



WEST VIRGINIA GROCER TOOLKIT

CHARTING YOUR COURSE

WEST VIRGINIA **FOOD** **AND** **FARM** COALITION

PREFACE

Welcome! We are glad you have found your way to this resource.

Where does this initiative come from? The WV Grocer Lab Project

The West Virginia Food and Farm Coalition (WVFFC), in conjunction with its many healthy food access and system partners across the state and region, is working to strengthen cooperation between innovative grocery store models. By coordinating and organizing independent and locally owned grocery ventures in the state, we aim to empower many different types of food retail models to offer healthy food options, while maintaining viable livelihoods in the grocery business.

This project has been funded through a grant from the Healthy Food Financing Initiative to kick-start the exploration and documentation of various grocer models, starting with three independently owned grocers working in different geographic contexts across the state of West Virginia. Funds supported the development of the grocery businesses, provided TA to strengthen each of the business's bottom lines, and engaged West Virginia University and consultants to document opportunities and barriers confronting small independently owned firms in a rapidly changing business environment.

The three grocery stores selected provide different models. The first is a mobile market serving customers across a large rural area, using other key anchor businesses, restaurants and convenience stores to consistently provide fresh, local produce. The second is a restored general store in a small town offering locally sourced foods and specialty products alongside beekeeping supplies. The third is a brick and mortar, year-round farmers market/natural grocer in a downtown urban environment.

Using This Toolkit

We quickly learned that we had to focus on the operations and financials of the different models to ensure sustainability and food security. This toolkit is meant to provide real world, hands on support to help you as you think about starting an independent grocer.

Several audiences will find this toolkit useful. You may be a community member wanting to address a food desert and/or food insecurity in your community; you may be an existing food business wanting to strengthen your enterprise and have even more impact; you may be a food access advocate proposing new ways of doing things; and you may be all of the above, and much more!

This is a practical toolkit. We have tried to limit the toolkit to the bare bones of information, with worksheets and additional resources to help you go deep on specific topics of interest. Think of the toolkit as a map, showing the choices along your route (was that a left turn, or a U-Turn?), and then providing the worksheets and resources for more information when you need it, depending on your map. This was challenging for us as the design team! There is so much information out there. We wanted you to know the bigger decisions to make, and then where to find support. We have included definitions of key terms in the margins and in a glossary at the end of the toolkit.

To this end, we have organized the toolkit into Six Chapters:

Selecting a Grocery Model: This chapter covers setting the goals of your grocer. This will include reaching out to community members. We also ask what stage of development you are in and point you to some next questions.

A Shopping Cart of Grocery Business Models: This chapter provides an inventory of different ways to organize your grocer. You will need to know your goals, so your business model is designed to meet these.

Four Grocers' Stories from West Virginia: This chapter tells the story of four grocers in West Virginia, their goals, challenges, and successes.

Managing your Financials as a Decision-Making Tool to Ensure Profitability: This chapter is where you start doing the work! We provide fillable excel worksheets and more tools so you can connect your business decisions to your bottom line.

Sustainability: Balancing the Bottom Line by Diversifying Income and Engaging Community: In rural communities with low populations, it can be a challenge to balance revenue with expenses. The margins in a grocer are just too tight! We often see other businesses nested in the grocer. This chapter provides advice on these enterprises.

Where the Rubber Hits the Road: Operating Systems. What do you need to pay attention to as you launch your grocer? Staffing? Suppliers? And more!

We think these are the key areas you will need to address, sooner or later. Given the diversity in audience and where you might be in the process of having a sustainable grocer, we know you might not read these chapters in order. You may want to jump to a specific chapter that is what you need, right now. (The best way to learn, by the way!)

We're not stopping here! Our hope is that this toolkit will provide the starting point for conversations among various stakeholders interested in supporting the development of local and independent grocers in their communities. We also want to offer you additional support through the West Virginia Rural Grocer Network. This is a place to share stories and learning between the grocers in West Virginia, obtain technical assistance, whether you are an established, new, or emerging grocer, and apply for a loan for equipment! We know the best way to learn is from each other and we will take our lead from you on topics. Please let us know if you want to join (and for any feedback or questions on this toolkit) info@wvfoodandfarm.org

ACKNOWLEDGMENTS

We wish to thank all of you that made this toolkit a reality. First and foremost, the grocers themselves, including Blue Ridge Bee Company, Public Market, and the Rural Route 219 Grocer Project. These folks shared their hopes, dreams and challenges honestly and openly as a resource for other grocers – whether established or just starting out.

Also, staff at the Center for Resilient Communities at West Virginia University, including Bradley Wilson, Amanda Marple, Fritz Boettner and Josh Lohnes. Their in-depth knowledge of food systems and policy in the region is critical to building a supportive ecosystem for all, from farm to store. They also drafted several chapters of the Toolkit.

And of course, the staff at West Virginia Food and Farm Coalition, Spencer Moss, Matthew Thompson and Jenny Totten for their unending guidance and work. Also, Erin Ragan for the design of the toolkit.

And finally, Barbara Wyckoff and Milka Lopez Mercado at Creative Disruptors for bringing their years of experience and seeing the project through.

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CHAPTER 1



SELECTING A GROCER MODEL

1.1 WHY LOCAL AND INDEPENDENT GROCERS?

1.2 WHAT ARE YOUR MISSION AND GOALS?

1.3 WHAT STAGE OF DEVELOPMENT ARE YOU IN?

1.4 CONCLUSION

WORKSHEET 1

RESOURCES



Glossary Terms

FINANCIAL MARGINS:

This is the money you need to earn to cover your monthly expenses and profit, after you have purchased the inputs to make your product/service.

(More on this in Chapter #4)

FOOD ACCESS:

The political, economic, social, and environmental factors that either enhance or deny a person or community's ability to obtain quality, nutritious, and affordable foods, even if those foods are readily available in the community.

FINANCIAL SECURITY:

Any successful grocer needs to find the balance between costs and revenue. This requires looking beyond the next month, but also a year out. Key to this is having a handle on cash flow and your pro forma. Security comes when you know you have solid projections and systems in place to give you reliable information so you can adapt as you go. You may need to take an operational loan, but planned in the right way this can work!



1.1 WHY LOCAL AND INDEPENDENT GROCERS?

First of all, let's understand **WHY** local grocers are critical to the development of your communities and people.

In West Virginia, the demographic realities of small rural markets, coupled with pressures of an economy transitioning away from coal and manufacturing jobs, has created significant barriers for locally owned grocers. As these stores struggle to compete with out-of-state corporate food retailers, many independent grocers have been forced to shut their doors. In 2019 there were 2,072 food retailers operating in the state, yet only 39% of those were owned by businesses headquartered in West Virginia. As local grocery stores are disappearing, the past five years have seen the roll-out of retail chains like Dollar General that now offer grocery items.

Local businesses are a driving force of community economies. Research shows that local merchants tend to keep the majority of their profits circulating in the local economy; recirculating at least \$45 of every \$100 spent in their towns, counties, and states. Local, independent businesses and farmers also tend to supply their independent grocers with regional and local goods. Providing a retail outlet for locally grown and produced goods supports a thriving, sustainable, and healthy food system.

Local and independent grocers are increasingly important to consider when assessing a community's say in what foods and products are available to them, particularly in rural communities. These retailers tend to be more open to adjusting their products to meet the needs of their customers, opening up possibilities to address inadequate options, and access to healthy and nutritious foods.

In addition, grocery businesses are extremely complex. Any person or community interested in getting a grocery store off the ground confronts a number of barriers, not least of which is access to capital. Securing funds is the beginning of a long management process that involves hiring, training, and managing staff, maintaining relationships with suppliers, ordering, purchasing and inventory, marketing and relationship building with customers, accounting, POS management, and identifying potential grant and other economic development funding opportunities. This is nearly impossible to pull off alone. It takes a group of people coming together with various skills, resources and motivations to make a community or local grocery store work.

In light of these realities, it is crucial for local grocers to come together to strategize ways to collectively address the competitive pressures associated with the consolidation of power, resources, and capital in the food retail space. Beyond the organization of single stores into a larger learning circle, grocers also need to organize amongst themselves, to ensure that they are accessing the economies of scale necessary to remain competitive in the face of well organized, efficient and profit-maximizing corporate retailers. The WV Rural Grocer Network is here to help!

We need to not only think about how to build successful and sustainable local grocery businesses, but also focus on the importance of supporting local, state, and federal policies that support these businesses, allowing the opportunity to truly serve their communities and thrive.

1.2 WHAT ARE YOUR MISSION AND GOALS?

The options are endless! We have outlined a number of models in Chapter #2. To be able to identify the best models for your grocer, you need to first reflect on the mission and goals of your grocer.

When planning what grocer model might best serve your community, think about what issues you want to address in your community. Identifying your goals gives your grocer a solid identity in order to connect with your customers and community.



What are your goals? Check all that apply! (Refer to Worksheet 1.1)

Food Availability and Access: Refers to a community's ability to provide sufficient quantities and qualities of foods on a consistent basis to all community members.

Healthy Food Options: Refers to the availability of nutritious and quality foods. This includes fresh and quality produce and nutritious staple foods.

Community Cohesion: Refers to community togetherness. Food is a rallying point for many people - every single one of us has to eat! Many grocers use their position within the community to create opportunities for togetherness. Whether it be a brick and mortar store or a group of volunteers working to distribute food to their neighbors, grocery organizations have the ability to create community cohesion amongst neighbors who may or may not be connected. Small, independent grocers often create “third spaces” for their communities by offering workshops and gathering spaces to their customers, using their grocers to build community.

Business Profits: Refers to an owner or owners' wants and needs to derive a profit from a business. Many grocery owners rely on their businesses to support themselves, their families, and their staff. This does not mean the owner or owners of a grocer solely seek profit from their business, however, they have chosen this business as their livelihood and rely on profit to sustain themselves and their store.



Job Creation: Refers to the ability to provide wages and work opportunities for members of your community. Like any independent business, grocers also contribute to their local economy by employing individuals who live in their communities. Money circulates within the local economy when individuals purchase goods and when folks have the opportunity to live and work within their community.

Worker Engagement: Refers to the level of consultation carried out with employees. In some cases, the grocer may pursue a “democratic workplace” where workers share in understanding the business operations/finances and contribute to decision making, leading to a more effective and efficient grocer. With training, workers might even be the owners of the business. This is important to consider as current owners look to retire and there is no one interested in purchasing the business.

Supporting Local Farmers: Refers to building relationships and sales outlets for farmers in your community, region, or state. Many grocers define “local” differently, but this typically means within 100 and 250 miles of your grocer location. Several small, independent grocers work with farmers and food producers within their own communities to create production plans, assuring the grocer will have sufficient local product to stock the shelves and securing a market outlet for farmers.

Downtown Revitalization: Refers to efforts in a community aimed toward economic and social development. As we have seen economic divestment from large, multinational, and corporate businesses, efforts to reinvigorate once thriving downtowns and Main Streets have been forged by independent and small businesses and organizations. As places of potential social and economic growth, independent grocers have a critical role to play in thriving local communities.

Other! You and your community will think of additional goals you want to achieve. Discussed below are ways to engage your community in identifying goals.



The Public Market in Wheeling, WV.

How will you balance your community mission (goals) and financial margins?

Once you have identified your community mission (the key goals your grocer aims to meet), you will need to think about how to measure it so you can tell a positive story to your supporters and clients.

It is equally important to focus on your margin – making money! After all, if you can't make money at it, you won't stay open, and you will never have the community impact you desire. Relying on grants alone can compromise your impact and integrity and draw down on your time and expertise you need to spend on your business.

A lot of local/independent grocers resist ***scaling up***. They sometimes fear that they will be seen as “going after the money” and “not caring about community.” If you can grow your business model, you will grow the social impacts you desire, as long as your social impact is tied to your business model. If you play small, you will have less of an impact.

Too bad it isn't as simple as we are making it sound. You have to find the balance between mission and margin. This isn't as easy as it sounds and takes work every day. For example, what about Alderson Greengrocer (See Chapter #3) and the story of salad dressing? They were committed to offering local products, but the local salad dressing was over \$6.00/bottle. They could get salad dressing for a lot less at Walmart. The benefit of carrying salad dressing was that customers that came for local veggies would have something to put on them, thereby increasing sales. ***What do you think they should have done?***

You first need to think about your guiding values, and you need to make sure your partners are on board, including your Board of Directors, investors, etc. This is an iterative process. An effective approach is to use scenarios that you have heard of or can imagine your business facing as a way to ask your partners to weigh in on options. Then go from there to develop policies. Regardless of what you chose as your standard, you must stick to it. Don't over commit. You need to be clear about your definitions and then stick to them.

You also need to consider time frames. For example, a company that wanted to source all of the wool for their yarn production from small producers found itself in a pickle when demand outpaced the supply from small producers. The company had to include larger producers, but all the while making sure smaller producers were first at the table and providing them technical assistance to become a “bigger producer.” They didn't stop their partnerships with bigger producers, but just made sure smaller producers could compete in the longer term, by providing technical assistance and preferential buying contracts in the shorter term.



What is “local”?

A common value that is expressed by independent grocers is "local". A grocer manager in West Virginia recently added to the definition stating, "Local can't just be a geography. Really, 'local' is a set of values, including practices that benefit the land and the people, don't put profits before impact, and support local jobs and economies."

What is your definition of "local"? When you bring this set of values to your grocer, you are able to balance "mission" and "margin."

For example, it might be critical from a margin point of view to include bananas or other produce in your offering in January. Critical, because it brings people into the store and exposes them to other local products, increasing sales. But you are also committed to the mission. Therefore, you purchase "fair trade" bananas that are better for producers and the planet, and you are very transparent about what you are doing. If your values focus on food access, you might choose a lower priced product.

You can imagine this same set of values influencing all of your value chain - from the sweatshirts you source, to the frozen goods. If you have a Deli operated by someone outside of your business, you have to ask how far you will go to ensure they are operating according to your values.

Finally remember that this is also a marketing message; it is about building trust with your customer. Know your customer. If they are coming to your establishment because of the mission, you need to ensure everyone knows that mission and the story behind it. And be able to document it!



Local produce being sold at the Public Market in Wheeling, WV

What does food access look like in your community?

All three grocers in the pilot study (See Chapter #3 for their stories) had as a goal to create greater food access within their communities, although each with their own unique approaches. Over the course of several months, it became clear that “access” to particular goods drove each of these grocers in different ways. In the case of Rural Route 219, “access” was seen through the lens of geography, without fresh and nutritious food available for purchase in your geographic food landscape, accessing those types of foods become more difficult, especially in a state where transportation is seen as one of the largest barriers to healthy food access.

At the Blue Ridge Bee Company, “access” was seen through the perspective of specialty and unique products not currently available to their Princeton community. Although Blue Ridge Bee Company also provides fresh and local products, they prioritized specialty goods in their store, attracting customers that would have likely gone online or outside of Princeton to purchase these supplies (ex: beekeeping equipment, canned goods, specialty jam, jellies, and sauces). These types of goods also attract customers from outside of Princeton, driving sales and economically benefiting the local community.

The Public Market’s approach to “access” is multi-pronged. This community supported grocer is working to address access on various levels. First, as a year-round farmers market, The Public Market is building long-term market access for farmers in the Ohio Valley Region, buying from growers year-round to supply their market. Second, Public Market is working to provide access to local and ethically sourced foods to their Wheeling community. Currently, other than at farmers markets, The Public Market is the only outlet to source local produce on a consistent basis. In hopes to encourage the Wheeling community to be more locally minded, The Public Market aims to promote local food access, hoping their customers will adopt a mindset of supporting local economies. The Market is also supportive of low-income food access initiatives, hosting a SNAP Stretch program covering all products in the store that qualify for SNAP. This is also a central mission to The Public Market, making sure that all members of the community have access to fresh, local, and nutritious foods, regardless of income.



Grab-and-Go salads at the Public Market.



Food Access Programs Grocers Can Offer

While locally owned grocers may be able to remain viable by serving niche markets of specialty products, there is a pressing need to find ways to provide healthy food access to all members of our rural communities. The programs used most widely in grocers in WV are SNAP, SNAP Stretch and WIC.

In West Virginia, 250,600 people are struggling with food insecurity. This translates to 121,000 households participating in federal supplemental programs. It is vital to make sure your store is financially and socially accessible to all populations to play your part in creating a healthier community. It is imperative that your grocer meet official program eligibility requirements to accept various supplemental forms of tender through government sponsored programs.

As large supermarket chains, big box stores, and convenience stores capture a greater portion of these vital nutrition assistance dollars, they neither offer the array of nutritious foods that communities can rely on to thrive, nor foster a spirit of economic redistribution necessary to address the poverty that leads to food insecurity across the state.



Supplemental Nutrition Assistance Program (SNAP)

The USDA's SNAP program provides vital food dollars to lower-income residents throughout the state. This federal program, administered by the Department of Health and Human Resources, provides about \$481 billion dollars to 340,000 (19%) of West Virginia residents annually. Individual participant eligibility varies by state. The Food for All Coalition successfully lobbied to secure SNAP eligibility for income-qualified individuals previously committed of drug felonies. SNAP eligible retailers need proper POS technology to process transactions using the Mountain State EBT Card.

See the resources section for guidance on becoming a SNAP- authorized retailer.



SNAP Stretch

West Virginia's SNAP Stretch program is funded and managed by the West Virginia Food and Farm Coalition (WVFFC). Its goals are to increase food security, local farm income, consumption of fruits and vegetables. All SNAP eligible individuals can take advantage of this program at SNAP Stretch participating locations. This program enables customers to stretch their fruit and vegetable purchases so that each SNAP dollar spent is worth \$2 dollars of product to the purchaser. If a child is present at the time of the transaction or the shopper is over the age of 60, SNAP dollars stretch to a \$3 product value! The total program value administered by SNAP Stretch locations must be submitted to WVFFC to receive reimbursement (after items are procured). If you are interested in participating in the SNAP Stretch program, see WVFFC's extensive resource library for market managers www.snapstretch.com equipped with informational programs resources, application instructions and marketing materials. Retailers who are not eligible for reimbursement through the West Virginia Food and Farm Coalition may come up with another funding source to administer their own "Stretch" programs for their community members.



Women, Infants, and Children (WIC)

The Women, Infants, and Children program is intended to protect the health of women, infants and children during critical times of growth to prevent future medical and developmental problems. This program is administered through the state by the West Virginia Bureau for Public Health, Office of Nutrition Services, part of the Department of Health and Human Resources. Becoming a WIC certified vendor will ensure pregnant and postpartum women and their young children (up to 5 years old) have access to your grocer. In order to accept WIC benefits your grocer must meet strict stocking guidelines for key childcare items such as infant formula.

See the resources section for guidance on becoming a WIC- authorized retailer.



SNAP Stretch tokens at the Morgantown Farmers' Market.



1.3 WHAT STAGE OF DEVELOPMENT ARE YOU IN?

Every grocer has to start somewhere; someone in the community sees a need that needs to be addressed, a new member of your town has always wanted to start a local grocer with organic, ethical, and nutritious products, a group of residents come up with a plan to bulk buy staples goods and distribute them to friends and family. Each of these grocery businesses, organizations, or collectives need to start their endeavors assessing the why and the how of achieving their goals.

As we think about developing a grocery from the start, it's helpful to identify and assess the various stages of development you and your grocer will arrive at and pass through. For the purposes of this toolkit, we have outlined the following stages of development critical to start and sustain a successful grocery: ***Planning, Start-Up, Established, and Expansion.***

Planning

An individual or group of individuals in a community have come together and identified there is a food access issue that they would like to address. This stage usually requires research and business plan development. If you are in this stage of your grocer development, think about the following questions:

- What are the current grocery options in your community?
- What kind of grocer does your community need?
- Can you get the support of your community?
- What structure or model will your grocery have?
- Will you have a large enough customer base?
- What sort of expense will our grocer have?
- Variable costs (tied to the production of products)
- Fixed costs (utilities, rent/mortgage, labor, marketing, management, etc.)
- Where will your grocer be located?
- Who is on your development team?

