocery.org.
- 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.

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Bluestem Mercantile: School-owned Grocery

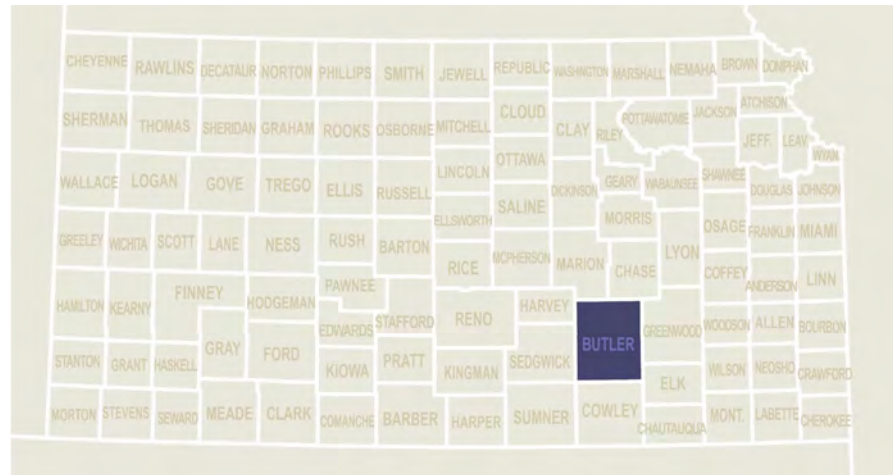
Amie Oltman, Special Education Teacher



Leon, KS

- Butler County
- Population: 667
- The town of Leon had no grocery store.

Bluestem Mercantile



The Issue

- The town didn't have a grocery store or any other place to get the basic necessities
- The school/special education department were having students graduate without any life skills that could prepare them to work in the retail or food industry
- Both elementary and high school student groups had items to sell but didn't have a place to display their products or produce

The Solution

- Joel Lovesee, our Superintendent, purchased the building and my students and I started the store with the help of the elementary school and high school, and some local vendors

The Solution

Bluestem Elementary

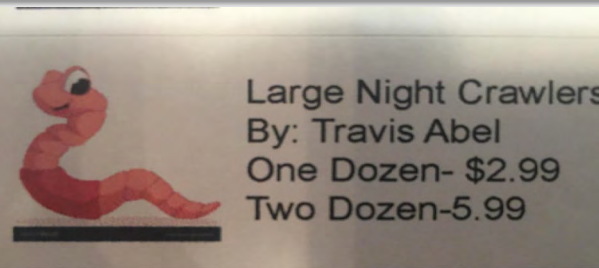
- Greenhouse established 2003
- Elementary school provides jellies, jams, salsa, eggs, plants, vegetables, flowers, and all cuts of beef
- Chicken Coop established 2007
- School Barn established 2015
- School Farm (cattle, goats, chickens, sheep, ducks and rabbits)



The Solution - High School

- Graphic Design (Art) class designs for our custom candles, jellies, and the items used for "Branding" our store.
- Shop class makes cutting boards, corn hole boards, tables, fishing pole racks, charcuterie boards, and any upkeep on wood items in the store.
- NHS sells cake-pops during Valentine's Day.
- Life Skills makes rose bouquets, Father's Day gifts, pillows, and created our Bluestem Mercantile Candle line.
- Graphic Design Class makes aprons, t-shirts, cups, license plates, and custom items for community.
- Video production makes commercials for our store.

High School and Local Vendors



Pros and Cons

- It benefits the school by having a life-skills working business with the safety net of the school because we are a non-profit
- The most challenging is losing the students that go on to a different job or another community



What's Next?

- We are going to install new and actual grocery store shelving
- We are having a Home for the Holidays Shopping Expo in conjunction with Lion Pride Thanksgiving Dinner
- We are making it a tradition to have Santa and the City Tree Lighting the Monday following Thanksgiving at the Mercantile
- We will put in a commercial kitchen for the student to learn culinary skills



Grand Avenue Market: Nonprofit Grocery

Jeanne Roberts, President of The Community Enhancement Foundation of Plains



Plains, KS

Widest Main Street in the USA!

