

Thinking Outside the Big Box: Community-Owned Stores

Many small communities across Kansas suffer empty downtown storefronts as giant retailers lure customers out of town. One downtown vacancy can have a domino effect on other businesses, and a once vibrant downtown can begin to look like a ghost town almost over night. Many rural communities are pulling together, drawing on a community-owned business model to start up and sustain their local enterprises.

What is a community-owned store?

A community-owned store is a store financed and owned solely by members of a community. Because residents own the store, they can tailor the store to meet the unique needs of consumers and can set fair prices. Also known as mercantiles or general stores, community-owned stores are designed by residents to meet specific local shopping needs at fair prices. Everyone in the community is given the opportunity to invest in the store by buying shares. Profits from the store tend to be re-circulated locally. Locally-owned stores return an average of \$45 out of every \$100 spent to their community as opposed to chain stores, which return \$13 out of every \$100. (www.liveablecity.org/lcfullreport.pdf) Thus, the model can provide a considerable boost to a community's economy.

How is a community-owned store run?

A community-owned store is a corporation, capitalized through the sale of stock to local residents, and run by an elected board of directors. Anyone in the community can purchase shares in the store, but to ensure that the business is not dominated by any one individual and is truly owned by the community, there is typically a maximum limit on the number of shares each individual can buy.

What are the Benefits of a Community-Owned Store



- Community-owned stores preserve town's local character.
- Local ownership enables those who feel the impact of a decision to make critical decisions affecting the business.
- Through operating the enterprise, neighbors understand the economics of operating rural grocery store.
- Community-owned stores support local economies by keeping locally generated dollars recycling in the community, creating a benefit for the store, the shopper and the local community.
- The rural grocery store complements other local businesses to create a diverse and thriving local economy.
- The store provides convenient access to a variety of competitively priced consumer goods, along with being staffed by local people who know you

What are obstacles to success for a community-owned store?

The model relies on the financial backing and continued patronage of members of the community. The most critical factor in raising money for a community-owned store and for the ultimate success of the store is how much the community supports the idea and business.

A Kansas community successfully using this model – Gove (pop. 103)

The Gove Community Improvement Association (GCIA) was formed in 1986 after their local grocery store had closed in 1980. A group of concerned citizens came together in 1986 to reopen and operate a grocery store as their local store had closed six years earlier. They formed the Gove Community Improvement Association or GCIA and founded the GCIA Grocery. By the early 1990s, the local café had closed as well. In 1995, the GCIA built a new building with volunteer labor, local donations, and a ten year no interest loan from the local rural electric cooperative which has been repaid. This building houses the GCIA Grocery as well as a community-owned eating place called the County Seat Café. For \$25, a person can join GCIA which entitles them to charge their groceries at the store - the store keeps a charge account for them which they pay at the end of the month. The buildings are clean, community-owned and directed by volunteers. There is a hired manager, but a board of volunteers gives direction and also provides legwork to operate it. In 2006, GCIA purchased a local grocery distribution business. The wholesaler delivers groceries to GCIA which then redistributes groceries to other local stores. This helps other rural grocery stores meet minimum purchase requirements from the supplier, as well as sharing needed produce or meat products. Board members and other volunteers step in to help sort these food shipments each week.

For additional information about community-owned grocery stores see:

- K-State's rural grocery store initiative. www.ruralgrocery.org
- A briefing paper about rural owned shops in England
<http://www.defra.gov.uk/rural/pdfs/communities/200704villageshop-briefing.pdf>
- A University of Wisconsin paper talking about community-owned and cooperatively-owned rural businesses.
<http://www.uwex.edu/ces/CCED/downtowns/lrb/lrb/LTB1204.pdf>
- A Texas bar memo on community owned stores.
http://www.texasbar.org/content/legal_library/pubs/downloads/LegalMinuteNov07.pdf