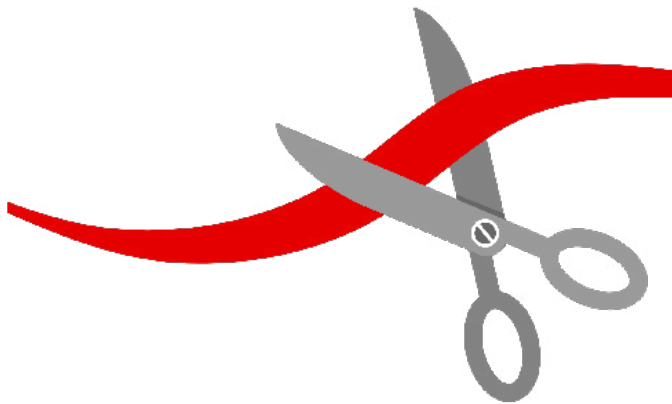


Start- Up

Once you have chosen your model, your team, potential location, and your ability to meet your community's food access needs, it's time to start moving to the start-up phase. This requires leadership focused on identifying your core team, assessing financial needs, contacting distributors and suppliers, building out the grocery space and equipment, and getting ready to open!

If you are in the starting up phase of development, answer the following questions:

- How will you finance your grocer?
- Will you raise funds for your community? (Family and friends?)
- Will your core group collectively finance? (see cooperative grocers)
- Will you get a loan from a traditional lending outlet?
- Will you need to write grants to start your grocer?
- Will you have enough financial capacity to get you through the startup phase before opening?
- What sort of equipment will you need for your grocer?
- How many coolers and freezers do you need?
- What kind of shelving or display cases will you need?
- Who will work in your store / for our organization?
- Will you rely on paid staff or volunteers?
- Will you need to hire a manager?
- What kind of training will you need your staff to have?
- Who will supply your grocer?
- Are you working directly with growers in your area?
- What distributors already work in your area?
- Can you work with other businesses to collectively purchase common or overlapping supplies? (paper products, cleaning supplies, staples, etc.)
- How will you arrange your grocer?
- Will you design a floor plan?
- Do you have a staging space to package bulk foods for retail?





Established

In this phase of development, you should be continuing to refine and tweak your operations, build your customer base, and generate a consistent source of income to cover all of your operating and employment needs. It is also important to establish comprehensive sales and inventory tracking systems in this phase of development. Making sure you have a clear picture of your finances will allow you to make critical decisions about your grocer. If you are in the establishment phase of development, try to answer the following questions:

- How are you keeping track of sales?
- How are you keeping track of your inventory?
- What numbers do you need in order to make informed decisions about your day to day operations?
- Do you have trusted and competent staff in place?
- What training are you finding necessary?
- What suppliers have you formed relationships with?
- Should you expand your supply?
- Are you noticing certain items sell better or worse than others?
- Do you have continued and consistent support from your community?
- Are you collecting feedback from your customers?
- Are you able to make adjustments based on customer suggestions?



Expansion

Once your grocer has been established and sustaining itself (your staff is in place, operations are smooth, and you've got a clear picture of your finances), you may want to think about how your operation could expand. You may want to think about additional offerings you could provide in your store. Maybe there have been a number of customers and community members who have stated their desire for a deli counter or grab-and-go meal options. Perhaps your dried goods have sold incredibly well, and you would like to provide a more expansive variety. Taking the time to map out what types of expansion your grocer is capable of is critical to your continued success.

If you are thinking of expanding your grocer, answer the following:

- Is it necessary to expand?
- Is the grocer currently meeting the needs of your community?
- What additional needs could your grocer meet in your community if you were to expand?
- Is the grocer currently financially successful?
- What kind of expansion would you consider?
- Product selections?
- Services like a deli, coffee bar, or to-go meals?
- Can my grocer successfully expand at this time?





1.4 CONCLUSION

Local, independent grocers are the lifeblood of many rural communities around the state. These small grocers are places of connection, support healthy food access in communities otherwise abandoned by large retail chains, and, in some ways, act as anchors to keep residents in the state. Particularly in West Virginia, as we see decline in our population and young residents flock to other parts of the country for more opportunity, it's important to assess how your grocer could be used as a catalyst for change and be seen as a reason to stay in our West Virginia communities. However, when thinking about which grocer model would best serve your community, it's important to be inclusive! Local, healthy, and nutritious foods should be for everyone, not just a select few in your community!

There are a variety of models to suit the specific needs of your community. Whether a traditional sole proprietor, a buying club, or cooperative enterprise, these models can be modified to address the kind of community and food access options you and your neighbors want to see. It's also important to think about how the type of grocery you intend to develop can create space for community relationship building and togetherness. Creative grocer models can be attractive to a number of demographics, spurring all kinds of amazing initiatives tied to securing an affordable, local, and community-based food enterprise that prioritizes people and community over profit.

Throughout this identification and analysis of independent and alternative grocer models, it is abundantly clear that starting and maintaining a grocery business or organization is hard work. As we have learned from each of the WV Grocer Lab sites (See Chapter #3), passion and a drive to provide your community with healthy, local, and sustainably sourced foods is central to making these initiatives successful and thriving businesses.

There is also a need for local, independent and alternative grocery businesses to work cooperatively, rather than competitively with one another across the state. In order to compete against large retail chains with vast operations networks, larger purchasing, and the ability to shape our food landscapes in the sake of profit rather than food access, small grocers must work together to survive in the face of retail consolidation in the food sector.



WORKSHEET 1: SELECTING YOUR GROCER MODEL CHECKLIST



The purpose of this document is to help you start the process of selecting your grocer model. In business, nothing is forever, and you will need to adapt your business model to what is working – and what is not. These are some of the places you will need to start.

What goals will your grocer address in your community?

- ☐ To address food availability and access issues
- ☐ To provide healthy food option
- ☐ To start a business and livelihood
- ☐ To foster community cohesion
- ☐ To create jobs in the community
- ☐ To support local and regional farmers and food producers
- ☐ To revitalize social and economic activity in downtown
- ☐ Other:

What is the mission of your grocer?

What are the values of your grocer?



Which model will you chose?

- ☐ Traditional
- ☐ Cooperative
- ☐ Youth or School Affiliated
- ☐ Community Owned
- ☐ Mobile Market
- ☐ Convenience Store / Farmers Market Hybrid
- ☐ Pop-up Market
- ☐ Food Pantry / Farmers Market Hybrid
- ☐ Municipality Run or Subsidized
- ☐ Buying Club
- ☐ Other:

Why do you think this model will be successful in your community?

Who will you need on your team to be successful?

Will you need to legally incorporate your grocery model to operate?

Who is your target market? Who will your grocer aim to serve?

Refer to your grocer's goals when assessing your target market

Where will your grocer be located?

Thinking about your location in regard to your target audience is key. When planning your grocer's location, refer to your grocer's goals to assist in finding the right location.



Given the Grocer model you selected, how will you finance your grocer?

- ☐ Grants
- ☐ Crowd/Community Sourcing
- ☐ Traditional Bank Loans
- ☐ Non-traditional bank loans
- ☐ Personal Monies
- ☐ Additional Partner Investments
- ☐ Other:

Chapter 1 Resources

The following resources are here to help you think through your value propositions to customers. How will you deliver that value through your operations?

The Business Model Canvas

The business model canvas is a tool to help you capture the core elements and operations of your business. Your business model canvas is a living document. Review and make changes to your canvas periodically as your grocer project grows. We recommend printing out a copy of the [Business Model Canvas Template](#) and using sticky notes to fill in and update each section.

30 Customer Needs

A successful business will meet a number of customer and community needs. Your grocer must bring customers enough functional, emotional, life changing, and/or social benefit to keep them coming back. Which of these [30 Customer Needs](#) will your grocer fulfill?

And these resources will help you think about offering SNAP and WIC:

See the following links for federal updates, guidelines, and application instructions to accept EBT benefits:

www.fns.usda.gov/snap/RSC

www.fns.usda.gov/snap/apply-to-accept

For more details or assistance on payment processing technologies see this WV Office of EBT Banking Services's site:

<https://dhhr.wv.gov/ebt/retailmerchants/Pages/default.aspx>

Specific requirements to your grocer to become a WIC vendors vary based on key store criteria. See the following link to determine your grocer's applicant classification-

<https://dhhr.wv.gov/WIC/retailersfarmers/Pages/default.aspx>

For detailed minimum stocking requirements based on applicant classification see this link:

<https://dhhr.wv.gov/WIC/retailersfarmers/Pages/default.aspx>

CHAPTER 2



A SHOPPING CART OF GROCERY BUSINESS MODELS

2.1 WHAT TYPE OF INDEPENDENT GROCER WOULD BEST
MEET THE NEEDS OF YOUR COMMUNITY?

WORKSHEET 2

RESOURCES

Welcome back! This chapter outlines a number of business models and organizational structures you could consider in setting up your grocer. They are all possibilities, but only one or a combination of a couple will fit your goals.

2.1 WHAT TYPE OF INDEPENDENT GROCER WOULD BEST MEET THE NEEDS OF YOUR COMMUNITY?

We've all been to large grocery chains like Kroger, Shop N Save, Foodland, and Wal-Mart to source our daily necessities. But as this volume has previously explained, large grocery chains do not support the growth and economic sustainability of West Virginia cities, towns, and neighborhoods, especially when our rural communities are deemed “un-profitable” in the eyes of corporate bottom lines.

But what kind of alternative models are out there? What types of stores can provide alternative food sourcing solutions to our communities while allowing for localized decision-making and control?

Independent and alternative grocers can be organized in a variety of ways. There is not a “one size fits all” solution to meet the needs of the diverse communities in the state.

Traditional Business Ownership

Goals: Business Profit, Downtown Revitalization, Food Availability / Access

Example: Blue Ridge Bee Company, Princeton, WV

Traditionally the most common model of independent grocery ownership, sole proprietorships or partnerships, are still a thriving and viable option to bring healthy and affordable foods to your communities. However, these independent grocers are exactly the type of store that are in most danger when competing with large grocery chains, convenience stores, and limited option small box stores (Dollar Generals, etc.). More than ever, traditional independent grocers must rally support and patronage from their local communities, employing a spirit of cooperation amongst other local businesses and providing an outlet for their communities to gather, learn, and socialize.

Having single or partnered ownership, sole proprietor grocer stakeholders are responsible for all functions of the grocery, governance, and decision-making.

Most independent grocers owned by a single individual or partnership require financial investments through banks loans or investment partners, unless the ownership has enough capital to cover all costs associated without other investments.

Legal Incorporation - Legal Structures to Consider

Taking the time to think about your grocer's legal incorporation is important! First, you decide whether or not legal incorporation is necessary for your particular grocer. For instance, if you and your neighbors decide to organize a community bulk-buying club, you will not need to register your business legally to maintain the ability to operate. However, if you intend to conduct business with a larger population of your community, need to collect taxes on certain purchases, or want to apply for grants to support your grocer initiative, you will most likely need to legally incorporate!

Questions to ask yourself when thinking about legal incorporation:

- Is my intention to make a profit to sustain a livelihood?
- Will I want to apply for grants?
- Do I need to hire anyone to work for / in my grocer?
- What kind of sales will my grocer make and take?
- Will my organization need to be taxed based upon your transactions?
- Does my grocer need business and/or liability insurance to operate?



Produce for sale at The Public Market.

Some legal incorporation structures for Independent Grocers include:

Non-profit: Non-profit or 501(c)3 not for profit organizations may be a viable option when thinking about how you will legally incorporate your grocer. Is the purpose of your business to make profit or to provide a “public charity”?

Cooperative: Many states do not have comprehensive cooperative incorporation policies on the books unless they pertain to agricultural producer cooperatives. If this is the case in your state, many cooperative businesses have organized themselves as LLCs and incorporated cooperative principles, guidelines, and processes into their articles of incorporation and business by-laws.

Unincorporated: Some grocery models may not need a legal entity to encompass the work they are in their communities. For example, bulk buying clubs do not need to incorporate as a legal entity unless the members of that organization feel it is wanted or necessary. Pop-up markets and convenience store partnerships may also not require legal incorporation as long as the producer is present for sale, is already paid, or operating on consignment.

Sole Proprietorship: A sole proprietorship business is an enterprise that is owned and run by one person. There is no legal distinction between the owner and the business entity. This does not mean the sole proprietor works alone, they have the ability to hire staff and management in any way they see fit. A sole proprietorship is one of the simplest models to apply to a grocery store; set up is relatively simple, finances are in the name of a single owner or partnership, and there is a nominal cost to register the business entity.

General Partnership: A General Partnership is a business entity in which all partners contribute to the day-to-day management of the business. Each partner has the authority to make business decisions and legally bind the company in contracts. All business assets and allocations are often equal in General Partnerships unless stated otherwise.

Limited Liability Company (LLC): A Limited Liability Company, or LLC, is a form of private, limited business. An LLC is a legal form of a company that provides limited liability to its owners; owners are not personally liable for the company’s debts or liabilities. LLCs are hybrid business entities that combine characteristics of a corporation with those of a partnership or sole proprietorship. These businesses are known for the flexibility they provide to their owners. Limited Liability Companies also allow for 2 or more owners, differing from a sole proprietorship. In some cases, LLCs may also organize and incorporate as not-for-profit businesses.



Cooperative Business

Goals: Food Availability / Access, Healthy Food Options, Community Cohesion, Job Creation

Example: Mountain People's Co-op Market and Café, Morgantown, WV

Cooperative enterprises can be seen as just one of many models that begin to confront challenges associated with the corporate control of global supply chains in many communities across the county. Cooperatives do not structure themselves in the same way as traditional businesses do. Instead of one or a partnership owner, the membership of a cooperative owns and engages in all tasks and decision-making pertaining to the business. The membership base of cooperative businesses can vary, depending on the chosen model.

Cooperative businesses rally around seven common principles that ground them within their communities and hold them accountable to their members.

1. **Voluntary and Open Membership:** Anyone can join a co-op – no discrimination based on gender, race, class, sexual orientation, religion, or political affiliations.
2. **Democratic Member Control:** Members control their businesses by deciding how it is run, how decisions are made, and who manages and leads.
3. **Member's Economic Participation:** All cooperative members invest in their co-op - either financially or with sweat equity (labor). This means the people, not shareholders, benefit from any cooperative's profits.
4. **Autonomy and Independence:** When making business deals or raising money, cooperatives never compromise their autonomy or democratic member control.
5. **Education, Training, and Information:** Co-ops provide education, training, and information so their members can contribute effectively to the success of their cooperative and their communities.
6. **Cooperation Among Cooperatives:** Cooperatives believe working together is the best strategy to empower the members and build a stronger economy based on cooperation.
7. **Concern for the Community:** Co-ops are community-centered and minded. Cooperatives contribute to the sustainable development of their communities by sourcing and investing locally.

Food Cooperatives

Food cooperatives, particularly, attempt to address the lack of community control and input associated with large grocery chains and corporations. Many retail food cooperatives are located in more urban areas, situating themselves as natural and organic food stores and tending to meet the needs of niche markets. However, rural food cooperatives have also been successful when organizing to address lack of access to fresh and healthy foods in their isolated communities. Rural food cooperatives face different start-up and operational challenges, but the necessity of community participation, support, and personal relationships are equally reflected for economic viability, regardless of geography. Community engagement and support is critical for any retailer, but especially food cooperatives where the membership base and their participation drive the store's success.

“Community engagement is vital to opening and sustaining a new store in neighborhoods where residents are understandably skeptical of outside developers and worry about gentrification and rising rents. Cooperatives often adopt local hiring practices, pay living wages and help residents counteract inequities in the food system. Their model, in which a third of the cost of opening typically comes from member loans, ensures communities are literally invested in their new stores and their use.”

According to the University of Wisconsin's study of rural food cooperatives, four “keys to success” have been identified specially for food co-op enterprises:

1. **Strong operational management:** A successful cooperative employs “managers who are willing to innovate, make necessary changes, invest, and grow”
2. **Member, community, and industry support:** Successful rural grocery store co-ops had “substantial leadership and financial support from members” at the start-up phase. They also benefited from a culture of cooperatives in their community. Existing cooperatives provide financial support and management expertise. It is also likely members of existing cooperatives were more likely to become members and patrons of the new grocery store cooperative. Building upon a familiar model of ownership and management made success more likely. Successful cooperatives also benefited from the support of local public officials.
3. **“Reasonable” competition:** Successful cooperatives “benefited from a location as the sole grocery store in their immediate area.” The successful rural cooperative grocery stores highlighted by the Wisconsin analysis had no competition within 20-30 miles. Finding an attractive location with “reasonable” competition allows a cooperative effort to find and cater to its market.
4. **Dedicated Organizers:** In more evidence that people make a cooperative run, it was found that successful cooperatives draw on the leadership skills of dedicated volunteers and Board members.

<https://www.welcometothetable.coop/article/what-food-co-op>

<https://theconversation.com/why-community-owned-grocery-stores-like-co-ops-are-the-best-recipe-for-revitalizing-food-deserts-122997>

Cooperative Ownership Models

Worker-owned

Worker-owned cooperatives are businesses owned by the employees who labor for the organization. Each worker owns an equal share and shares in the financial successes and risks of the business. Workers can choose to self-govern, or elect members to a board of directors in which they also participate. Worker-owned cooperatives practice open-book financial accounting, ensuring that all employee-owners participate in critical decision-making related to the health of the business. Worker cooperatives make important decisions by consensus or majority, with each work and/or board member having one voice and one vote. Cooperative businesses are rooted in democratic principles, establishing a framework in which every voice is heard and allowing for dialogue when there is disagreement amongst the membership.

- Like all cooperative enterprises, worker-owned cooperatives are values driven and often reflect and attempt to serve the needs of their communities. Worker-owned grocery cooperatives form for a number of reasons, but most common is to address a lack of quality, affordable, and culturally appropriate foods in their neighborhoods and communities, especially in rural locations.
- Worker cooperatives provide employee empowerment and support a thriving local economy. Worker-owners are paid dividends from the co-op's net profits, ensuring that all employees are able to share in the successes of the co-op's earnings or have the option to put their share back into the business.



Strawberries being sold at the Public Market.

Consumer-owned

Grocery stores are some of the most popular and successful consumer owned cooperative enterprises around. In fact, according to the Cooperative Development Institute, most grocery cooperatives organize themselves to be consumer owned!

Keeping in line with the Seven Principles of Cooperation, consumer-owned grocery cooperatives are owned and governed by their consumer membership base. Consumer cooperative membership is acquired by paying a membership fee, either annually or a one-time fee. Once the membership fee is paid, that member becomes a part of the coop's General Assembly, allowing them to run for Board of Directors, participate in membership wide voting on constitutional amendments and by-law changes, and access discounts and membership buying privileges.

Grocery stores that use a consumer cooperative model typically structure their governance and management in the following ways:

- Board of Directors elected by the General Assembly - terms stagger to allow for consistent institutional memory
- Board of Directors oversees and appoints the Grocery's General Manager
- The General Manager is responsible to the Board of Directors and General Assembly of the co-op, reporting all co-op related financial matters, equipment requests, HR issues, and other critical elements to maintain the proper and efficient functions of the Grocer.
- The General Manager works with staff on a daily basis to maintain operations

Reasons consumer owned cooperatives can be the right fit for your community:

- Democratic control over the grocery business. Having a say in what is stocked on the shelves and how your community grocer is managed.
- Keeping money in the local economy. Grocery co-ops tend to prioritize sourcing their foods as locally and sustainably as possible. Spending money at a locally owned grocery co-op means more of your money re-circulated within the local economy!
- Member discounts on groceries!
- Food access in your community. Many food co-ops attempt to address issues of inadequate access to healthy and affordable foods in their communities. Because a consumer co-op is owned by community members, a grocery co-op could be located where demand is high, and access is limited!
- Many cooperative grocery stores are organized as Consumer Cooperatives.



Multi-stakeholder / Hybrid Model

Incorporating elements from both consumer and worker owned cooperative models, Multi-stakeholder cooperative groceries include more than one ownership class into their structure. This means there can be a number of avenues to cooperative ownership. Many multi-stakeholder grocery cooperatives have worker membership, consumer membership, and in some cases, producer memberships.

Pathway to ownership for workers through labor commitment and time and consumer members and buy into their membership stake without working responsibilities.

Community-Owned Businesses

Goals: Food Availability / Access, Healthy Food Options, Community Cohesion

A community-owned business is a store financed and owned solely by members of a community. Residents of the community own the store, so it can be tailored to meet the unique needs of the customers and can set prices deemed reasonable by community members. Everyone in the community is given the opportunity to invest in the store by buying shares. Because every resident of a community has the opportunity to buy shares in the business, community-owned stores tend to limit the number of shares an individual can purchase so no one person dominates share or decision-making.