- Meade County
- Population: 1,515
- Grocery Store Closed in 2001
- Worked 13 yrs to bring a store back to Plains
- Grand Ave. Market Opened December 8, 2021

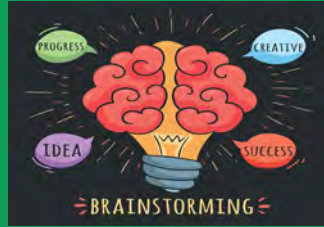


The Issue

- Plains' grocery store closed in 2001.
- Our Community became dependent on the local convenience store.
- With this dependence, unhealthy eating habits were formed.
- Other businesses have closed, indirectly, due to the loss of the grocery store.
- Has been increasingly difficult to attract new people, including teachers, to Plains since we are without such a basic amenity as convenient access to nutritious food items at affordable prices.



The Solution



What solution did your community come up with?

- We formed The Community Enhancement Foundation of Plains, a 501(c)(3), a charitable organization.

What made you decide on this solution?

- A 501(c)(3) seemed to be the best fit for Plains

How does the grocery store operate? Who makes decisions?

- Grand Avenue Market is owned by the foundation which is recognized by the IRS as a charitable organization. The manager, hired by the foundation, answers to the board members. The manager oversees the daily operations & other employees of the store. The board stays abreast of all store activities to ensure the foundation's vision and goals stay the number one priority of everyone involved.

What steps did you need to take to make this happen?

- Formed a foundation, incorporated and applied for 501(c)(3) status with the help of a lawyer. We then began applying for grants, donations, loans and conducting fundraisers.



GRAND
OPENING

OPEN



GRAND AVENUE MARKET

HUNT
BROTHERS
PIZZA



The Solution (continued)

What partners were involved?

- Plains City Council
- K-State
- Southern Pioneer Electric
- The Sunflower Foundation
- KS Healthy Food Initiative
- Kansas Sampler Foundation
- Meade County Economic Development
- Associated Wholesale Grocers Oklahoma City
- Heartland Tri-State Bank, Elkhart, KS
- IFF



The Solution (continued)

How is the store connected to the community?

- Located in the Heart of downtown Plains
- Has become a social hub of the community
- Has become a lifeline for the community by providing healthy eating choices.
- Saves travel time which translates to family time.
- A commercial Kitchen is part of the footprint of the store, we have many uses for this aspect of the store.



Fundraising

- State Farm Cause An Effect Grant
- Southern Pioneer Electric
- Southern Pioneer Electric - Hugs Grant
- Sunflower Foundation - Planning Grant
- Kansas Community Tax Credits
- USDA RD Grant/Loan
- Sunflower Foundation - Implementation Grant
- Meade County Economic Development Grant
- Kansas Community Tax Credits - 2nd Time
- SW Kansas Community Foundation Grant
- Kansas Healthy Food Initiative Grant
- Many Individual Donations
- Multiple Fundraisers
- Loans



Pros and Cons

Pros

- Being a 501(c)(3) meant we qualified for more grants.
- Donations are tax exempt.

Cons/Challenges

- Obtaining 501(c)(3) status took one year.
- Attorneys' that specialize in 501(c)(3)'s are difficult to find.



What's Next?

How are things going for you now?

- There have been lots of growing pains. We have a network of people who are there to answer questions or lend a helping hand.
- We have good employees, but they are difficult to find. The work ethics seems to have changed since COVID.

What is next for the store?

- We are still working to bring the entire vision for Grand Avenue Market to reality. We are working to make the commercial kitchen fully operational.



