

Rural Grocery Ownership Models

Traditional successions involve selling the business to another independent operator. But, in many cases, this opportunity does not materialize for rural grocery stores. This doesn't necessarily mean a grocery store won't work in the community, but that a different ownership model may be more appropriate. Many creative-minded residents have identified innovative solutions to ensure their local grocery store continues operating and thriving well into the future. The examples shared below exist in rural Kansas communities.

■ Independent Operator

This is still the most common grocery ownership model in rural Kansas. In this model, an independent businessperson owns the business, building, and assets. This means the owner has control over all operations and management decisions, as there are no other entities involved. It also means the owner carries all the risk of the business.

Key Players: Independent business owner

Benefits:

- Uncomplicated
- Direct personal vested interest
- Flexible and adaptable
- Greatest control over business decisions and operations



Hired Man's Grocery & Grill
Conway Springs, KS

■ Cooperative

With this model, community members purchase a membership, or share, of the store. In return, they may receive benefits, such as dividends or discounts. Members can vote, and board leaders are democratically elected. This for-profit model is deeply entrenched in rural America, with its history of agricultural co-ops, rural electric co-ops, and more.

Key Players: Community members

Benefits:

- Community-owned and controlled
- Commitment to education
- Tied into a national support network
- Memberships provide a way to raise capital



Marmaton Market
Moran, KS

■ Non-profit

This model tends to exist in areas with low access to healthy food, where providing groceries may be considered a charitable mission. Non-profit grocery stores are driven by service to the community, which allows them to focus on covering costs, rather than making a profit.

Key Players: Community and board members

Benefits:

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



Morland Mercantile
Morland, KS

■ Municipally-owned

With this model, the grocery store is owned and operated by either a city or county government. Because public funds are often used to support the store, there is a strong emphasis on gathering community feedback from residents, in the form of a vote or survey, to determine if the community supports the public body's involvement with the store.

Key Players: City and/or county commissioners

Benefits:

- Long-term buy-in from municipal leadership for the grocery store
- Employees likely to receive healthcare and retirement benefits
- Less pressure to make a profit



St. Paul Supermarket
St. Paul, KS

■ Public-private Partnership

This grocery model is one where different aspects of the store are owned by different entities. For example, a city could own the grocery store building, while an individual would still own and operate the business. Under this arrangement, the city would be responsible for maintaining the building, and the grocer would rent it. When the business owner wants to retire, there is often support from municipal leadership to find a new owner. The barriers to entry are also lower, since a successor would not need as much capital to purchase the building. Public entities can also access certain grants that are only available to non-profits.

Key Players:

- Public entity: local governing body, school district, non-profit, etc.
- Private entity: independent business owner

Benefits:

- More funding opportunities for both public and private entities
- Long-term buy-in from municipal leadership for the grocery store
- Less burdensome transition



Garden of Eden
Little River, KS

■ School-run

These stores are owned and operated by the school district and require approval by the school board. Entrepreneurship students can gain first-hand experience managing a business while providing an essential service. Due to its educational component, there is less pressure to make a profit.

Key Players: School district

Benefits:

- Less pressure to make a profit
- Supports educational mission
- Strengthens school's role in the community



Bluestem Mercantile
Leon, KS

To learn more, watch Webinar #2 in the "Keeping Groceries Alive" webinar series at www.ruralgrocery.org.