Community-owned stores also support local economies by keeping locally generated dollars circulating within the community, creating a benefit for the store as well as the customer and local community. Since these enterprises are community oriented and tend to cooperate with other local businesses and producers, community-owned stores support a diverse and thriving local economy.

Encompassing similar foundational cooperative principles, Community Owned Businesses are financed and owned collectively by local residents. This model differs slightly from a consumer cooperative in membership and ownership. While consumer cooperatives open membership to anyone who pays a fee or provides sweat equity, community-owned businesses can only be owned by local residents of a community (town, city, municipality, etc.). This model also allows for residents to make varied investments based upon ability, again, differing from a consumer owned cooperative model where membership is typically based on a fixed annual or one-time fee. Community Owned Businesses may be a more appropriate option for community control when the need for initial startup capital is large.

Community Owned Grocery stores have opened up across the country, especially in rural areas classified as food deserts. Many of these community owned grocery stores incorporate as non-profits and rely heavily on volunteer labor. This is just one of many grocery models that incorporate local residents community members into the planning, development, and execution process, ensuring those who live in the communities being served have a say in how the store is managed, what products are on the shelves, in what ways the store can support a thriving local community.

Youth Affiliated

Goals: Food Availability / Access, Healthy Food Options, Community Cohesion

Examples: Mixed Nuts Food Co-op, TechMart Boston MA

High School

When chain grocers decide a rural location isn't profitable any longer, what happens to those who live in limited food access areas? How can established institutions step up to meet the challenge of food access when private entities have closed up?

Some high school students, administrators, and teachers have been experimenting with school-based grocery outlets, especially in rural and low food access geographies of the United States. These innovative models have begun to address food access barriers while simultaneously introducing high school students to the ins and outs of grocery store development and management.

These youth affiliated grocery stores leverage high schools, particularly in rural areas, to meet the needs of the larger community. Connecting with wholesale suppliers and local businesses, high school students have managed to plan, develop, and implement successful grocery businesses supported by their schools and their communities.

School-based groceries often tend to link class curriculum to operations and functioning of the store. Agricultural business, entrepreneurship, and community service classes in some schools have incorporated the student-run grocery stores into their lesson plans, maintaining a steady group of students from year to year to run the store.

For these stores to successfully operate, a collaboration between school administrators, teachers, the Board of Education, local businesses, and the general community is needed. This unique model requires many collaborators to be successful, but it can provide much needed access to foods in communities that lack grocery or other stores making nutritious and fresh foods available!



College

College campuses across the United State continue to be sites of increased food insecurity, particularly for students of color, those coming from low-income communities, and first-generation students.

Students on campuses have sought to address the issue of campus-based food insecurity and lack of access to fresh, nutrition foods by starting student-run grocery stores.

These student-run grocery stores are organized on and off campuses, either getting the support for a brick and mortar storefront on campus, permit to have a mobile or pop-up cart, or housed off campus in a non-university affiliated space or apartment.

Many young people across the country have leveraged their student power to demand their universities support initiatives providing themselves and their peers with access to fresh, affordable, and appropriate foods through on-campus grocers with subsidized rent and cost from the universities. Many of these student grocery outlets organize themselves as cooperatives, including principles of democracy, transparency, and concern for their campus communities into their organizational fabric.

Models in Action

Mixed Nuts Food Co-op

Mixed Nuts aims to provide healthy, socially conscious, affordable, and tasty food products to the Hampshire College community. The store covers a range of food items from by-the-pound snacks to mod grocery staples. They also carry consignment items created by students such as jewelry, notebooks, zines, and more in-store. Products are intentionally sourced from local businesses, other cooperatives, and fair-trade organizations. They are dedicated to serving the greater Hampshire community, including students, faculty, staff, families, neighbors, alumni, and the occasional groundhog. This can come in the form of feedback from customers to collaborating and building relationships with other organizations, on campus and off.

TechMart

Boston's Massachusetts Institute of Technology (MIT) is addressing concerns about a food desert for on-campus students who cook by opening TechMart, an at-cost grocery store, subsidized by their dining program.

Municipality Owned or Subsidized

Goals: Food Availability / Access, Healthy Food Options, Downtown Revitalization, Job Creation

Example: Public Market, Wheeling WV

Municipal grocers are those which are owned and/or operated by a city or town. Government resources are utilized in this model, which can prove to be an advantage due to the secure and abundant nature of public resources.

Municipalities may be involved in the establishment and operations of a grocer in one of a few ways. Public subsidization may act to support a grocery establishment financially, paying to build and maintain infrastructure while community members manage, operate, and extract earnings from the business. In this case, the city governmental entity maintains ownership of the enterprise so as to guarantee that the store remains supported throughout varying phases of profit and of loss. Community ownership acts as a safety net.

Alternatively, cities may entirely own and operate a grocer. This entails a full financial investment by the municipal entity as well as the employment of municipal workers within the store. Worker salaries are paid from municipal payrolls.

The main incentive of this model is not profit, unlike traditional independent business ownership. Instead, municipalities treat the provision of food as a utility and should seek to provide the highest quality service at the lowest prices which allow the entity to “break-even”. Any profit generated is returned to the city treasury.

An example of this new, innovative model comes from a rural community in Florida. After their only grocery store closed, the City of Baldwin decided to support the opening of grocery stores owned and operated by the municipality, much like a public utility.

- [Municipal grocery store in rural Florida meets community’s need](#)
- [Baldwin, Fla., opens town-run grocery store after becoming a food desert](#)

Yet another example of this municipality supported model comes from St. Paul Kansas:

- [Rural Kansas Fights to Save Grocery Shops - OZY | A Modern Media Company](#)



Mobile Markets

Goals: Food Availability / Access, Healthy Food Options, Supporting Local Farmers

Example: The Wild Ramp, Huntington, WV

According to over 300 Nourishing Networks Workshop participants in 6 West Virginia counties, the lack of access to reliable transportation is one of the top barriers to food access in our rural communities. Our rural and mountainous geography compounds food access barriers, especially when accounting for poverty and age statistics throughout the state.

Some communities who face similar food access barriers have tried to address the lack of transportation with mobile grocery markets or busses, retrofitting old school or public transit vehicles to include freezers and refrigeration, shelves, and registers.

Mobile Grocery Markets may be a viable option for communities when transportation is a barrier to food access for a large portion of the population, especially in rural, low-income areas. These rolling grocers also allow folks to utilize their SNAP benefits, some even qualifying for SNAP Stretch, a two for one program when using SNAP to purchase fresh vegetables and fruits.

Mobile groceries tend to operate as non-profits or as programs/projects of already established non-profits, allowing them to raise funds through grants or from the local communities.

Mobile grocery stores require types of maintenance that pop-up or brick and mortar stores do not need; gas for transportation can become expensive, especially in rural areas and vehicle maintenance is necessary to keep the grocer running. These are just things to keep in mind if you and your community are interested in starting a mobile grocery store!

Models in Action

The Wild Ramp Mobile Market

The Wild Ramp in Huntington, WV has operated a mobile market since 2018. The mobile market runs June - September and provides fresh WV grown produce, staples, and other local products to folks in Huntington with limited mobility and transportation.

Convenience / Farmers Market Hybrid

Goals: Food Availability / Access, Healthy Food Options, Supporting Local Farmers

Example: Rural Route 219 Project

Dispersed networks for various locations hosting pop-ups and incorporating fresh, local produce into their markets or non-food retail locations.

The team working on the Rural Route 219 project are thinking creatively about ways to improve food access without a brick and mortar grocer in their remote Pocahontas and Randolph county communities.

When thinking about what creative grocery solutions might work for you and your neighbors, assessing your existing community assets is crucial. Are there already established businesses you might be able to partner with to address your key food access concerns? What non-food retailers exist in your community that might be willing to support your initiative or partner with your community to provide access to fresh, nutritious, and affordable products?

Some rural communities have started to think about utilizing their community assets, such as locally and regionally owned convenience and corner stores, to make sure their neighbors have access to fresh, high quality produce and staple foods. These kinds of arrangements can be made in a number of ways. Some communities have linked their convenience stores with local farmers to directly supply fresh produce in their stores. Others have begun to work with local food aggregators, such as Turnrow Appalachian Farm Collective, to supply products from all over the state; fresh produce, staples grains and herbs, bread, etc.

Rural places across the country, and especially in West Virginia, rely on convenience stores to meet their everyday needs. In West Virginia, in April 2020, 1,021 of the stores that accept SNAP are convenience stores. How might community members benefit if convenience store owners and/or chains partnered with local farmers or product distributors to make sure fresh and nutritious foods were also available?



Pop-up Markets

Goals: Food Availability / Access, Healthy Food Options, Supporting Local Farmers

Example: Turnrow Food Access Pop-Ups, WVU Family Nutrition

Offering an alternative to a traditional Farmers Market, pop-up markets can happen anywhere; schools, parking lots, public spaces, etc. These pop-up food markets are often used to address lack of access to quality and nutritious foods in areas not served by a farmer's market or fully capacity grocery store. Pop-up markets tend to prioritize local foods, prioritizing locally grown and produced foods.

Because these markets have the flexibility to pop-up anywhere, they are ideal for communities that face significant transportation and travel barriers. Pop-up markets may also meet the needs of a community that lacks available space or the financial capital to buy, rent, or renovate a permanent store location, allowing this model to really prioritize the food access and availability needs of a particular community. A set of tables, coolers, and a pop-up canopy and ability to accept payment are the most important items needed to host a pop-up market in your community!

Models in Action

Mini-Market Access Points: Turnrow Appalachian Farm Collective Mini-Markets

Utilizing already established public locations, businesses, and nonprofits, Turnrow Appalachian Farm Collective has begun to operate mini food access markets in many rural communities throughout West Virginia. These mini food access pop-up markets are stocked with West Virginian grown and produced goods, including fresh vegetables, fruits, herbs, staples and baked goods. The Turnrow mini markets look to connect with established locations in West Virginia communities. In Alderson, West Virginia, Turnrow has teamed up with the Alderson Visitor's Center to pop-up a mini market inside. Working together, the Visitor's Center and Turnrow have increased access to WV grow and produced goods in the Alderson Community. Similarly, Fruits of Labor Cafe and Bakery have opened a popup market, in collaboration with Turnrow, adding some of their baked goods to the offerings.

As a response to COVID-19, Turnrow has developed 4 mini food access pop-up sites to meet the needs of our rural communities in crisis and ensuring everyone has access to safely distributed and healthy local foods. These mini markets also accept SNAP/EBT, as well as utilize SNAP Stretch benefits, allowing for the doubling or even tripling of vegetable procurement for SNAP recipients at these markets.

However, even outside of addressing safety and access concerns related to COVID-19, mini pop-up markets can operate with little cost, especially utilizing volunteers or WV Extension SNAP Educators, and provide fresh and healthy foods to your community!

West Virginia Family Nutrition Program - Kid's Pop-up Markets and SNAP Stretch

The West Virginia Family Nutrition Program housed in the West Virginia University Extension Services, works across the state to ensure all West Virginians, particularly those in low-income or low-resourced areas, have access to the education necessary to lead healthy and happy lives. Specifically, WV SNAP Educators work with youths in schools and summer campuses where more than 50% of the children qualify for free or reduced meals. SNAP Educators have teamed up with local vegetable producers to start Kid's Pop-up Markets, food access initiatives aiming to get kids more involved in their eating choices through market-based interactions (children get to “shop” at these pop-up markets) and nutrition-based education. Some schools and childcare centers have arranged to host these Kid's Markets during pick up times, allowing parents an easy and interactive way to shop for fresh and healthy produce and utilize their SNAP benefits, which are also eligible for SNAP Stretch at these locations.

New Roots Fresh Stop Markets



Children participate in a SNAP Stretch simulation at Farm Aid.

Bulk Buying Clubs

Goals: Food Availability / Access, Community Cohesion

Food buying, or bulk buying clubs can be viable options for communities that may not have the resources or capacity to support a brick and mortar or pop-up grocery. This model of food buying is also ideal for close-knit neighborhoods or small rural communities with already established or newly budding kinship networks.

A food buying grocery model does not require the initial investment that other, more formal models require. Essentially, members of the food buying club are pooling their money together with family, neighbors, and friends to bulk purchase products from a chosen distributor, usually at cost or with very little markup to cover purchase coordinator and logistical needs.

Once a viable distributor has been chosen, members will begin to coordinate purchases from the available product list, selecting someone to be a coordinator between the membership and distributor.

Food Pantry / Farmers Market Hybrid

Goals: Food availability, Healthy Food Options, Supporting Local Farmers

The food pantry / farmers market hybrid is best suited for communities in which a food pantry is already operational. This model makes use of the resources, relationships, and community interest which are embedded in the established food pantry.

Food pantries may be funded in a number of ways-- privately, by governmental grants and contracts, through non-profit or faith-based organizations, by corporations and foundations, or through a combination of these sources-- but most are operated by community coalitions and local churches.

This model operates by growing the pre-established pantry to include a farmer's market. The pantry provides capital, both financial and sometimes in-kind, to establish farmers market facilities and operations. Note, this model does not require that the pantry and market be built or established in the same location. An indoor market provides seasonal longevity by means of a weather-controlled space; Refrigerators and infrastructure such as shelves enable increased opportunity to diversify products and provide more dried goods and staples, such as milk, bread, and pasta. Outdoor markets enhance community cohesion and enable ease for farmers throughout the well-weathered seasons. In other cases, a farm-fresh grocer which provides local produce but operates more like a traditional grocery store may be established rather than the traditional farmers market.

Increased business for local farmers is a benefit of this model, as local food production is supported and increased, and reliable income is generated. Pantries benefit by collecting dues or membership fees from the farmers who sell in the market. This symbiotic partnership between farmers and pantries can be tweaked a number of ways to provide benefits for both parties. In some cases, fresh produce contracts are made between farmers and pantries to provide fresh produce as part of the pantry's usual distribution. Some markets collect donations at the end of each market session to supplement the pantry. The emphasis is to make fresh, local produce more readily available to community members. In this spirit, becoming SNAP certified is a priority, as farmers markets are also SNAP Stretch eligible.

WORKSHEET 2: SELECTING YOUR GROCER MODEL

Now that you have thought about your mission and goals and more, which model will you choose to start your explorations? Remember, nothing is forever and with time you will adapt your model and even integrate elements of some of the other options.

Which model makes the most sense for you now (remembering, you will modify!)

- ☐ Traditional
- ☐ Cooperative
- ☐ Youth or School Affiliated
- ☐ Community Owned
- ☐ Mobile Market
- ☐ Convenience Store / Farmers Market Hybrid
- ☐ Pop-up Market
- ☐ Food Pantry / Farmers Market Hybrid
- ☐ Municipality Run or Subsidized
- ☐ Buying Club
- ☐ Other:

What did you consider when making this assessment?



What are the pros and cons of the model you are going with? Why do you think this model will be successful in your community?

Pros	Cons

Other reflections:

Chapter 2 Resources

[Rural Grocery Stores Ownership Models That Work for Rural Communities](#)

[Grocery Start Up and Operations Guide](#)

Food Cooperative Case Studies:

[Keys to Success for Food Co-op Start Ups in Rural Areas](#)

[Bulk Buying Club Toolkit](#)

[Buying Clubs](#)

Mobile Grocery

[Deeply Rooted Produce Mobile Grocery Store](#)

There are also a number of resources included in the appendices and footnotes.

ENJOY!

CHAPTER 3



FOUR GROCER'S STORIES FROM WEST VIRGINIA

RURAL ROUTE 219

BLUE RIDGE BEE COMPANY

THE PUBLIC MARKET

THE GREENGROCER

WORKSHEET

RESOURCES



Glossary Terms

COMMUNITY SUPPORTED AGRICULTURE (CSA):

A community supported agriculture (CSA) program is a model where customers invest in a farm's operation prior to harvest, sharing in the risks and benefits of the crop harvests.

CONSIGNMENT VENDORS

Consignment vendors hold onto the ownership of your grocer's inventory until it is sold to your customers. As a result, your business is only invoiced for what you sell, eliminating the risk of carrying unsold products. The drawback is that many vendors would prefer to sell all of their product at the time of delivery, and not have to return to collect unsold items or carry the waste. If your grocer uses consignment vendors, you may be at the bottom of the vendors' distribution list.

Now that you are starting to think about your grocer effort, goals and businesses models, we want to share with you some stories from around the state, focusing on the three sites included in the WV Grocer Lab Project completed in 2020. Each of the grocers who participated are in different stages of development; from planning, to start-up, to established, to expansion. Each grocer also highlights a different organizational model: popups in other businesses and public spaces, conventional for-profit paired with another income stream, and a non-profit bricks-and-mortar with support from the municipality.

Rural Route 219 – Pocahontas and Randolph Counties

Blue Ridge Bee Company – Princeton/Mercer County

The Public Market – Wheeling/Ohio County

We have also included the story of the Greengrocer in Alderson, WV, a non-profit bricks-and-mortar. This case study is a reflection on a grocer that has closed its operations. We have as much to learn from the failures as we do from the successes. This story is particularly interesting for learning around non-profit models.

In order to gain more insight into the successes and challenges of West Virginia grocers, Rural Route 219, The Blue Ridge Bee Company, The Public Market and The Alderson Greengrocer, have shared their experiences in the hopes that they will inspire others and provide a sense of comradery amongst small, independent and alternative grocer across the state.



Baked goods displayed at Blue Ridge Bee Company.



Rural Route 219 Pocahontas and Randolph Counties, WV

Phase of Development: Planning/Start-Up

“Our goal is to provide income for our growers and to have [food] access for our locals. We want to make it as local and as easy as possible.” - Terry White, Linwood Alive!

The Rural Route 219 Grocer Project evolved from an observed need to support local livelihoods, better food access, and rural growers near the Linwood area of Pocahontas County. This extremely rural, mountainous area of West Virginia is known for seasonal outdoor recreation as it is home to Snowshoe Mountain, a ski resort boasting over 100 miles of trails for skiing and biking. However, the seasonal tourist economy of Snowshoe doesn't necessarily support comprehensive livelihood strategies for everyone who lives in Pocahontas and Randolph counties. The farmers market in Pocahontas was a seasonal solution, but what about access year-round? The lack of a solid year-round working economy has also limited the investment from food retailers in the area, classifying this rural area as a USDA Food Desert ([link to STATS](#)). The closet grocer to Linwood is in Marlinton, at least a 45-minute drive. The closest chain grocers (Kroger and Wal-Mart) are located in Elkins, over an hour drive from Linwood.

With all fresh and staple foods needing to be purchased from a single convenience store and residents needing to travel over an hour to access grocery retail, the Rural Route 219 Grocery project is laying the groundwork to create a decentralized retail initiative, linking established businesses and organizations to a food aggregation network. This network will source products from local farmers, or partnering locations have the option to buy wholesale from Turnrow Farm Collective. Each partnering location will be provided equipment to create a mini grocery store within their already established businesses, such as refrigeration, shelves, and baskets within the demographic area of Elkins to Marlinton communities. Currently, the leaders of this grocery project are attempting to develop relationships with convenience stores, public libraries and restaurants to build cooperative networks of businesses promoting healthy food access in their communities. Each location that eventually integrates into the Rural Route 219 project will accept SNAP/EBT and may have the ability to qualify for SNAP Stretch, an initiative that allows SNAP recipients the opportunity to double and even triple their monthly benefits when purchasing local fresh fruits, vegetables, and other staple goods.

QUICK LOOK

Pocahontas population: 8,247
Pocahontas Percent poverty: 17.5%
Pocahontas Median Income: \$39,702

Realizing a need for more adequate and consistent access to local produce, coupled with a yearning to provide greater market access to local farmers, Turnrow Farm Collective is creating grocery solutions to address food access in their community. Given the realities of their rural context, the Rural Route 219 grocery project is linking to existing establishments, such as restaurants, convenience stores, and businesses to provide greater access to local produce and other products for their community.

As of Spring 2020, Rural Route 219 is in the Planning phase. They are exploring opportunities to work with already established and successful businesses to provide their community with access to fresh foods, as well as create an outlet for local farmers to sell directly to their community. The grocery model this group is aiming to establish is a hybrid; running a mobile market and installing produce stands and shelving in convenience stores, small businesses and restaurants as grocery outlets.