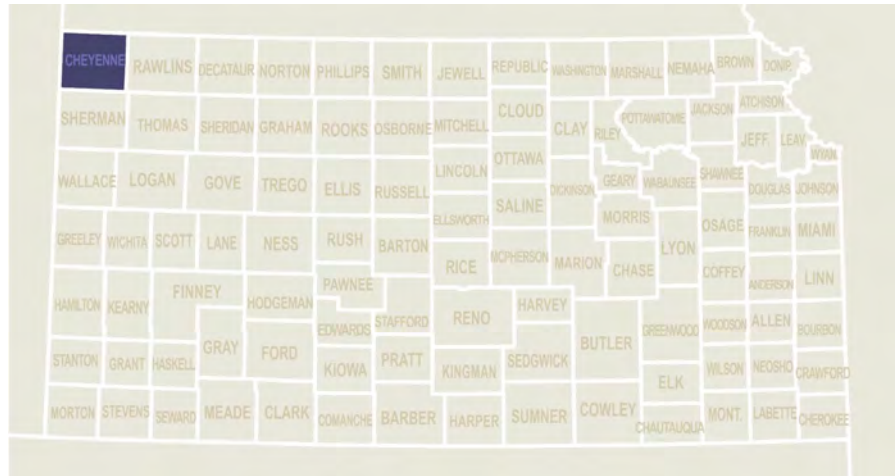
Hometown Market: Public-Private Partnership

*Teryn Carmichael, Executive Director
Bird City Century II Development Foundation*



Bird City, KS

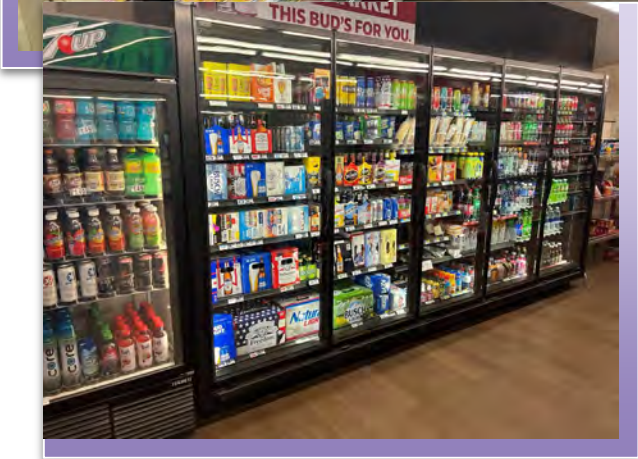
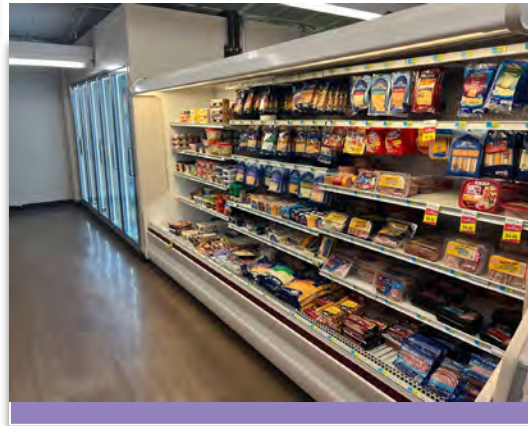
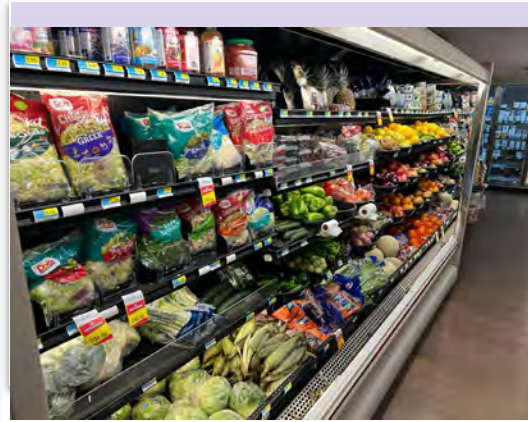
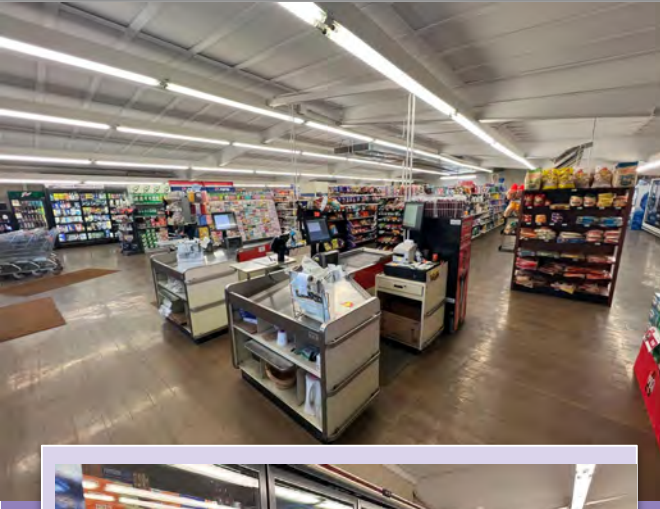
- Cheyenne County
- Population: 450
- Lost our grocery store for a period of time