Grocer's Model

Advantages

- Little to no rental or mortgage expenses

Because Rural Route 219 will not have a brick-and-mortar store, they will have lower start-up and recurring costs such as equipment and rent/mortgage. These costs can be shared with other business entities that participate as grocery outlets or negotiated into a partnership agreement. Cost sharing or using already established entities with equipment and storage space can additionally support this food access focused grocery, providing them the opportunity to creatively address their food access needs without constantly having to worry about certain financial obligations other independent, brick and mortar groceries must navigate.

- Little startup costs

Rural Route 219 has established their grocer plan to tap into previously established businesses around Randolph and Pocahontas County, within the demographics of Elkins to Marlinton. Again, because there is no need for a brick-and-mortar space, Rural Route 219 will require less start-up capital than most other grocery models. However, just because the start-up costs will be lower, does not mean they are zero! Rural Route 219 will still need to negotiate the cost of working with these other established businesses (if there are any based upon the established site's needs) and hire a manager. In some cases, additional infrastructure such as a cooler and/or shelving is required.

- Using what's available

Like many rural communities across the United States, the area sees their food retail landscape dominated by convenience stores. Using this to their advantage, Rural Route 219 plans to establish connections with convenience store owners and managers, hoping to use these sites that usually already accept SNAP/EBT, to improve the availability/access to fresh, local produce to the community.



Challenges

Most locally owned restaurants and businesses that the Rural Route 219 has approached to collaborate on his project have agreed to participate in the community food access vision. Independent and locally owned stores have the ability to make business adjustments more easily and are usually more open to collaborations, local community participation, and wanting to see positive outcomes where they work and live. However, getting larger chain convenience stores or businesses to participate has posed somewhat of a challenge to this team. Rural Route 219 has navigated this issue by identifying state owned businesses such as PAR MAR stores, owned and operated in West Virginia. Although these convenience stores have larger logistics and supply chains, the regional management allows for more negotiation and the potential to truly collaborate. These businesses tend to want to show value to their state and be responsible to smaller communities, as feasible. Rural Route 219 has also approached local Dollar General managers to begin a conversation about collaboration, even if the result is limited to using the parking lot for a small farmers market stand.

Advice for someone just starting

“Look for what's already working, the people, the locations, the products, and grow from there. It's often hard for me to slow down enough to readily see how things are already growing in a place and sometimes unusual things come into focus as really great assets (like folks who started in concrete and lumber having some of the best cold storage I've seen) if you take the time to be more broadly curious and let your own priorities, preconceptions and enthusiasm simmer down. People who have energy of their own will find the way to chip into whatever you're doing, or to contribute and bring it along for the ride if it's a good fit with them. Most of the people I've met in this project who are succeeding at what they do are layering lots of different work together, determining what they keep or don't mostly, it seems, by what succeeds and what grows. I'm more excited now than ever, having met the folks who we've finalized partnerships with, to see how the incorporation of locally sourced foods continues to evolve as parts of their businesses which are so wide ranging and diverse”

-Annie Humes, *Turnrow Farm Collective*

“Although all of the partnering locations love to support local farmers, it is hard for them to lean on their local farmers year- round. There aren't many farmers within Pocahontas and Randolph County that are able to supply stores with year- round produce. So, I think starting with your farmers first and creating a production plan with them and the partnering location is a key part in being successful. If they can't grow year-round, they will still be able to provide stores with food during the growing season. So, bringing those two parties together is important so the farmer knows if they need to plant anything extra just for the stores. Also, getting community engagement early on is important, by creating a survey to learn about what your customers would like to see at your newly established mini grocery store. This can help reduce product waste and help give the farmers an idea of what they need to plant. Marketing is also a big part of this project; we're taking businesses that once didn't sell food and creating a mini grocery store. So, getting the word out there for the community to learn about these new food access points are very important”

-Eryn Neyer, *WV Food and Farm Coalition*

Blue Ridge Bee Company Princeton, WV - Mercer County

Phase of Development: Start-Up/Established

In December 2019, Will and Emily Lambert opened Blue Ridge Bee Company on Mercer Street in the Grassroots District of Princeton, West Virginia. Located in a beautifully restored historic building right off the main drag in downtown Princeton, Blue Ridge Bee Company came with a vision of opening a store that was reminiscent of an old-timey general store, selling local bread, produce, meats, honey, jewelry, soap, etc., all while also supplying customers with beekeeping equipment and trainings.

This brick-and-mortar general store-like grocery has grown out of Will and Emily's online beekeeping supply business. When the owners of Blue Ridge Bee Company started hearing of the mass honeybee die-off, they became interested in protecting the lives of such a valuable natural asset. After much studying, Will and Emily started their honey operation in 2014, and have since expanded each year. One of their main interests was finding ways to mitigate the Varroa destructor mite, a parasitic mite that attacks and feeds on the honeybees, typically causing disease and hive collapse. At first, they were using harsh chemicals to treat their hives, but knew there had to be a better alternative. Looking at beekeepers in Europe, oxalic acid vaporization caught their attention, a process in which oxalic acid is heated until it turns directly from its white crystalline powder solid into a gas without passing through a liquid stage. The process is hard on mites but easy on brood and bees. However, the vaporizers were very expensive, and Will and Emily were confident they could engineer a less expensive, but comparable product, so they decided to make their own!

Blue Ridge Bee Company started to sell their own vaporizers made out of high-quality materials, but at a fraction of a cost compared to products already on the market. Taking their already established online company and adding the production of mite vaporizers has allowed Blue Ridge Bee Company to expand their operations, purchasing and restoring a brick-and-mortar beekeeping supply outlet in their Princeton community, all while providing access to fresh, nutritious and locally produced goods.

QUICK LOOK

Princeton WV population: 5,741
County population: 58,758
Princeton Percent persons in poverty: 24.1%
Princeton Median household income: \$39,826



Will and Emily may have started out focused on honey production and sustainably raising bee broods, but since then, they have become more interested in providing access to high quality, fresh, and local products in their community. Currently, they have a variety of local, national, and international honeys, jams and jellies, locally grown produce and raised meats, regionally procured bread products, and personal care items all purchased from small businesses in Mercer and surrounding counties. They also offer an ice cream counter service, with freshly made waffle cones fill the store with delightfully sweet aromas. The owners of Blue Ridge Bee Company prioritize supporting small, locally owned businesses to support the growth of a thriving local economy in Princeton and Mercer County more broadly. Will and Emily are also very passionate about protecting honeybees, using their store as a place to educate and work with others in their community to do the same.

Opened in December 2019, Blue Ridge Bee Company is a for-profit independent grocer located in Princeton, West Virginia. The owners of the Blue Ridge Bee Company have leveraged their highly successful honey and beekeeping supply business to open a new brick and mortar grocer located in downtown. Blue Ridge Bee Company offers a variety of international honeys, locally/regionally produced jams, jellies and canned goods, and locally sourced produce, dairy, meat, as well as the occasional locally made goods.

Mission and Goals

The owners of Blue Ridge Bee Company are motivated to run their independent grocer by a commitment to provide an outlet for goods that might not otherwise be available in their small community. They are also motivated by the community cohesion they are able to provide in their grocery store space, a renovated historic building with large open windows, high ceilings, and incredible woodworking.

“My motivation was just to be able to have something unique to the area. You know, I’ve been in stores like that through the East Coast and out west and man they are so cool. I didn’t realize at the time how much work they are. They are a lot of work. But it is something cool to see people come in and be awed by it - just to see it for what it is and all the work that’s went into it.” - Will, Owner Blue Ridge Bee Company

“I want to have products that are unique, interesting, different. Something you just can't go to any grocery store and buy.” - Will

Not only are Will and Emily wanting to provide unique options for their community members, but also a downtown outlet where residents can access all the ingredients, they need to prepare locally sourced healthy meals. “We want everyone to come in and be able to get whatever they need, we haven’t achieved that yet, but in the future, it would be amazing”. They also have a goal around creating community cohesion. However, with the incredible success of the first months in operation, it’s been difficult for Blue Ridge Bee Company to keep all essentials stocked at one time!

Grocer's Model

Advantages

- Flexibility

As a sole owner LLC business, Will and Emily have the ability to make all business-related decisions, allowing them to quickly change products, services, management, and how their store space might be used (for workshops, open houses, etc.). Rather than needing to consult a board of directors, a membership base, or additional partners or stakeholders, Will and Emily have all the flexibility to make choices they see fit for their store. This particular business model is also beneficial to the ownership in terms of profit distribution and tax filings.

Challenges

- Purchasing at scale

The Blue Ridge Bee Company model has certain abilities and flexibility due to final decision making of the owners, however, this model can also present challenges for small, independent grocers trying to increase access to goods and services in their communities. As we see nationally, independent grocers are facing an increasing challenge of competition, particularly with large corporate grocery chains. The scale of a grocer can have direct impacts on what product they can sell and what suppliers are willing to work with them. In addition, the inability to buy in large quantities can also limit cost effectiveness. As Will has expressed, getting large suppliers to work with their store, and even respond, has been difficult, “Bigger companies are hard to buy from - like UNFI - they are terrible. They have a whole side of their business that is tailored to small businesses and they don’t want to deal with you!”

- Keeping finances up to date to make informed decisions

Getting a business's finances in order is crucial for the success of any small business. The owners of Blue Ridge Bee Company have expressed this aspect of running their business as a challenge they've faced. Financial information is critical to not only daily decision making, but also to provide insight for future planning and development.

Navigating the world of business financial operations can be challenging, especially for folks who may not have prior business accounting experience. To learn more about financial accounting, inventory management, and balancing your business's budget, check out Chapter 2 of the Grocery Lab Toolkit.





- Reaching SNAP customers

One of the main motivations is to provide all community members with the opportunity to purchase high quality, unique, locally sourced and produced goods. When we met with them in Spring 2020 this was a challenge. We suggested moving the local produce and meat products to a more central location in the store (as opposed to the back corner). Adding additional signage out front and other suggestions. It is a challenge to appeal to two markets at once:

- 1) the folks who need/want food access; and
- 2) the niche market of folks willing to pay for high end products, regardless of origination from within or outside of the region.

- Sustainability

The owners of Blue Ridge Bee Company are the main operators and labor source for their business, meaning that much of the work necessary to maintain the business is done after business hours and at home. However, they have hired 3 part-time workers to support them in the store: stockers, cashiers, honey bottlers. Because Blue Ridge Bee Company is in the “Start-Up” phase of development, they have decided to not pay themselves salaries from the business at this time, prioritizing the payment of their part-time workers and leveraging Emily’s supplemental income from teaching to sustain themselves as they establish and expand their business. As they grow, this will not be sustainable.

Successes and Impacts

Equipment Investment/increased local procurement

Having the brick-and-mortar grocery space has allowed the Blue Ridge Bee Company to not only expand their product offering to their Princeton community, but also explore the mechanization of their honey bottling process, accelerating this otherwise sticky, time consuming, and cumbersome process. The decision to invest in this technology has allowed Blue Ridge Bee Company to ramp up honey production, meaning an expanded capacity to sell a high-quality, specialty product and ability to utilize labor time in other ways, potentially focusing on other aspects of business expansion and product offerings. Similarly, the owners have been able to source increased quantities of local honey providing a source of income to local producers. Before Blue Ridge Bee had access to this equipment, they were bottling between 50 and 100 jars of honey. Now they are able to fill 300 jars in one hour, saving time each time they process honey.

Community Workshops and Educational Opportunities

Since Will has such a passion for sustainable beekeeping and honey harvesting, he wants to ensure educational opportunities are available to the customers and community members. In February of 2020, Blue Ridge Bee Company hosted a beekeeping workshop with 60 attendees, all eager to learn more about what it takes to sustainably raise bees and harvest honey. This is a great marketing opportunity as this customer segment explores the store for beekeeping equipment, learning about the other products at the same time, leading to an expanded market for their products.

In the future, Blue Ridge Bee Company intends to host more food-based workshops, such as pie making and other cooking classes. Will and Emily want the store to be more than a place to just buy local, quality, and unique products, but a place where their community can gather to interact and learn with one another. They hope to continue adding more beekeeping and cooking classes as their business grows.

Advice for someone just starting

Will's advice for anyone wanting to start a traditional, independent grocery store is to “start thinking now”. His experience working to develop and establish Blue Ridge Bee Company as a brick-and-mortar store taught him a valuable lesson about planning. “There is so much stuff that needs to be coordinated. You know, you’re ready to have stuff in your store, you’re in contact with some people for a year or two in advance. You need to figure out your prices, how much you need to spend, how much cash on hand you have to purchase equipment and inventory. It’s a lot of work. You need to find your balance of getting your inventory set and getting your store ready”.

The owners of Blue Ridge Bee Company also encourage fellow grocery entrepreneurs to, “have the vision to see it through”. Starting a business, especially a grocery business, can be incredibly challenging. Making sure you have the passion and drive to make your grocer work is necessary for success.



A display set up at Blue Ridge Bee Company.



The Public Market Wheeling, WV

Phase of Development: Established/Expansion

“It’s really central to our mission to source locally and to return as much profit to farmers and food producers in our region as we can.” - Eleanor Marshall, Market Manager

Located in Wheeling, West Virginia, a city straddling Ohio and Marshall counties with a population of 26,771, the Public Market is a year-round, brick-and-mortar, non-profit farmer’s market and grocer in the heart of downtown. Situated within a USDA classified food desert and demarcated as an area with exceptionally low rates of vehicle access, the launching of the Public Market has been the realization of a long-standing goal for Grow Ohio Valley (GOV), a non-profit working to address food access and support local and regional farmers through a number of production and education activities.

The Public Market’s dual mission is to, *“Build new economic opportunities for local farmers by establishing a sustainable, year-round outlet for local food where none exists, and to create a space for community health for all by promoting local and healthy food across the Ohio Valley.”*

With a vision to “Build a regional food system where farmers flourish and healthy food is a way of life”, the Public Market is working to not only become a healthy food access location accepting SNAP, WIC, and Senior Vouchers for all residents of the Ohio Valley, but also it boasts enough gathering space to host workshops, convene classes, and offer dine-in options for members and customers in general. The Public Market is supporting the development of a “3rd Space” for residents of Wheeling, a social space landing between work and home where communities can come together to connect, learn, and create cohesions. So far, they have hosted fermentation and eggnog workshops and plan to host many more food preservation and growing related programs as they grow.

Started in 2014 with a single community garden site in East Wheeling, Grow Ohio Valley has expanded to include urban growing and orchard sites, school gardens, a mobile market, education center, and a Community Supported Agriculture program.

QUICK LOOK

Ohio County Population: 41,411
Wheeling Population: 26,771
Wheeling Percent Poverty: 15.1%
Wheeling Median Income: \$42,489

Grocer Model

The Public Market is a non-profit, social enterprise market program of Grow Ohio Valley, a non-profit in Ohio County working to build food justice and access programs for producers and consumers in Wheeling and the Ohio Valley. The Public Market operates as a year-round brick-and-mortar farmers market and natural foods grocery. Local food is purchased on a consignment basis.

Advantages

- Access to grants and public financial support

Because the Public Market operates as a program of Grow Ohio Valley, they have more leeway and leverage to work toward quality food access in their Wheeling community, not needing to prioritize profits over their community members' needs. While turning a profit at the Public Market is a piece of their long-term operational puzzle, their position within Grow Ohio Valley allows them to raise funds and accept monies to offset certain operational costs. However, Grow Ohio Valley and the Public Market keep all financial accounting and leadership structures separate, providing them with more detailed financial information and accountability structures within each organization.

- Municipality subsidized

While in the planning and start-up development phases, the Public Market was awarded a \$30,000 construction donation from the City of Wheeling to renovate and outfit the grocer space. Located in the Robert C. Byrd Intermodal Center, the Public Market has also been able to negotiate a low-cost rent with the City, a perk that allows leadership to focus on food access, ethical sourcing, and providing high quality goods.

By investing in this initiative that aims to serve all community members, regardless of income or status, the funding from the city highlighted that healthy food access in the Wheeling community is important. These funds were also critical in the current success of the Market - ensuring they did not need to acquire business loans or write grants to support their endeavor. Is access to fresh, affordable and nutritious foods a barrier in your community? Getting municipal funding for your local grocer may also be an option!

- SNAP Stretch

One of the many reasons the Public Market incorporated as a year-round farmer market was to gain access to SNAP Stretch, a dollar-for-dollar match made when a SNAP purchase is made at participating markets. Until a recent change in Spring 2020, West Virginia SNAP Stretch could only be utilized at farmers market locations, roadside stands, and CSAs across the state.



Challenges

- Public Perception

The Public Market operates as a non-profit business, has caused some misconceptions within the Wheeling community that are contrary to the Public Market's central mission. Many community members, and particularly other grocers and business owners, believe the Public Market is a non-profit grocer that receives an unfair advantage by not paying taxes, as is allowed for non-profits.

- Finding the right staff

As for any business, finding the right staff is key to successful operations. According to the leadership, this has posed a challenge at the Public Market. Making sure your staff are right for the position and fully trained is crucial to the success of a grocery business. The Public Market has had a difficult time finding the right staff and retaining high-capacity staff members. This highlights the need to assess where and how you are recruiting employees to work in your grocer and matching them with the right positions.

Successes and Impacts

- Community Education

The Public Market has made concerted efforts to incorporate educational opportunities into their operations. This has led them to be seen as a welcoming place to meet neighbors, interact with one another, and engage in food related education. Since opening, the Public Market held a number of workshops, including Fermentation and Make Your Own Eggnog classes, which were wildly successful! Because the Public Market is also connected to Grow Ohio Valley, they have the ability to also connect their customers to more food system and production related workshops as well, using both the Public Market space as well as other farm-based spaces to host these events. The combined efforts of Public Market and Grow Ohio Valley have increased access to the Wheeling community to engage more and learn about their local food system, health, food justice, and supporting local production in their combined educational goals.

- SNAP Stretch Expansion

The Public Market has been able to expand SNAP-eligible products in their store to qualify for SNAP Stretch. This means, any customer using their SNAP/EBT in the store would receive double the product for half the cost. This fully available SNAP Stretch program at The Public Market started in Spring 2020 with the support of the West Virginia Food and Farm Coalition.

- Access to Local Foods

The Public Market was founded on principles of increasing local food access to all Wheeling and Ohio Valley residents. This value is core to the work the Public Market does with sourcing, prioritizing local producers and products on their shelves. The dedication to increasing local food access for the Public Market is multi-pronged; provide a year-round market for local producers to increase income and production, decrease the impact the large industrial food system has on the planet and our health, and to ensure community access to these products. Through the Public Market's initiative, they have impacted the ability of the Wheeling and Ohio Valley communities to access fresh, local, and nutritious foods.

Advice for someone just starting

Having gone through the planning, start-up, and establishment phases of development, the leadership at the Public Market has advice to share. Get your POS to work the way you need it to. The Public Market ran into an issue with the format of their EXCEL cells when transferring data to their POS. This led to an issue with scanning barcodes, something they ran into on the day of their grand opening. Make sure the POS system you choose when starting up has all the right functions you need and that you and your staff are familiar with all POS abilities.

The management at the Public Market realized they needed to start training staff much earlier than they did. Luckily the opening of the Market was delayed, so they were able to catch up, but this piece of operations is crucial for a successful grocery! Make sure you in advance of opening and that your training program includes all aspects of your staff's roles and responsibilities. Ideally any member of your staff should be able to cover any position in your store.

Your store identity and messaging need to be consistent. Who are we? What are we? In order to get support from your community, you need to be clear in your messaging!





The Greengrocer Alderson, WV

The Alderson Greengrocer was planned, developed, and implemented by the Alderson Community Food Hub, a 501c3 non-profit. To understand the genesis of the Alderson Grocer, one must first understand how and why the Food Hub was created; to build a strong grassroots movement to develop a community-oriented local food system. The context and how the Alderson Food Hub defines “community” and “local food” is important to understand, as it drives the decisions that led to the Grocer’s success, but ultimately did not provide the resilient underpinnings necessary for sustainability.

In 2013, several community members collaborated with town government to create a weekly farmers market at the town’s visitor center. Farmer’s market organizers surveyed the community, mostly through in-person questioning prior to market opening. The majority of residents wanted a Saturday farmers market and for it to be more open to a variety of products, not just local produce and meats. For context, Alderson is located 15 miles from Lewisburg, West Virginia, which at the time had two established and competing farmers markets. These markets were also held on Saturdays, organizers of those markets and some farmers were very vocal in their opposition of additional farmers markets operating on a Saturday. However, it was determined the goal was to stay community focused and support their needs, regardless of any regional conflicts.

After two successful years of operating a farmer’s market, the same group came together around a grant opportunity to discuss how to broaden our local food system impact in the community. The Food Hub was not envisioned in the traditional sense, but a hub of local food system development projects that complement each other and focused on the assets, resources, and needs of the community. The new Food Hub created and managed a community garden and orchard, a school gardening program, and we started a wholesale buying club. The wholesale buying club began a process that helped spur the idea of community-oriented collaboration on food, the simple act of accessing quality food in a community where none existed.

Catalyst

An IGA was Alderson’s only grocery store; the store contained all the essentials, albeit a poor collection of produce. In 2015, a Dollar general was constructed right in front of the IGA, blocking visibility, as if on purpose, a symbol of its carnivorous economic nature. The influx of cheap products combined with a struggling economy forced the IGA to close and instantly created a food desert in Alderson. By this point, the wholesale buying club was functioning well and the group had even figured out how to integrate local products into each week’s order. This club then started a small little corner Co-op in an existing storefront, complete with shelves for dry goods and a glass front cooler for produce and other refrigerated products.

Following the sudden closure of the IGA, an emergency meeting was called by the Food Hub to discuss our role in the newly formed food desert. The Alderson population is not wealthy, with a large portion of its population elderly or in poverty; now finding themselves 30 minutes to the nearest grocery store. At the conclusion of the three-hour meeting, it was decided we must expand and create a grocery store for our community.

Planning and Development

The committed group of volunteers had already set up a small co-op through the wholesale buying club in an existing business space. The existing business, which was owned by one of the groups, decided to dedicate the entire space to the operations of the new grocer. The future grocer was proposed in a 2,500 square building located right on the main street with plenty of parking. Different strategic action teams were created and led by various community members. These teams included infrastructure planning, financial, fundraising, volunteers, and community sport.

Fundraising

In order for any grocer to exist the group needed to raise the necessary funds to build, purchase equipment and inventory, and operate for at least 3 months. There was not a central owner or entity that was willing to apply or consider the liability of a loan, therefore so all funds must be raised prior to operations. The fundraising task force created several different strategies to raise the necessary capital. Basic fundraising goals included \$45,000 for equipment and supplies, \$15,000 for initial inventory, and an additional \$15,000 for staffing. A local campaign was created to inform the community of the project and develop support for its development. Support was branded on social media by the moniker “I heart food, I heart Alderson.” A Crowdfunding Campaign was created to attract regional support and was used to raise over \$40,000 of our total budget needs. Other funds were raised through community donations and foundational support; the entire amount was raised.

Implementation

An entire volunteer workforce was established to renovate and build the Greengrocer. The Grocer was completed in less than three weeks. The financial task force had used QuickBooks and point of sale system (POS) to track inventory, manage sales, report profit, and loss, and manage expenses. The task force wrote small technical assistance (TA) grant for accounting services. Unfortunately, the TA provider did not have the necessary experience with retail management and set up the books improperly. Adding to this issue was the fact the bookkeeper for the coop buying club was promoted to store manager without a full vetting of necessary skills and experience; pony this up to community connections and familiarity.

It was the vision of the Food Hub to establish a grocer to meet the community needs, this means variety and price point for a disparate customer base. On one hand, you have community members that want an alternative to the traditional grocery store, offering higher-end and harder to find items, particularly organic choices. On the other hand, we have a large population that uses EBT/SNAP for food purchases and is incredibly price-conscious and not interested in high priced organic products. This dichotomy presented a challenge to the Greengrocer management team; determining how you can be everything to everyone. The first alternative was to create both options and co-mingle products on store shelves, in hopes of appeasing to all shoppers. Unfortunately, this caused confusion and projected a classism problem onto the store, for wealthy customers only. This misrepresentation was a serious hurdle that the management team wrestled with for the first year but was eventually overcome.



Grocer items from small distributors are abnormally expensive, at times the grocer was paying more for products that could be bought at Walmart or other box stores at lesser costs. Produce was a key part of the grocer model, given that there wasn't a piece of fruit or vegetable available for 15 miles. The model was to buy local when available and substitute with conventional or commodity products when necessary. Additionally, non-regional produce was sold, such as bananas (number one selling item in the store) and citrus fruits.

The Greengrocer partnered with a local couple to operate a full deli and cafe. The deli had sliced meat and cheeses, prepared foods, and had a full lunch menu including a salad bar. The deli and cafe generated the highest sales and was a major draw for customers. All of the transactions and sales were managed by grocer staff and a 20% commission was charged.

Management

The Greengrocer was managed and operated by the Alderson Food Hub; therefore, operations were overseen by the board of directors. The Grocer employed a store manager, several clerks, and oversight was provided by the non-profit Executive Director. The board chose to continue close oversight of business operations, empowering a grocer and financial task force. These task forces were effectively managing and providing oversight of the store manager, tracking sales, developing strategies, and providing on-floor store support.

The Greengrocer implemented a membership program that gave members a discount on purchases in exchange for 8 volunteer hours a month. Volunteer duties included cashier, product stocking, ordering, cleaning, and other administrative tasks. The membership program also tracked sales of all members, which help to gather data on customer purchase preference that would guide future buying decisions. Each week the grocer task force would meet to review sales figures, product inventory, and review profit and loss figures. The store manager would produce sales reports to share with the task force and solicit suggestions for improvement. Mentioned previously, several iterations of product choice and stocking strategy were employed and evaluated.

Equipment included two open-air coolers, two glass door coolers, two deli-style coolers, meat slicer, and deli equipment, and two glass door freezers. Bakers rack shelving with casters were used for the grocer products, which enabled easy cleaning and reconfiguration.

Conclusion

The Greengrocer was a success in the small town of Alderson. Yearly gross sales reached nearly \$330,000, in the town of 1,200. Unfortunately, several key incidents and lack of planning caused the Greengrocer to close. Listed below are the challenges encountered, lessons learned, and recommendations for any community group interested in starting a grocer.

- Access to competitive-cost grocer (shelf-stable wet and dry goods) products through current distribution services are not available for small scale independent grocers. Prices from distributors are typically higher than retail prices from big box stores or national grocery chains. At the time, the Grocer Manager would travel to Sam's and Costco to purchase bulk products and re-sale, which proved to be more profitable, but less convenient.
- Non-profit board management of operations was a poor decision and a complex, inappropriate structure for running a profitable grocer. Many of the key decisions were made by a committee on a timeline that was not effective for business management. Grocer and retail management needs to be agile and responsive to demand, supply, and customer needs; capitalizing on opportunities as they arise.
- Produce is a loss leader in most instances, with exception to several key products. It is important to analyze and understand margins on all products; this enables the manager to offer loss leads with a higher margin on other goods. Also, the local price versus non-local price is usually fairly disparate, so balancing cost and price.
- Lack of trained and experienced staff. A retail operation, in particular, an upstart needs the attention of an entrepreneur, a person willing to work extra hours and go above and beyond a normal workweek; this spirit cannot be trained into a manager.
- The Greengrocer was one program that the Food Hub managed and implemented; this breadth of programming diluted the attention paid to critical areas of Greengrocer operations.
- Lack of an adaptive and scalable business plan from the outset. Given the time frame and tenacity of the group, proper planning did not take place and systems were developed in a reactionary setting.
- The Food Hub board was insular to the Alderson community and did not broaden support and reach outside of the immediate region. West Virginia presents unique challenges that require a more regional collaboration outside of an immediate project site; resilience must be built throughout the operations.
- The Greengrocer was located in a flood plain. In 2016, a flood destroyed inventory, damaged equipment, and canceled the fourth of July celebration, thus eliminating the biggest sales month of the year.



Recommendations

- Develop a detailed business plan, with at least a year pro-forma that has sales goals and cost categories targets.
- Perform community outreach and solicit feedback on the needs of the immediate community and address the known demographics and socioeconomic constraints.
- Develop a food access program as part of the outreach and operational facets of the grocer. Enable EBT/SNAP point of sale system and partner with groups to access SNAP stretch programs. EBT/SNAP sales were consistently the largest part of the overall sales volume.
- Partner with an existing business to offer sub-operations roles, such as the deli cafe under the same roof. However, make sure visions and value statements align.
- Hire a qualified accountant to manage the books and provide oversight to financial records and required payments. The Greengrocer board leaned too heavily on the Grocer Manager to provide bookkeeping tasks, which was beyond their experience and skill set. This failure to support the staff appropriately created an IRS tax bill of \$11,000 for unpaid employment taxes. This simple mistake forced the grocer to close.
- Integrate inventory, vendors, and a point of sales system, that links to QuickBooks Online.
- Focus on efficiency and process to reduce check out time for customers.
- Develop a membership plan to incentivize purchases and track customer buying habits.
- Track sales diligently and develop a strategy to move dated products. Keep a waste budget of less than 4%.



WORKSHEET 3: REFLECTIONS ON STORIES FROM WV



As you read over the stories, what surprised you the most?

Where do you see your grocer model aligning (and being different) with what is talked about here?

What nuggets of information are you going to take back to your grocer model?



What doubts and hopes did these stories stir up for you?

What remaining questions do you have, either about these stories or your grocer model?

Update your business model canvas, as needed, as you reflect on these stories.

Chapter 3 Resources

The businesses participating in the WV Grocer Lab Project focus group attributed their success to lessons learned and assets gained from varying sources. Consider these community resources as you build your grocer project!

Organizational Support

- West Virginia Food and Farm Coalition (WVFFC) | www.wvfoodandfarm.org
WVFFC helps independent grocers access numerous resources and financial assistance programs such as equipment loans and SNAP Stretch programs.
- Independent Natural Food Retailers Association (INFRA) | www.naturalfoodretailers.net
INFRA develops collaborative programs and project opportunities for small grocers

Government Resources

- Local Chambers of Congress
"A reliable source for relevant information!" -Rte 219 Project
- Small business economic relief/ support programs

Getting the Word Out

- Local schools, media outlets, and community word of mouth
- Social media
"We find online platforms like Facebook and Instagram very helpful for marketing to get information out to current and potential customers." Blue Ridge Bee Company

Business Resources

- Family members and other professionals/ specialists in your network
- Online course on financials, marketing, and operations for small businesses

Building Your Supplier-base:

- Turnrow Appalachian Farm Collective | www.turnrowfarms.org
Turnrow is a local collective of producers and distribution specialists committed to strengthening the local WV food system.
- Building reputation amongst local farmers

CHAPTER 4



MANAGING YOUR FINANCIALS AS A DECISION-MAKING TOOL TO ENSURE PROFITABILITY

4.1: FOUR ACCOUNTING TIPS AND BEST PRACTICES

4.2: THE PROFIT AND LOSS STATEMENT (P&L)

4.3: THE SALES SCHEDULE & PROFIT AND LOSS FORECAST

4.4: MEASURING AND GAUGING YOUR GROCER'S SUCCESS

4.5: CONDUCTING YOUR MONTHLY FINANCIAL REVIEW

WORKSHEET 4

RESOURCES



Glossary Terms

ACCOUNTING SOFTWARE:

Your accounting software pulls together all of your business's transactions to help you manage your finances.

COST OF DEBT:

The cost of debt is the effective interest rate a business pays on all of its debts.

DEPRECIATION:

Every year, the value of your grocer's fixed assets will decrease due to wear and tear. The decrease in your fixed assets' value over time is captured as depreciation.

Glossary Terms

DRIVER:

A unit of activity directly related to changes in a particular expense

JOURNAL ENTRY:

A way to account for transactions using double-entry bookkeeping. This means each of you stores transactions are recorded twice in your books, once as a debit and as a credit

OPERATIONAL STAFF:

Operational labor includes activities such as operating cash registers, providing assistance to customers on the sales-floor, inventory-stocking, and more.

POINT-OF-SALE (POS) SYSTEM:

Your cash register system that processes your front-end sales. Popular systems offer additional features like inventory management and reporting.

SG&A LABOR:

This account is where you categorize labor costs associated with managing, marketing, and running your business.

SALES SCHEDULE:

The sales schedule helps you create accurate revenue projections by estimating the next 12 months' sales by departments. This allows business owners to account for seasonality in their financial projections

PROFIT AND LOSS (P&L) FORECAST:

The P&L forecast projects a business's profitability over the next three years. Forecasts are created by business owners to plan for future operational changes and sales growth.

PROFIT AND LOSS STATEMENT (P&L):

This financial document helps you manage your business's efficiency. The P&L organizes your business's revenue and expense accounts, painting you a picture of your overall profitability.

UNEARNED REVENUE:

Think of pre-orders! Since you haven't delivered the product yet, the expenses won't show up on your P&L yet. As a result, you shouldn't record the sale in your revenue account until the goods are delivered.



WELCOME BACK!

You have now spoken with lots of people in your community to identify goals, reviewed the experiences of others, and outlined your grocer business model (go back to the resources page for Chapter #1 for the Business Model Canvas.) You will continue to adapt the model to your situation, most likely taking the best of several options and putting them together over time.

The purpose of this chapter is to develop the systems you need to track your finances and use them as a decision-making tool. The financial documents and processes outlined in this toolkit will be of tremendous value in both the short and long run. Systems will take time and money to put in place, as they must be customized to capture your business' operations and meet your needs. The earlier you put accounting and financial systems in place, the more data you will have to analyze. This will help you make better, more informed business decisions in real-time!

We know this chapter is dense! It is a lot to understand. For some of you who love numbers, this will make perfect sense. For others, of you, you will need to consult with a technical assistance provider or business coach to get the most out of the chapter. We really want to stress the importance of your financial systems to your bottom line. Don't hesitate to ask for help!

Section one of this chapter outlines five tips and best practices for setting up accounting systems. Following these guidelines will ensure you have accurate data for meaningful financial statement analysis. Section two focuses on the profit and loss statement. Section three reviews how to use your profit and loss statement (P&L) to plan for the future. Using the sales schedule and P&L forecast, you will be able to see how business decisions will impact future profitability and compare your grocer's performance to expectations. Section four provides you with some other key benchmarks to measure your grocer's success. This section reviews key financial metrics that will help you analyze your capital needs and operational efficiency. Lastly, section five outlines a process for reviewing your business's monthly financial position. We have also included a worksheet that provides templates and instructions for you to customize for your grocer project's financial statements and tools.

The systems and templates provided in this chapter are only valuable if you use them! Financial accounting systems will require periodic review and maintenance such as reviewing your financial statements monthly and updating your grocer's future projections annually.

4.1 FOUR ACCOUNTING TIPS AND BEST PRACTICES

The following accounting practices and systems will help you track your various transactions and match them to your grocer's operations. Accurate and organized financial data is the key to meaningful financial analysis. Putting systems in place is step one towards finding your grocer's financial footing!

1. Have the right equipment & systems.

You are faced with a number of market solutions to track your sales and finances. Investing in these systems early on will allow you to adopt them into your business with the least growing pains and provide you a sense of familiarity early on so you may seamlessly adapt systems as your operations grow.

You need to invest in a point-of-sale (POS) system as soon as possible to seamlessly carry out transactions and receive payments. Accounting software will help you easily manage your business's finances. It helps you organize your grocer's transactions into various, customizable reports you can use to track your performance and make business decisions. (See chapter 4 resources for more information.)

Opening your rural retail operation will require investment in specific technical equipment, such as cash register systems, tablets, credit card readers, and/or computers. You will want to ensure that you have the necessary infrastructure to best utilize the software tools you select. Similarly, you will want to consider whether programs are compatible with any equipment you currently have.

Take some time to think about your business's current and future needs. It will pay off to start with the best-suited programs for your business based on your long-term goals. Transitioning to new systems may sometimes be necessary, but can be costly and time consuming. It is best avoided, if possible. Appendices #1 and #2 also provide direct product comparisons between popular POS and accounting systems on the market.

2. Invest in a purchasing tool early.

A purchasing tool will alert you to know when you need to put in orders. It is important for your bottom line that you stay healthily stocked meanwhile minimizing inventory holding costs and waste. If you allow inventory levels to drop too low or you run the risk of stocking out and losing sales. However, if you order too much, it will go to waste if it is not sold.

Purchasing tools can be very sophisticated and costly. Purchasing decisions are based on the answers to the following questions. What do I expect to sell? What do I already have on hand? What do I need to buy? What is available to me to buy? The basic components of a purchasing tool are products, availability, inventory, and forecasted demand. A quality purchasing tool processes this information to alert you when you need to place an order and the suggested quantity.



3. Track waste.

Realistically, you won't sell 100% of the products you supply. Periodically, you must pull waste depending on products' appearance, perishability, and/ or seasonality. When doing so, you should track the items pulled so you can subtract their value, from your inventory accounts using a journal entry. You will move the value of product waste from the product's inventory account on the balance sheet to its cost of goods sold account on the profit and loss statement. Tracking waste helps you distinguish between waste vs. product margins. If you don't account for the waste, you might look at your margins on your profit and loss statement and think you need to increase pricing because your margins are low. In reality, it may not be a pricing issue, but a waste issue.

Unless you have chosen a consignment model, you should track waste separately and remove it from your inventory counts. Your grocer project eliminates the financial risk of unsold inventory, or 'waste' if you elect to sell products on consignment.

Similarly to inventory, you may not be pulling waste figures on the last day of the month. While it is important to track waste, this account will represent a significantly smaller portion of net revenues than the value of sold inventory. As a result, reconciling these dates in your financials is less important.

4. Account for inventory as an asset.

The distinction between inventory and costs of goods sold is important. Unless you have selected a consignment model for your grocer project, inventory is an asset when you buy it - you still have control of the product. It becomes an expense after you sell it. Each time you purchase inventory, you will add the invoiced value to the appropriate asset account on the balance sheet. At the end of each month, you will use a journal entry to move the value of what was sold from your inventory account into the appropriate costs of goods sold accounts on the profit and loss statement.

If you sell products on a consignment model, your business will not actually own any inventory. Instead, each month you will expense the amount payable to your business's suppliers for the products sold in the period.

$$\textbf{Inventory Sold} = \textbf{Starting Inventory} + \textbf{Purchases} - \textbf{Ending Inventory}$$

4.2 THE PROFIT AND LOSS STATEMENT (P&L)

The profit and loss statement (P&L) is an important management tool that can help you track your grocer's current performance and plan for the future. The P&L organizes all of your business's revenues and expenses over a period of time leaving you with a clear picture of your net profits. As the P&L is constructed in an excel spreadsheet including formulas (or equations) that capture the math. You can use the P&L to understand how different business decisions may impact your profitability. For example, you might be considering lowering mark-ups for one of your product lines. Using your most recent P&L, you can play around with the numbers to gauge how much you can sustainably lower prices.

In addition to your grocer's bottom line, the profit and loss statement provides key insights into how revenues, or the money coming into your business, are channeled through different expense generating accounts. All of your grocer's operational activities will be grouped into the various, unique accounts and subaccounts within your P&L. Using the figures in these accounts, you can track your grocer's progress towards operational goals and benchmarks. For meaningful P&L comparison between periods, it is important to stay consistent! Make sure you are categorizing recurring expenses in the same accounts each month. You should consider creating a key to help you as you prepare your monthly financials.

Every business's P&L looks different. It is most important to customize the accounts within your grocer's P&L to display the information you need to make business decisions and measure your financial performance.



The worksheet includes sample profit and loss statements you can download and tailor to your operations!



Some of the drinks sold at the Public Market.



Revenues

This is the amount of income you receive from the products and services your business offers. The main products or services of your business should each have their own revenue account. Your grocer will be unique to meet your community's needs, offering a unique array of products and services. You may serve prepared foods through your cafe extension, or carry a range of beauty, artisanal, and other non-food product categories. You will need a POS system that allows you to code items by sales category in order to seamlessly track each of your main product lines' sales.

Cost of Goods Sold

These are the direct expenses (materials and labor used to provide goods and services) generated by the products and services your business provides. For a grocery store, this is the value of your inventory sold. The cost of goods sold should grow fairly proportionately with your revenues. The underlying assumption being if you sell two apples instead of one, both the sales value and the purchase value of the transaction doubles.

If you sell products on a consignment model, your business will not actually own any of its inventory. It still belongs to the producer until you sell it. Rather, you should directly apply invoices from suppliers to your cost of goods sold account.