The Issue

- What is the history of the grocery store in your community?
 - Store was privately owned by families
 - Our community lost our grocery store
 - Store was bought by a local Bird City banker
 - BCCII was gifted the store in 2006
 - BCCII worked with local individuals/families to run our grocery store
- What issue/challenge was your community facing regarding the local grocery store?
 - Traveling to neighboring towns to get the basic necessities
 - Find ways to stabilize and support for the store to remain open and operating
 - Succession planning

Hometown Market



The Solution

- What solution did your community come up with?
 - BCCII was gifted the grocery store
- What made you decide on this solution?
 - With the foundation owning the grocery store it ensured that our community would always have a grocery store
- What partners were involved?
 - Local individuals
 - BCCII Development Foundation/Bird City Real Estate Fund, LLC
- How is the store connected to the community?
 - The center point of our community
 - Provides healthy food options for community and surrounding area
 - Works with local businesses/restaurants
 - Has created a social setting for people to enjoy each other's company

The Solution (continued)

- How does the grocery store operate? Who makes decisions?
 - Hometown Market is owned by the Bird City Real Estate Fund, LLC (BCCII). The store is leased to Chris and Andrea Thomson who are responsible for the operation and decision making on the business. Hometown Market is recognized as a for-profit entity by the IRS.
- What steps did you need to take to make this happen?
 - BCCII accepted the gift of the grocery store property
 - The property was moved it into the Bird City Real Estate Fund, LLC (functions as a for-profit entity)
 - Inspection of the property and equipment
 - Lease Agreement
 - Monthly Rent
 - Tenant responsible to contract and pay all utilities
 - Taxes
 - Repairs, Alterations, and Modifications
 - Insurance
 - Examination of Premises
 - Ready for operation

Pros and Cons

- What is most beneficial about this grocery model?
 - Shares the burden of cost/operating
 - Allows a person/family to make a living and live within our community
 - Brings new and healthy food lifestyles to the community
 - Creating and supporting an economic structure that supports the community
- What is most challenging about this grocery model?
 - Obtaining grants/getting into programs



What's Next?

- How are things going for you now?
 - Growth and learning
- What is next for the store?
 - Looking at updating freezers and coolers for more efficiency
 - Including the WIC program
 - Discussion of expansion



Questions

APPLY TO THE GROCERY BUSINESS TRANSITION MENTORSHIP PROGRAM!

The Grocery Business Transition Mentorship Program provides rural Kansas grocers with in-depth, customized technical assistance on a range of business transition topics. This program gives you the opportunity to work alongside a mentor to help plan the future of your grocery store.

**Learn more and apply by December 16 at
www.ruralgrocery.org.**



**GROCERY
BUSINESS
TRANSITION
MENTORSHIP
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Survey

*Please share your
feedback to help us improve
future webinars*

Rural Grocery Succession Planning



LESSONS LEARNED & KEY TAKEAWAYS

Thursday, December 15, 2022