Fixed costs

Fixed costs are flat fees typically billed or expensed on a schedule. They are not directly related to your grocers' sales and remain fairly consistent from month to month. Some examples are contractual payments such as insurance, rent, and interest. In addition to tangible examples, you will also account for depreciation as a fixed expense.

The value of large scale equipment is listed on your balance sheet as fixed assets (Assets purchased for long-term use, typically at least 5 years). Large pieces of scale equipment will depreciate their value over time, offsetting their net value in your grocer's balance sheet. These assets lose value every year over their lifespan until they are fully depreciated or reach a book-value of \$0. You may choose to depreciate a larger amount of these items in the year they are bought depending on how well these assets hold their value.

Sales, General, and Administrative Costs (SG&A)

This category includes all costs that are not directly involved in providing services. Rather these are the expenses that come from promoting, running, and managing your business! To analyze the effectiveness of marketing efforts with ease, break this category down into two parts, sales & marketing and general & administrative costs.

Sales & Marketing

Sales and marketing activities are those associated with promoting your business to new and existing customers. Some of these activities may generate small amounts of revenues such as participating in pop-up markets and other community events. You should account for the net expenses of marketing activities after any revenue brought in.

Sales and marketing efforts can be divided into two types of activities, marketing overhead and sales. Marketing overhead refers to costs associated with the maintenance of your current customer base. What do you do to create customer loyalty? These efforts might include customer loyalty program perks or the costs associated with a store newsletter. Sales efforts are those associated with attracting new customers such as the cost of running ads or sponsoring local events

General & Administrative

General and administrative expense accounts include the rest of your store's non-product related costs. SG&A labor is commonly represented in this section of the P&L with its own account. This will require you to distinguish between administrative and operational staff. Management and other salaried employees may be considered administrative labor.

Other general and administered expenses that should be accounted for in this section of the P&L include office supplies, legal and accounting fees, company-provided meals, and employee bonuses. Ensuring every single one of your expenses fits neatly into your chart of accounts can be exhausting. For your benefit, you may want to include a general account named something in the likes of 'office expenses' to lump miscellaneous, uncategorized expenses.



Operating Costs

These are often viewed as “costs of doing business”. Operating expenses are those which you generally pay only as long as you are in operation. These expenses are a direct result of providing goods and services but can’t be traced directly to the sale of a product. Operational activities tend to fluctuate with your grocer’s level of output, but not as immediately or directly as the cost of goods sold does. Some examples of operating expenses your grocer will face are building and equipment maintenance fees, credit card processing fees, and floor labor.

Your team will take on a number of tasks throughout each day, making it difficult to specify the labor that goes into different activities such as stocking shelves, counting inventory, assisting customers, and more! Since it would be impossible to track labor to each transaction, you will likely account for remaining payroll in an operating expense account. (Labor included in operating costs should not include SG&A labor previously accounted for above) Only account for labor elsewhere in the P&L, such as a CoGS account, if you can identify and separate all of the labor associated with that activity. For example, you may have an entirely unique team working in the cafe as the rest of your grocer. Here, it makes sense to include cafe labor as a sub-account of cafe cost of goods sold.

Other Income/ Expenses

You might run into miscellaneous revenue or costs that are not directly related to your grocer’s main lines business. You may account for such activities at the bottom of the P&L, since they do not affect the performance of business-related activities and managerial decisions. This enables you to analyze your overall profitability before taking these factors into consideration. It is common for enterprises to account for grants and donations at the bottom of the P&L, especially for businesses that run the risk of becoming grant dependent.

4.3 THE SALES SCHEDULE & PROFIT AND LOSS FORECAST

Now that you know where your grocer stands, profitability wise, where are you going? The sales schedule and projected profit and loss statement are key planning tools for sustaining and growing your grocery business. These documents will help you answer questions such as, at what capacity should we hire more employees? and can we afford to move into a larger space?

The profit and loss forecast shows how your grocer's bottom line will fluctuate based on how the various expenses within your business are expected to change in the short-term and long run. You should project your profitability for at least the next three years in advance, but no more than five. So far into the future is too unpredictable! You can make multiple forecasts based on different scenarios, for example, best case vs. worst-case situations.

In the short run (year one), estimate your performance on a monthly basis. For the years following, make projections as to how costs will fluctuate in the long term (annually).



The worksheet includes links to a sample sales schedule and profit and loss forecast you can download and tailor to your operations!

The sales schedule is tied directly to the P&L forecast. The sales schedule breaks down your revenue projections by product line. Many of your grocer's costs will vary with total sales or specific revenue accounts. You will use the growth assumptions created in the sales schedule for the corresponding revenue and cost of goods sold accounts in the P&L forecast. Expect any general cost of goods sold accounts you use to grow proportionately with total sales volume.

The growth assumptions for the rest of your grocer's P&L expense accounts are based on how the underlying functions represented by each account change over time. Expense accounts either vary with total sales volume, remain constant, or change independently of sales.

You should project your grocer's operating expenses to vary directly with revenues. In the short and long run, you can expect these costs to behave similarly to costs of goods sold accounts. Use total sales growth as the driver behind your forecasts.



Your P&L fixed cost accounts are likely to remain fairly constant in the short run, aside from any known and planned increases. For example, you might plan to switch insurance providers as a result of a new risk management strategy. This will affect your fixed cost projections and you should adjust your forecast estimates accordingly. In the long run, you might project small increases in your grocer's fixed expenses to account for incremental and unforeseen changes as your operations grow.

The remaining unprojected accounts are the sales, general, & administrative and 'other' income and expense accounts. These accounts are discretionary, they fluctuate based on management decisions, more or less unaffected by sales in the short term. A key feature of discretionary expenses is that, unlike fixed costs, management can significantly decrease these relatively quickly and as necessary.

'Other' revenues generated and costs incurred by your grocer can be unpredictable. As a result, projecting this portion of the P&L is not a vital part of developing your forecasts. You may choose to do so, especially if your grocer is heavily reliant on fundraising and grants.

The information outlined in this section and in the corresponds with sales schedule and profit and loss forecast template to provide a general baseline for creating your forecast assumptions. Be sure to directly factor in any planned operational changes such as the purchase of new equipment, new staff positions into your projections.

Creating accurate financial projections is a skill you will develop over time. You should update your forecast annually or as needed to keep up with your ever-changing circumstances. Comparing your expectations to reality helps you test some of the assumptions you might have about your business -- deepening your understanding of your grocer's finances so you can improve the accuracy of your estimates in the long-run! You should compare your grocer's performance against the assumptions laid out in your financial projections as a way to measure your performance and stay on track to meeting profitability goals.



Pancake mixes being sold at Blue Ridge Bee Company.

4.4 MEASURING AND GAUGING YOUR GROCER'S SUCCESS

Net income, while important, is not the only performance metric that you should be tracking! The industry you are entering does not typically experience high-profit margins (2.3% in 2019). That does not mean you cannot have a financially sustainable business!

Different product lines will yield different gross margins. You may even have negative margins on essential items to your community such as eggs or dairy while using more profitable product lines to subsidize their losses. Standard margins vary by store and product category but typically hover between 35 - 55%.

$$\textbf{Gross Product Margin} = 1 - (\textbf{Cost of Product} \div \textbf{Product Line Revenue})$$

Gross margins tell you the percentage of product revenues brought in from each product line that contributes towards covering fixed, SG&A, and operating expenses. Your business will not be exactly like others! Comparing your business to industry standards while you accumulate more historical data is useful, but it is more important that you understand the store's performance in the context of your unique environment. Evaluating the store's metrics against previous periods will help you do this. Ratio analysis will help you assess your store's specific strengths and weaknesses.

Track sales metrics and operational ratios to stay on track towards meeting your goals. It is vital you understand how money flows into your operation. How large is the average sale? Do a high volume of customers make many small purchases or does your store experience fewer but larger transactions? Probably somewhere in between! Your grocer's location and the community's access to transportation may play a role in this. To stay up to date on your sales performance, track the following metrics:

- Number of transactions
- Sales (\$)
- Foot traffic

Divide totals by the number of days your store is open within the period you are observing to understand how these numbers translate into your everyday operations. This will give you a picture of your store's performance on a typical day!



Comparing your sales and various expenses against one another provides key insights into how efficiently different areas of your store's run. You can benchmark just about any figure in your business! Consider which functions of your store are essential to hitting your profitability goals. Below are some key operational ratios within the grocery industry. You should calculate these while reviewing your financial statements. A process for reviewing your grocer project's performance monthly using financial statements is outlined in the following section of this chapter.

Operational Ratios

Inventory Turnover (times) = Cost of Goods Sold ÷ Average Inventory

This will tell you the number of times you sell through inventory in a given period. You will find the cost of goods sold on your P&L. Sum all your 'product' cost of goods sold accounts across revenue lines. You should omit nonproduct costs of goods sold from this ratio since the goal is to isolate the value of the inventory sold within the period. You will need your balance sheet to reference your grocer's average inventory. The higher your inventory turnover ratio, the better! Carrying inventory for long periods of time comes with higher costs and likely more waste. However, keeping your grocer healthily stocked is important towards meeting your customers' needs. In 2019, the grocer industry had an average inventory turnover of 14.5 times.

Labor-to-Sales (\$) = Revenue ÷ Labor Costs

This is a measure of your staff's productivity. You may want to analyze this ratio separately for each of your grocer's labor categories such as administrative vs. operational labor-to-sales. All of these figures can be found on your grocer's profit and loss statement. A strong benchmark for floor labor to sales is 12.5%. Building team morale is key to sustainably minimizing this metric and building your business!

Return on Assets (%) = Net Income ÷ Average Assets

Return on assets (ROA) measures how efficiently your grocer is using its assets. This ratio tells you how much net profit is generated for every dollar in assets your grocer owns. The assets you invest in should be helping you to either increase capacity (sales) or efficiency (lower costs). As a result, you want to maximize your grocer's ROA -- the higher, the better! Tracking the growth of your grocer's return on assets over time might help you determine when to grow your operations and assets. Net income figures are on the P&L statement; while, your grocer's assets are listed on the balance sheet.

\$ Sales per Square Foot = Revenue ÷ Store Square Footage

This gives you an idea of how efficiently you are using your space! This ratio has a higher importance if you are seeking outside investors for your store.

Financing ratios help you understand how your grocer's operations are funded. All of the figures used to calculate the ratios below can be found on your balance sheet. You need your balance sheet to plan for your grocer's longevity and strategize for growth! (See Appendix for more information on the balance sheet, its functionality, and its components.) The following ratios are key to staying on top of your grocer's financial health:

Financing Ratios

Current Ratio = Current Assets ÷ Current Liabilities

The current ratio shows your store's ability to meet its upcoming debts. Do you have enough cash and liquid assets (Items like inventory, which can be quickly converted to cash) to fulfill unearned revenue orders and pay your grocer's short-term accounts and notes payable? Maintaining a positive current ratio is crucial! Cash management plays an important role in optimizing your grocer's current ratio. (See Appendix 4 for more details on cash flow budgeting.

Debt-to-Equity = Total Liabilities ÷ Total Equity

You should finance your operations with a healthy mix of debt and equity. This ratio may be high during your grocer project's start-up phase since debt is easier to acquire than equity. When you take on debt, you are promising to repay the lender, lowering the investment risk they take on and therefore, the cost of debt. Be careful not to take on too much debt, there will come a time when you have to pay it back! Payments lowering loans' remaining balance are not recorded on your grocer's P&L statement. As a result, you must ensure your net profits and retained earning can cover upcoming debt repayments.



Salad mixes on sale at the Public Market.



4.5 CONDUCTING YOUR MONTHLY FINANCIAL REVIEW

Now that you have your numbers organized and performance metrics in place, it's time to review your grocer project's finances! As a small business owner, it is important to stay up to date on your finances. Think of this section as the framework for the monthly process you will mold to fit your business! In doing so, remember to create realistic goals. Not everything is going to be perfect each month, such as your waste figures. That is okay! Prioritize the accounts whose accuracy matter the most to managerial decisions when preparing your grocer's monthly financial statements.

What are your current trends? How about long-term patterns? Are you meeting your projected sales and profitability target? Is your balance sheet healthy? Compare your grocer project's current financial statements to different past and future periods to answer these questions! The goal of reviewing your grocer's financial statements is to understand the different areas of your grocer's operations from month to month, ensuring you are in good standing to pursue growth strategies and other community-based goals. Basic accounting software can help you pull the reports referenced in this section seamlessly.

After exporting reports from your accounting software, take a moment to format the information into easily digestible financial statements. This includes collapsing rows that represent smaller, less significant sub-accounts and creating benchmarks for comparison between different periods.

To meaningfully analyze changes in your grocer's P&L revenue and expense accounts between periods, benchmark accounts as a percentage of net revenues. To calculate benchmarks, divide each line item on the P&L statement as a percentage of that period's total revenues.

$$\textbf{Benchmark} = \textbf{Marketing Overhead} \div \textbf{Total Revenue}$$

This benchmark helps you understand how the revenues brought into the business are allocated between your expenses and profits within a given period. Benchmarking your expenses also allows you to see operational shifts in your business despite variations in sales volume.

Tips for Analyzing Product Margins

Your grocer's main product lines will each have their own revenue account and a corresponding 'product' cost of goods sold account. As part of your analysis, it is important to assess your product's gross margins. To guide your analysis, benchmark different 'product' cost of goods accounts on the P&L statement to their corresponding revenue accounts like so,

$$\text{Produce Benchmark} = \text{Cost of Product (Produce)} \div \text{Produce Revenue}$$
$$\text{Gross Produce Margin} = 1 - \text{Produce Benchmark}$$

In addition to period benchmarks, you should calculate your grocer's other key performance metrics as outlined in section 4.4 "Measuring and Gauging Your Grocer's Success" while analyzing monthly financial statements as detailed below. As you adopt this process into your routine, you will develop a deeper understanding of how functions carried out by your grocer project affect its triple bottom line each month.

1. Analyze Current Trends

To assess your grocer's performance within your present business environment, you will need your profit & loss statement from the most recent month and the two months prior in hand. Trends in monthly sales may change month to month due to seasonality. Your different expenses should remain more consistent month by month, assuming business is running as usual.

Reviewing your grocer's performance against current trends can help you make sure you are keeping accurate books! If you see an unexpected increase in one of your expense accounts, review the transactions within that account for the month to find what is causing the discrepancy.

2. Compare Long-Term Trends

The purpose of analyzing long-term trends is to show you how your business has performed in the current year compared to the previous year. For this comparison, you will need your profit and loss statement from January 1st to the most recent month's end for both the current and previous year. These statements show your grocer project's profitability as of this year so far.

Pay attention to the annual change in revenue! Have sales grown compared to last year and what underlying forces might be attributed to the shift? Check your expense benchmarks while analyzing long-term trends. Aside from planned or uncontrollable increases, you want to observe a downward trend in your various expense benchmarks, as you perfect operational processes and become efficient. Finally, compare your net income to the previous year-to-date. Have profit margins increased? If not, what about net profits? It is true what they say, "You can't bring percentage points to the bank!"



3. Track Expectations

To measure your grocer's performance against expectations, each month compare the most recent profit and loss statement for the recent month and to the corresponding forecast you already created. See section 4.3 "The Sales Schedule & Profit and Loss Forecast" for tools to develop these documents for your business.

Comparing your grocer's actual performance to expectations will help you assess how accurate your projections are. Unforeseen circumstances or unrealistic expectations may lead to differences between expectations and reality. Your analysis during this part of the process will rely heavily on the assumptions built into your forecast. You may ask yourself the following questions when comparing your budgeted and actual performances. Did the business meet its monthly sales goals? In which product categories? Are you meeting profitability expectations? If you did not hit net profit goals, which efficiencies should you focus on improving in the upcoming month?

4. Assess Operational Growth

To assess your grocer project's operational growth, review changes in the balance sheet over time. The balance sheet provides a snapshot of the business's financial structure at a specific point in the time. To understand long term trends, You should compare your balance sheet as of the most recent month's end to the two previous years as part of your monthly financial review.

The value of your balance sheet is equal to the value of your grocer's assets or the sum of liability and equity accounts. The changes in the size of your balance sheet will tell you how much your operations have grown and any wealth built by the business over the last two years. Take a moment to investigate the changes you notice in your balance sheet, especially between current asset and liability accounts. If you notice that now you have significantly more cash on hand, check your accounts payable! That cash may be needed soon to pay upcoming bills due.



WORKSHEET 4: FINANCIAL TOOLS AND TEMPLATES



The purpose of this worksheet is to get your finances in order! Throughout this chapter of the toolkit and the additional chapter resources we have compiled, you can find details on creating and analyzing your grocer's different financial statements. Below, find templates to help you create and tailor these important reports to your business!

Instructions for Saving Templates

- Open templates in your internet browser.
- Select the File drop down menu.
- Save your own copy!
- Microsoft Excel: Download > Microsoft Excel (.xlsx)
- Google Sheets: Make a copy
- Rename your version and save it somewhere easily accessible in your files or Google drive!

Sample Profit and Loss Statement

The profit and loss statement provides a picture of the profitability of your business operations. Did you bring in enough sales revenue to cover all of your product and overhead expenses? Follow along with Chapter 4 Section 2 of this toolkit while creating your grocer project's profit and loss statement [using this template](#).

Sample Profit and Loss Statement Forecast/ Sales Schedule

How will scaling your grocery project impact your overall bottom line? The pro forma profit and loss statement/ sales schedule uses historic data to help you make assumptions about your future performance. Take advantage of this tool to help you plan for your business's operational growth. Review Section 4.3 of this toolkit while you [use this template](#) to create your financial projections.

Sample Balance Sheet

The balance sheet gives you insights into your business investments and helps you plan for growth. Track the value of your business's assets, liabilities, and equity using the balance sheet. Follow along with [this resource](#) as you create your grocer's balance sheet using [this template](#).

Sample Weekly Cash Flow Budget

The weekly cash flow budget helps you manage your cash based on your upcoming obligations and projected inflows. Take advantage of this tool especially if you run into cash flow challenges related to low balances or seasonality. Follow [this resource](#) as you create your grocer's weekly cash flow budget using [this template](#).

Monthly Financial Review Process (in QuickBooks Online)

After creating your grocer project's financial statements, you can use accounting software to seamlessly populate your financial data into your chart of accounts. This tool will also help you to pull key financial reports. Analyze your financial reports monthly to help you apply financial insights to make data driven business decisions (Refer to Section 4.5 of this toolkit). [Click here](#) for a guide on how to generate key financial reports in QuickBooks Online.

Chapter 4 Resources

The purpose of these resources are to help you put in place the proper systems and tools to manage your grocer's financials. As you learn about these additional resources, you will be able to compare systems that you can use to help you easily generate key reports and metrics!

Point-of-Sale System (POS) Comparison

Your project will need a point-of-sale system (POS) to track sales and process credit/debit and transactions. Your POS system can also help you manage your grocer's inventory and share key sales and marketing insights through reporting features. [This resource](#) compares popular grocery POS systems: Square, Clover, and IT Retail.

Accounting Software Comparison

Bookkeeping and accounting software helps your business keep financial records and track your performance. This tool will save you time and help you use financial information to make better business decisions. [This resource](#) compares popular accounting softwares: QuickBooks, Zoho Books, and Xero.

The Balance Sheet

Dive deeper in grocer's capital structure. Track the value of your business's assets and open balances using the balance sheet. Follow along with [this resource](#) as you create your grocer's balance sheet using [this template](#).

Cash Flow Projections

The weekly cash flow budget is a financial tool to help you manage your business's cash balance. Projecting what will come into your business and your future cash obligations will help you identify tough spots that lie ahead and act fast! Follow along with [this resource](#) as you create your grocer's weekly cash flow budget using [this template](#).

CHAPTER 5



SUSTAINABILITY: BALANCING THE BOTTOM LINE BY DIVERSIFYING INCOME AND ENGAGING COMMUNITY

5.1 INTRODUCTION: WHY MIGHT YOU WANT TO
EXPAND BEYOND GROCERIES

5.2: OPTIONS FOR DIVERSIFYING INCOME THROUGH A
CERTIFIED KITCHEN

5.3: DISTRIBUTION CHANNELS

5.4: COMMUNITY SUPPORT AND ENGAGEMENT

WORKSHEET 5: GATHERING INPUT FROM
YOUR COMMUNITY

RESOURCES



Glossary Terms

CERTIFIED KITCHEN:

A certified, or commercial kitchen, is a licensed facility for retail food preparation and storage. Most value-added products sold in stores and across state lines require processing in a licensed kitchen.

VALUE-ADDED PRODUCTS:

Value-added products are lightly processed and manufactured items such as baked goods, jellies and preservatives, sauces, and other pantry items.

COTTAGE FOOD LAWS:

Allows small producers to sell their home-made value-added products through specific retail outlets. West Virginia's cottage food laws might enable your grocer project to branch out into selling local bakery, or other value-added items. (See Chapter 4 for more information.)



5.1 INTRODUCTION: WHY MIGHT YOU WANT TO EXPAND BEYOND GROCERIES

Welcome back! You have learned about different grocer business models and structures, heard stories from other communities and how to manage your financials so that they are a tool for decision making, not just an accounting burden.

In rural communities, with limited population numbers, you often have to take on a related business model in order to use your resources most effectively. Otherwise, it can be challenging to balance revenue and expenses to sustain your business. Most often, diversifying your revenues typically means offering new services to the same customers or similar services to new customers. For example, a coffee shop that serves coffee and baked goods also sold in the grocer. Or a deli offering lunch take out items. Or a commercial kitchen that uses produce from the store to make “grab and go” meals. Your grocer is also a community asset – it is a resource that can be used at various times, in various ways, by different groups in the community. You may rent it out, offer gathering space, and other uses!

When considering new revenue streams for your grocer, you must evaluate how implementation will affect your future profitability. Refer to your financial tools from Chapter FOUR. Some revenue streams may have an entirely different business model from your traditional operations. For such investments, these ventures should enhance your bottom line and have their own financial models to report and manage their performance. Remember, your financials are the dashboard to know whether to begin, modify, or cease operations. To build out pro formas, you will need to estimate direct costs and the increase to your overhead expenses in year one, and the allocation of overhead increases in future years.



Blue Ridge Bee Company uses a sidewalk sign to engage and thank customers.

5.2 OPTIONS FOR DIVERSIFYING INCOME THROUGH A CERTIFIED KITCHEN

Is a Certified Kitchen Right for You?

A certified kitchen is a valuable asset to your grocer project. You can diversify your revenue streams in so many creative ways with your certified kitchen! Planning this addition requires an investment of time, labor, and finances upfront plus managing kitchen operations down the road. The decision of whether to invest in a certified kitchen for your grocer project and how to best use it should be based on how you can leverage the kitchen to serve the needs of your community and your grocer. Building a successful commercial kitchen to supplement your grocer project will require deepening supplier relationships. In considering how to use your certified kitchen, consider these partners and what is best for producers and the diversity of the farms with which you work. Thinking through this lens can help reduce waste, build trust, and make the organization money in the long run.

Plan how you will use your kitchen before the buildout. Maximize the value of your kitchen space by ensuring you have all of the appliances you need! Consider uses for counter space versus various appliances like ovens, burners, and griddles. If you build your kitchen prior to deciding its use, your plans and products may be limited by your kitchen's layout.

Is your grocer located in the downtown area? You might use your certified kitchen to serve hot lunches for nearby professionals, in turn, spreading the word about your grocer to a new audience! Perhaps there is a demand for kitchen space among smaller producers. You can use your certified kitchen to fill this need and enhance your local offerings within your store!

A commercial kitchen can provide another outlet for vendors within your grocer project. Your kitchen may serve as a safety net for producers' excess supply, when you are able to buy up what is remaining on the shelves and turn it into value-added products. Using your commercial kitchen this way can be essential to building relationships with your consignment vendors. If your grocer project's goals are to help cultivate farming businesses in your area and expand the local food system, a certified kitchen can help you encourage local producers to try new things and expand their operations!



Meals-To-Go

Offering prepared meals is a great way to enhance your grocer project's bottom line. When considering pricing, prepared meals should have higher margins than the traditional grocery items you stock. If this is not the case, consider it a red flag for your cafe's operational efficiency. Focusing on reheated or refrigerated options like soups can provide more flexibility in kitchen hours. Try to focus on items with longer shelf/freezer life. Serving hot and fresh meals requires your food establishment to hire food handlers during operating hours to prepare customer meals.

Using your commercial kitchen to provide cafe offerings to customers can help increase foot traffic and expand your store's customer base. Seating options encourage diners to spend more time in your store. More time spent in the store drives larger purchases! This business model can also be leveraged to meet food access needs for populations who have lower access to kitchens and the ability to cook, for example senior citizens and the low-income population through special discounts, pay as you can, and pay it forward programs.

Value-Added Products

Cut down on waste and diversify your grocer's departments by turning unsold or imperfect produce into value-added goods to stock on your shelves! Some examples of value-added items you can produce in your commercial kitchen include soups, sauces, baked goods, frozen meals and so many more! Using your kitchen to create value-added products for your grocer rather than meals-to-go provides more menu flexibility and gives the kitchen the time needed to perfect recipes. Creating local favorites through collaboration with farmers and chefs in town can help cultivate your own and your kitchen partners' businesses! Remember to do the numbers and ensure your value added products are covering the COGs and indirect costs.

Daily Deli

A daily deli may suit your grocer and supplement customers' staple needs. A deli counter will require more refrigeration than appliances in your buildout. A question you want to consider for your deli is if you want to run daily operations internally or rent your space to another local business. This will take away from your ability to control your deli's identity and selection.

If you choose to rent your deli space, your grocer has an ability to meet your customers needs, without managing overhead, operations, or profitability of the deli operation. Partnering with a member of your community can help enhance your grocers reputation. Rent collected provides a consistent, low- risk cash flow into your grocer.

Kitchen Rental

Kitchen rental can be lucrative and cut down on your need for kitchen staff. Your kitchen's layout will be a major factor in enticing local producers to rent your space. Before you develop the scheduling and sanitation systems needed to ensure kitchen rental runs smoothly, gauge interest within your community. You can rent kitchen space to local producers selling their goods under Cottage Foods Laws who seek commercial kitchen rental space to expand into new retail outlets and across state lines. Based on your kitchen's layout, some producers will be better suited for kitchen rental than others. Create clear expectations and guidelines for your kitchen's capacity, including a retinal agreement with producers.

Consider demand when creating your kitchen rental model. Pricing and scheduling are difficult but vital parts of ensuring your kitchen operates at capacity. If renters seek more flexibility in price, you may choose to rent out kitchen space on a per hour basis. With higher demand, you could accept a flat fee for unlimited kitchen use. How can you develop relationships with producers in your kitchen? A great start is to carry their products! In turn, entice customers with the aromas of freshly made goods ready for purchase as soon as they walk in the store!

Pop-up Education/ Cooking Classes

Ponder your grocer's desired role in the community as you consider this option. Is your grocer committed to community health and/or expanding the local food economy? Educational opportunities may serve your social and economic goals in the long run.

Create your pricing model and scheduling based on community needs. Can your marketing budget subsidize the associated costs such as labor and materials? Perhaps you need to schedule classes on the weekends to increase family participation. This activity provides your grocer with a lot of flexibility, based on which materials you may have, the learning opportunities that are being requested and are most important for the community, and other unique factors to your grocer. If scheduling permits, this is an activity you can pair with another kitchen use you have read about above!

Cultivating Your Certified Kitchen's Identity

As you develop your kitchen-related offerings, your certified kitchen will develop an identity independent of your grocer project. Cultivating this identity will require more rigidity in your systems and operations but can help enhance the stability of your bottom line. As you begin to perfect your most popular kitchen recipes and get the word out, you will require more volume and consistency from suppliers. Prepare for your certified kitchen's growth. Growth might require some trade-offs to achieve your goals and manage a successful kitchen. Consider, what are the business and community goals you hope to meet by adding a certified kitchen to your grocer? Your kitchen may have a slightly varied mission or focus than your grocer as a whole since each works a little differently. However, some sort of mission alignment is important to the public perception of your grocer project.



5.3 DISTRIBUTION CHANNELS

Your grocer is a retail outlet where you sell items direct to consumers. There are multiple ways to reach your customers (distribution channels).

Personal Shoppers/ Curbside Pick Up

Personal shopping options can help make your grocer more accessible to customers with limited time or transportation, or those worried about health issues. In certain stores, including Food Lion, Harris Teeter, H-E-B, Kroger, Safeway, Target, and Walmart, store employees act as personal shoppers. This distribution channel requires your grocer to have systems for customers to order, employees to package/ box up orders, and finally a pickup system.

For stores that partner with online ordering platforms such as Instacart to offer curbside pickup, gig workers are entering the store and doing the shopping for you. As with many partnerships, your grocer will benefit from lower administration and overhead -- however, you will have less control over quality and see less of the profit. More and more, customers seek convenience and less hassle.

Personal shopping services have steadily increased in popularity over the years as time becomes a more and more valuable commodity in the marketplace. These services also ensure your elderly and disabled community members are able access to groceries and other staple items they need for survival. Lacking a personal shopping program, regardless of how you choose to administer it, may lose grocer sales in the long run.



Food being prepared at the Public Market's kitchen.

Meal Kits

Meal-kits are boxes containing everything (except the basics) in the quantities needed to make a set menu, usually following a recipe card. Meal-kits have advantages in that customers only purchase what they need and may save time going to the store as kits are often delivered or are available through curbside pick up. Meal kits also introduce customers to new products. They have disadvantages in that they are expensive and have a lot of packaging.

You might want to consider how you can incorporate the best of meal-kits into a product that appeals to customers. For example, a grocer in a gateway community to the Hatfield-McCoy trail is putting together "Dinner for Four meal-boxes" including meat, potatoes, vegetables, and desert, as well as campfire wood and other cooking needs. Similarly, your grocer might simply offer recipe cards, where all of the ingredients are available to be purchased in store. Recipes serve as a great educational tool for exposing your community to lesser known, locally grown products!



A meal kit sold at Blue Ridge Bee Company.



Community Supported Agriculture (CSA)

As a food hub, your grocer may leverage its customer awareness and partner with suppliers to create an aggregated CSA program. This will take an investment of time to properly plan and promote. The traditional model of paying the farmer before the harvest share helps the farmer to cover costs and manage risk in case of weather events. Pre-payments, during the CSA sign-up period, gives growers the disposable income they need when they need it, before they harvest and deliver products.

However, this upfront-pricing model can make CSA programs difficult to sell to your community. There are other models where the customer has an account with a minimum balance (i.e.: \$100) that is replaced as the customer receives shares. Your grocer should only pursue a community supported agriculture program after thoughtful consideration into your organizational goals, community-base, and other resources you have to pull it off.

In Central Wisconsin, the FoodShed buys produce in bulk from farmers and then uses volunteers to cut and package into family size servings that are then frozen. Customers purchase “shares” of the product, receiving a distribution every few weeks. Similar to a CSA, customers pay upfront before the harvest, thereby supporting local farmers and sharing in the harvest. Rather than being fresh, the product is frozen, called “Frozen Assets.”

Administering an aggregated CSA program requires considerable cooperation with your suppliers. You can work with few or many suppliers to create the best local variety depending on your planning capacity. CSA partnership should start with participation in the crop planning process. Communicating your needs and expected volume will help you best curate and communicate your offering to customers during the sign-up season.

Your grocer will likely serve as the distribution center for for CSA shares. Expect customers to ask if they can “swap” out items from their CSA shares from your grocer’s retail inventory. Clear communication and pick up procedures can help to limit this issue. Education on the hyper-locality of the CSA model and transparency on the resulting limitations in variety based on seasonality are vital to maintaining satisfaction and a sense of community around your grocer’s aggregated CSA program.

5.4 COMMUNITY SUPPORT AND ENGAGEMENT

When you think about “community support and engagement” your first audience is your customer. We have talked about that a lot and Worksheet #5 helps you to think about how you will get input. But there is also something to be said for getting broader community support. Who will stand with you when you go before the County Commission for a permit? Who will spread the word about your grocer? How will you know that you are benefiting more than the customer segment that comes in the door? Where will you find new ideas? And, in some cases, what additional financial support can you get from your community? These are just a few of the reasons to ensure you have community support - not just customer support - recognizing that community support leads to customer support.

Public Relations

You need to get out there! Facebook is great, but you need to be a “follower” to get the information. What about a news article in the paper or on the radio, or can you ask your partners to highlight your work? You can hold informational sessions with the community through school programs and the Chamber of Commerce, as well as make presentations to the County Commission. The key here is partners! Let them do your marketing for you. However, you do it, you want to share what you're thinking and get feedback. You don't promise to do what folks recommend (you are the entrepreneur, afterall), but the more you can create engagement, the better. And get everyone's contact information so you can turn them into customers!

Volunteer Recruitment

A great way to increase community engagement over the long term is to recruit volunteers. You will need to identify the value proposition for each stakeholder group and ensure you are talking to these interests. Volunteers invest time and talent.... They might do a repair for you, or teach a class. Remember to use volunteers to organize other volunteers! For example, there might be a volunteer excited about soups and walks in the woods. How can they organize other volunteers to make soup in your certified kitchen after a walk in the woods! Some Coops provide a five percent back or other incentive for volunteers, but this requires a means of tracking who has and has not “put in their hours.”you can use a system where volunteers receive a “token” when they complete their hours that, upon surrendering the token, they get a 5% discount.



Memberships/Farm to Table Celebrations

As discussed above, customers often feel connected to a “membership” program - or interest-shared community. This can be a CSA-like program where folks support farmers up front, a subscription program, or even just an annual “on-farm” celebration. Many people want to feel connected to their food source - the farmers. Hosting an annual “farm to table” event or other event to connect folks is usually very successful for customer recruitment and retention. You can expand this out to the “community at large” to foster greater engagement. Remember to have a reflection presentation on your successes over the past year and ask for input. It's more than a meal.

Providing a Community/Third Space

As mentioned previously, more time spent in the store drives larger purchases. You may consider having some tables/open space with the internet to bring more folks in. Some businesses have even created “The Back Room” as a place for community meetings, without requiring a purchase. This is great if you have coffee, a bakery, or sandwiches/snacks that folks can (but not required to) purchase while they are there.

Financial Support from Community Members

Ask your community for financial support! Don't get taken down by the assumption that they don't have resources. A great way to think about this is to ask your already committed customer base for support for other customers. This can include a “Register Round-Up” where the “change” from a sale is applied to a “community fund”.

Another popular approach is “pay it forward”. Customers can contribute dollars for the next person in line, or express a certain recipient, like SNAP beneficiaries. In this case, the customer pays (or deposits dollars) to be deducted from the next person, or the next person in a specific group.

If you use these or other mechanisms for gathering resources from the community, be sure to report back to the community the resources you have collected and how they have been used. You may want to use the “thermometer” approach and a one-page annual report/flyer. This will only encourage more community members to participate.

5.5 CONCLUSION

There are many opportunities for your grocer, and seizing several of these will be critical to success! Key to your success is focusing on your customer demand (recognizing that customers will be different for different opportunities) and mobilizing a broader community and partners. Don't try to go it alone!



A Farm-to-Table dinner in Clay, WV.



WORKSHEET 5: GATHERING INPUT FROM YOUR COMMUNITY



Ask the customer! Be demand driven

The key to any successful business is that it is “demand driven”. While you might “think” you know what your customers and community want, you need to test these assumptions by asking questions that are really curious. For example:

- How do you like your coffee in the morning and will you come to my coffee shop?” (Not so curious) VS “What is your morning routine? Does it include a beverage that you might want to find and pick-up outside of your home? Where do you get that beverage now?” (Much more curious)
- “What is the biggest challenge to providing healthy meals to your family? How could we help with that? What would be factors that would encourage you to use our grocer?”

You want to collect this information all of the time. What your customers care about changes all of the time - you are never done collecting information! And you need to collect the information for each of your business lines ... whether the grocer, the meal-kits, the deli, etc.

Three questions I want to ask my customers over the next month:

1. _____

2. _____

3. _____

Data Gathering Tools

Two - Question survey (administered at the cash register)

Purpose: To get a temperature read from current customers. Needs a systematic way to record and review responses:

Example:

- Did you find everything you were looking for?
- What one recommendation would you have for us to improve?

Longer Survey (administered on-line with external recruitment)

Purpose: Hear from people who may not be current customers - as well as those who are.

- Gather email addresses at checkout.
- Post survey link on Facebook and to the email addresses.
- Include a link in the paper or electric bill.

Focus Groups (Helpful as you do start-up planning)

Purpose: Ask community members to come to a planning session

- Include food/snacks
- Ask really curious questions
- Have two facilitators - one to facilitate and one to take notes
- End with a "call to action" - what do you want participants to do when they leave the room?

Community "White Board"

Purpose: Gather information from anyone!

- Provide washable markers/chalk for people to respond to ONE question on your window, sidewalk, etc.
- Can be a great way to engage young people.

Three ways I will gather information from my community over the next month:

1. _____

2. _____

3. _____



What have I learned?

Every month, you will need to reflect on what you have learned. This is a continuous process!

What did I learn this month?

What are my questions for next month? How will I collect the information?

Chapter 5 Resources

Are you ready to add new streams of income to your grocer project? The following resources will help you bring your new business ideas to life!

West Virginia County Health Department Directory

Have you gathered the necessary feedback and have decided you are ready to expand your grocer project beyond traditional groceries? [Visit your county Health Department's website](#) to find operating regulations, guidelines, and applications to officially open your new food establishment.

West Virginia Cottage Food Laws and Regulations

[Cottage Food Laws](#) allow at-home producers to sell home-made goods like breaks, cookies, and jams, and other “non-potentially hazardous” items through specific retail outlets. Your grocer project may be able to take advantage of Cottage Food Laws and curate a selection of locally produced artisanal foods and baked goods.

West Virginia Food Handlers Card

Does your business expansion require employees to directly handle and prepare food items? If so, your employees may need a food handler's license! [This resource](#) explains West Virginia food handlers regulation and provides resources for training and testing.

How to Set up Click and Collect and Curbside Pick up

You can enhance customer convenience by offering your shoppers “click-and-collect” or curbside pickup services. [This resource](#) walks you through important processes and best practices to ensure your new distribution method runs smoothly.

CHAPTER 6



WHERE THE RUBBER HITS THE ROAD- OPERATING SYSTEMS

6.1 SOURCING YOUR PRODUCTS

6.2 PRODUCT PACKAGING

6.3 STORE LAYOUT- IT MATTERS!

6.4 YOU GROCEER TEAM

YOU'VE MADE IT!

WORKSHEET 6

RESOURCES

Glossary Terms

CONSIGNMENT VENDORS:

Consignment vendors hold onto the ownership of your grocer's inventory until it is sold to your customers. As a result, your business is only invoiced for what you sell, eliminating company waste and the risk of carrying unsold products.

BULK BINS:

Bulk Bins are a way of selling dry goods and other products, like coffee and olive oil, by weight. Product is stored in bins in a section of the retail floor. Customers measure out their desired portion into a container. Price is determined by item weight, measured before or at the point of sale.



Glossary Terms

DISTRIBUTORS:

A type of wholesale vendor that aggregate a variety of products to fill the stock requirements of your grocer. To open an account with most distributors, you must purchase high volumes of various products, sometimes across categories.

INVENTORY CAPACITY:

Consider how much space you have to store dry items versus fresh produce, meats, and other refrigerated items. What are your inventory limitations?

STANDARD OPERATING PROCEDURE (SOP):

A standard operating procedure is a company document that provides workers step-by-step instructions to execute routine tasks. SOPs increase efficiency and uniformity, while reducing miscommunication.

SUPPLIER COSTS:

Consider how much additional time and resources it takes your vendors to supply your grocer. Say your grocer is far from their other drop-off sites. You may be able to work with another nearby vendor to collect and deliver the product to you.

WHOLESALE VENDORS:

Wholesale vendors are your producers selling higher volumes of inventory than available through traditional retail outlets often to other businesses.

Welcome back!

This is the last chapter. You have had an opportunity to reflect on your business model and read stories from around the state. You have also been able to go deep on your financials, especially as a management/decision making tool. And we have explored ways to increase sustainability, including community engagement and additional sources of revenue that complement your grocer.

Now it's time to go deep into operations. When you fully understand your operations, you can identify ways to increase effectiveness and efficiency, as well as where to focus your partnerships. Finally, when you understand the tasks involved with each position in your business, it is easier to “cross-train” employees and volunteers to fill any designated role or perform any task in the business. It also helps you identify the skills you need to have a sustainable business.



6.1 SOURCING YOUR PRODUCTS

Understand your supply chain as a competitive advantage! Investing time and energy into strong vendor relationships creates a reliable supply chain that will benefit you in the long run. And, when the going gets tough, if you have sound relationships with your supply chain, you can negotiate agreements to ease your cash flow.

Here is an example. The pandemic had hit. Meat processors were suffering - they needed to expand their space and COVID protections. Many butchers were hesitant to (or were not able to) take on additional debt for needed upgrades. A grocer needed more meat to meet the demand. The solution: The grocer provided a loan to the butcher to upgrade his facilities. While the grocer didn't ask for collateral or other traditional loan guarantees, it was clear the butcher would repay. Afterall, the grocer was buying the product and knew what the financials were!

Supplier Relationships

First and foremost, have realistic expectations about where you fall within the priorities of your producers, especially if you have any consignment suppliers. In approaching new and old suppliers on new initiatives or deals, ask yourself -- what is the best case for the producer? How large of a volume are you procuring from vendors and at what costs to them? You don't want to be at the end of the line. This will help you realize that you may have to do more work to be a part of the production plan and distribution schedule. Understand what resources you bring, where you can be flexible and how producers can help out. Do your best to meet them halfway!

Building relationships with suppliers requires transparency, trust, and time. Communications and other relationship skills are key. Set clear expectations for suppliers in the beginning of the relationship. Understand that the producer has other opportunities. Why should they go with you? Take the time to explain your position. Dropping prices on their products might cause an imbalance with your other suppliers. Always ensure your suppliers are aware of the other factors impacting decisions that affect them.

You will have an easier time cultivating supplier relationships where you can find mission alignment. This can make it easier to grow together as you work toward a common goal. You can not always force a transaction to be the best for both businesses. That is okay! Opportunities come and go. Clear communication and transparency when transactions fail ensure the chance to circle back when new opportunities present themselves. This is vital in small communities where you have limited supplier options -- long standing relationships are key! So, rather than saying, "I won't work with them again." Be sure to say, "These are the conditions that need to be in place for me to work with them."

Quality assurance (QA) is one area where there can be a difference of opinion between the supplier and the grocer. Be clear up front what your standards are. Visit the farm, if possible, to review products and discuss quality. At a minimum, have a "look book" with photos of acceptable quality for each item. If you have a kitchen or other means of processing products, you can offer a lower price for subpar items, but still use them in value added items.

Types of Suppliers and What to Expect

It is important to understand the varied needs of your suppliers and your grocer's relationship with them. A consignment approach requires constant communication between vendors and your grocer. Suppliers must visit your store both to drop off new items and pick up unsold products. Selling products on consignment gives your grocer more flexibility in accepting new products and testing them on your customers. Consignment models, even temporarily, can provide a low-risk gateway for new producers seeking outlets for their products. Work with suppliers to provide education and direct marketing regarding their products. You will also need to work with suppliers to establish quality assurance.

Wholesale relationships are often more transactional (and efficient) than those with smaller and consignment suppliers. Purchasing your inventory and putting it on your books puts greater responsibility on your grocer to sell to customers, than if you based your sales on consignment. Taking on new products from wholesale vendors can be riskier for your grocer, especially if you are new and still getting to know your customer bases' tastes and needs. Cultivating a relationship with wholesale suppliers may be more difficult, but can help your grocer secure favorable payment terms that will benefit your cash flows. It can also provide more reliability in terms of distribution and quality.

You may also work with large-scale distributors to procure various products across departments and ensure your store is stocked with key staple items at all times. You must purchase inventory in high volume in order to work with larger-scale distributors. Distributors carry a range of items across product categories that can create an efficiency in purchasing. In addition, their wide distribution and vendor networks minimizes any supply implications resulting from seasonality. Expect distributors to have less variety in the specific items and brands carried. Understand that your grocer will likely be a low priority account to any large scale distributors you work with. As a result, it will be difficult to open a discourse on changing offerings and operational processes that 'meet halfway'. While using large-scale distributors to get better costs, they are most often out of reach for the smaller, locally owned grocery store.



Local jams being sold at the Public Market.



There could also be an opportunity to make a deal work at the right scale if you can partner with other food outlets in your area (e.g.: grocers, restaurants, etc.) This is a great opportunity to place orders with your “competitors” to build relationships.

Your grocer will have a balance between large and small suppliers. You might purchase staple items you are guaranteed to sell or products with longer shelf lives in greater volume. The size of your purchases will also depend on your inventory capacity.

What Does Your Grocer Carry?

You want to have an idea of what your community demands and can purchase. Then, you can match producers to meet your grocer’s needs. For example, if your focus is on increasing food access, price will be a higher priority when searching for vendors to fill your shelves. If your grocer’s top priority is to expand the regional food system and serve as an outlet for local producers, you might consider available supply before planning your product offerings and market position. And if your goal is to offer convenience for stressed out parents, you will want to make sure you sell everything needed for specific family style recipes, maybe even having recipe cards available.

When planning your grocer, start with your departments. Common departments you may have in your store include produce, pantry items, bulk bins, meat & dairy, home goods, and arts. It is important to think through your grocer’s balance between food and nonfood items. Consider the local availability of key home goods items such as cleaning supplies and paper products. While critical to the consumer, these are items that are easily bought in bulk and stored. For non-essential items, consider your customer’s needs and your space thoroughly. Do these products serve your organizational purpose? Do they sell? The more you source products locally, the more conscious you must be of seasonality and how it will affect product availability.

In addition to customer demand, your physical space will have implications on your grocer’s departments and their relative sizes. Remember -- different types of products will have different storage needs, especially in terms of temperature. What is your cooling capacity on the sales floor and in your designated inventory spaces? Consider how this will affect your ability to carry fresh and frozen products.

How Do You Acquire Inventory?

You must schedule when deliveries will arrive at your store and ensure staff is available to check in, store, and stock new items. How do your suppliers' distribution schedules align with your grocer's weekly foot traffic? Try to schedule deliveries during non peak shopping hours to keep employees on the sales floor when they are needed most. The size of your vendors' operations will likely affect the sophistication of their distribution processes and capacity. Expect less scheduling flexibility from smaller suppliers with smaller distribution networks. Clear expectations and consistent communication on delivery statuses are vital to ensuring your store remains stocked with the items your customers are shopping for. Clear employee procedures for accepting deliveries and moving products will help your employees conduct these important tasks effectively.

Who in your organization is responsible for managing inventory? Consider your grocers purchasing volume, departments, and amount of suppliers/deliveries when determining the size of your procurement team. The fewer people involved in purchasing decisions, the more consistency in vendor expectations and processes. Remember your grocery operates from a single budget. Limiting the size of and consistent communication between your purchasing team is vital to managing cash flows and paying vendors.



A selection of some non-food items sold at Blue Ridge Bee Company.



6.2 PRODUCT PACKAGING

Think about how items will enter your grocer. All of your inventory may come from vendors packaged into feasible consumer quantities or in bulk to be processed by your staff. There are some price incentives to purchasing big ticket items in higher volume and then packaging them yourself. Items like sugar snap peas, carrots, and herbs are costly by the pound and customers typically desire lighter portions. Purchasing in bulk quantities can help your grocer secure lower prices while pre-portioned and packaged items often also have a higher mark-up value. Consider this cost saver if you have both the labor and space capacity! For unpackaged produce, determine whether you would like to sell products “by the piece” or “by the pound”. You may consider pricing items that consumers typically purchase in smaller quantities like bell peppers or cauliflower heads by the piece for consistency. Consider how sizing inconsistency might play a role in this decision for your products. Remember to involve any consignment vendors in this decision making process as it will affect their sales and bottom line!

Expect to work with your vendors on packaging to meet your store’s (and customers’) standards. This will help you both cultivate your businesses and brand identities in the long run! Remember your producers’ top priority is taste rather than aesthetic. It will take communication and education to convince them to invest the time and material resources into high-quality packaging. If you do repackage items, be sure to include your label on the new packaging. A simple sticker is enough, but you want people to remember where they got something. This is called a “private label”.

Customers shop with their eyes! This is a natural tendency no matter how much we work to educate our communities on what true quality food really means. That is why labeling is one of the most important and manageable aspects of product quality for your grocer. Think about how each product will be displayed in your store when deciding labels belong on products. You want labels to be visible and large enough for customers to read from where they are shopping. Consider legal labeling requirements and the product information you want to convey to customers when creating your packaging and label expectations. Some key information to include in your packaging requirements are species name (produce), ingredients, producer, and location. The best way to help suppliers develop their packaging to meet your grocer's standards is to provide visual examples of both acceptable and inappropriate product packaging.

Research and talk with your vendors on how to store specific products in your grocer to maintain freshness. For example, optimal materials and moisture capacity for packaging vary between items and even producers based on growing conditions and plants’ unique qualities. And remember - remove anything from the shelves that doesn’t shout quality.

6.3 STORE LAYOUT – IT MATTERS!

Understanding how people view and move through your space is a key part of increasing sales. Where do customers enter your grocer? Think about what they pass along the way. Remember you are always on display! Does your location experience more car or foot traffic? This will affect onlookers' ability to absorb information as they pass by.

Window displays can attract passersby into your store. Can customers see into your store windows as they approach? If so, consider, what do you want customers to see as they enter your grocer. As a result, lighting may play a role in your store's layout. How different products hold their quality in the sunlight may affect their viability for key window locations. You should change your displays accordingly each season to attract different audiences and display your grocer's best selections.

Inside of your grocer, keep your layout flexible. Wheeled fixtures and mobile shelving units can help you keep customers engaged with new displays. Make sure to keep the location of staple items and departments consistent to avoid customer frustration. Clear and visible signage helps your customers navigate the store with ease, quickly filling their baskets! The placement of electrical outlets will also impact your grocer's layout and dictate where you can place refrigeration equipment. As a result, refrigerated items are limited to these specific locations. Here are some key product placement tips to consider:

Product Type	Location
Impulse Buys Products customers instinctively grab, but may realize they do not need after further consideration. Example: Baked goods	These products belong as close to the register as possible. You want to minimize the amount of time the customer carries and considers this purchase.
Grab-n-go Items Items that customers might be in a rush to find. If they don't see it quickly, they might exit to look elsewhere. Examples: Prepared foods, toiletries	Near the entrance for quick customer spotting. That way customers who are committed to not staying long can find what they need and dart to the registers.
Hard Sells Most customers are looking for these products. Examples: This will depend highly on your customer base. Review sales reports and low reporting items for an idea of these are for your grocer.	Place these in the middle of shelves so they get the most customers attention. Customers seeing these products will help increase their likelihood of being bought.



Plan for your grocer's growth in laying out permanent areas such as your check-out area and key community designated spaces (i.e.: table space, education area, etc.) You may not open with these store features, but consider where you might place them in the long run for smooth expansion! In addition to planning your retail space, you also need to think about the most efficient way to store inventory.

Aside from aesthetics, your layout affects your grocer's efficiency and therefore, bottom line. For example, you want fixtures and storage containers that are easy for staff to wipe down and sanitize frequently.

Clear organization of different product categories and access to key items allow your staff to quickly restock shelves. If you must utilize off-site storage space, you will want to limit how often employees are traveling between sites by keeping an additional stock of "top-sellers" on site. Consider your supply chain and planning for inventory management and purchase quantities. Dry items and packaged inventory tend to be more easily stored and stacked. These can also be preserved over a longer period of time. As a result you may consider purchasing these items less frequently in larger quantities. Refrigerated items like some produce, meat, and dairy products have a shorter preservation period and require additional shelving and containers to fully utilize storage volume. Minimizing extra quantities on hand of such items will help your grocer cut down on inventory equipment and carrying costs -- also likely waste! To maintain healthy inventory levels where it matters most, you will need precise sales forecasts and positive vendor relationships with key producers.



The store layout at Blue Ridge Bee Company.

6.4 YOUR GROCER TEAM

Consider your grocer's labor-to-sales ratio (see chapter Four: Section 4.4) as you develop your understanding of your grocer's optimal labor efficiency and staff size. Your staff size will grow with your operations as you develop your customer base and key functions. The individuals working in your store and their roles will be constantly evolving. In the beginning, you will likely have a small administrative team with individuals performing multiple key operations of the business. Over time, operational tasks and the amount of time needed to complete them will grow, and in turn you will increase your staff. The following table outlines a number of operational functions that need to occur, although in the beginning it may just be a few individuals.

By providing clear Standard Operating Procedures (SOP) for each function (not position!) "cross-training" individuals to perform multiple functions will be streamlined. This will make it easier for people to cover for each other in case of absence.

All employees should receive consistent, positive and honest feedback from their direct managers. Train leaders to be better communicators. Healthy confrontation and conflict resolution are pivotal skills that benefit your operation and employees at all levels. You want your management team to perceive themselves and be received as mentors to their teams and others in your organization.

Training never goes away, we always have room to learn and polish new skills. Who you are training is as important to how you are training them. Everyone learns differently and understanding how to differentiate your communication strategies with different team members will help everyone learn to their best ability.



Operation	Functions and Responsibilities
General/ HR Manager	<ul style="list-style-type: none">• The General manager oversees daily retail operations and customer satisfaction• Oversee management and sales floor staff.• This person will often assume many business functions in the beginning of operations This will grow to overseeing others perform key tasks.
Sales Manager	Selecting product inventories (producer relationships) and standardizing prices Diversifying income and external marketing
Finance Manager	Stay up to date on the business's financial position. Update and analyze performance statements. Create sales projections and profitability forecasts. Supplement growth plans with key financing projections and sources.
Production Manager	<ul style="list-style-type: none">• Is your grocer project any value-added products through a certified kitchen or contracted private label? If yes, consider who will fulfill these duties:• Develop recipes for your grocer's value added offerings.• Manage ordering (of ingredients or private label final value-added products)
Inventory Management Team*	<ul style="list-style-type: none">• Work with the sales manager to manage deliveries and check in product• Manage inventory levels (sales floor and storage stock)
Sales Floor Team*	<ul style="list-style-type: none">• Operate registers and close sales• Manage customer needs through a developed knowledge of store products, producers, and operations.

YOU'VE MADE IT!

Congratulations for getting to the end! We know this is a lot of information to take in. Hopefully you will return to each chapter as you need, as you have questions, over and over again.

And then there are topics we didn't cover, including: customer segments, value propositions, retaining customers, and marketing, for just a few. We also didn't talk about identifying capital needs and ways to access capital, including:

- Grants
- Crowd / Community Sourcing
- Traditional Bank Loans
- Membership Fees
- Additional Partner Investments
- Angel Investment

Please send us feedback!

- What isn't clear or is confusing that we could express better?
- What additional information would you like?
- What should we delete?
- Other comments?

The most important thing to remember is that you are not alone! There is help and support from WVFFC and the West Virginia Rural Grocer Network. They have connections, resources, and capital. But most importantly, they have each of you to share your stories, your challenges, and your successes (See the stories in Chapter 3). **Success comes through relationships and cooperation.**

For more information: info@wvfoodandfarm.org

Thank you!

The West Virginia Food and Farm Coalition team



WORKSHEET 6:ASSESS YOUR OPERATIONS EVERY SEASON!



As you have discovered by now, nothing stays the same for long in your grocer! Your customers change what they buy, your suppliers change what they have to sell, and your staff turns over, among other modifications. Your task is not to try and make time stand still, but rather continually assess what is working, what is not, and to make a change. At the same time, you want to be as consistent as possible – customers need to know they will be able to find what they need in your store (and where to find it), suppliers know what quality looks like and what you will and won't buy, and all staff need to receive the same messages and guidance. How do you walk this tightrope? Transparency in decision making, engagement from staff, suppliers, and customers, regular data gathering and review, and communications.

This worksheet is intended to help you start this review process. You will need to come back to this every season (at least!)

Ask your suppliers how the relationship is working out for them? What recommendations would they have for improving operations?

Are you getting the amount, quality, and price your grocer wants? How can you convey your concerns to the suppliers? Do you need to change your orders?

What are you learning from your customers regarding products they want?(See Worksheet 5)

How can you carry more products (or more of the same product) that they want?How do you need to change your operations?

- ☐ Suppliers
- ☐ Refrigeration
- ☐ Repackaging under your "private label"
- ☐ Bulk bins
- ☐ Other

What is foot traffic showing you?Do you need to rearrange your layout? How?

WORKSHEET 6:ASSESS YOUR OPERATIONS EVERY SEASON!



What do you need to change in your outreach/marketing?

- ☐ New messages?
- ☐ New ways to get your message out?
- ☐ New ways to retain current customers (newsletter, etc.)
- ☐ Ways to recruit new customers (refer a friend discounts, first time buyer coupons, etc.)
- ☐ Customer education – having growers in the store over lunch?
- ☐ Other

Other reflections/changes you need to make?

Don't Forget!

Meet with your staff. Ask them for their recommendations regarding operations. They know best as they live it every day!

Review your SOPs (Standard Operating Procedures) for each staff function. Make needed modifications.

And, as always, stay on top of your financials every month!

Chapter 6 Resources

Chapter six of this toolkit is all about managing the daily operations of your grocer project. Check out the following resources for more information on the topics introduced.

How to Package Your Food or Beverage Product

You may have decided that you would like to sell your own value-added products. Or maybe you recognize the need to work with your small, local producers on their product packaging to raise store standards. [This resource](#) is your primer for food and beverage product packaging, weighing key decisions and the alternatives. Use this knowledge to help create packaging requirements for your grocer.

The Essential Guide to Retail Store Layouts that Shape the Customer Experience

Retail layout drives customer engagement and shapes their shopping experience! Be intentional about your grocer project's layout. [This resource](#) details the benefits, drawbacks, and strategy behind different store patterns.

How to Successfully Hire and Train Employees for Your Grocery Store

A well-picked and trained staff can ensure your customers have a pleasant in-store experience and provide your grocer with a competitive edge. [This resource](#) shares insights into hiring best practices and different employee training methods.

QUICK REFERENCE GUIDE FOR ALL CHAPTERS

CHAPTER 1:

[Business Model Canvas Template](#)

[30 Customer Needs](#)

[SNAP Retailer Service Center](#)

[How Do I Apply to Accept SNAP Benefits?](#)

[WV Office of EBT Banking Services](#)

[Determine Your Grocer's Applicant Classification](#)

[Detailed Minimum Stocking Requirements Based on Applicant Classification](#)

QUICK REFERENCE GUIDE FOR ALL CHAPTERS CONTINUED

CHAPTER 2:

[Rural Grocery Stores Ownership Models That Work for Rural Communities](#)

[Grocery Store Start-Up and Operations Guide](#)

[Keys to Success for Food Co-op Start Ups in Rural Areas](#)

[Bulk Buying Club Toolkit](#)

[Buying Clubs](#)

[Deeply Rooted Produce Mobile Grocery Store](#)

Links mentioned in chapter:

<https://www.welcometothetable.coop/article/what-food-co-op>

<https://theconversation.com/why-community-owned-grocery-stores-like-co-ops-are-the-best-recipe-for-revitalizing-food-deserts-122997>

<http://files.cfra.org/pdf/rural-grocery-ownership-models.pdf>¹

www.circlecmarket.com/

www.kake.com/story/41848322/student-run-grocery-store-opens-in-butler-county

www.affordablecollegesonline.org/college-resource-center/college-food-insecurity-support/

<https://www.hampshire.edu/mixed-nuts/mixed-nuts-food-co-op>

<https://ecodistricts.org/wp-content/uploads/2016/09/cs-mobile-grocery-units-1.pdf>

[Municipal grocery store in rural Florida meets community's need](#)

[Rural Kansas Fights to Save Grocery Shops - OZY | A Modern Media Company](#)

[Baldwin, Fla., opens town-run grocery store after becoming a food desert](#)

QUICK REFERENCE GUIDE FOR ALL CHAPTERS CONTINUED

CHAPTER 3:

Organizational Support

- [West Virginia Food & Farm Coalition](#)
- [Independent Natural Food Retailers Association](#)
- [Turnrow Appalachian Farm Collective](#)

CHAPTER 4

[Point-of-Sale System \(POS\) Comparison](#)

[Accounting Software Comparison](#)

The Balance Sheet

- [Resource to follow](#)
- [Template to use](#)

Cash Flow Projections

- [Resource to follow](#)
- [Template to use](#)

CHAPTER 5

[West Virginia County Health Department Directory](#)

[West Virginia Cottage Food Laws and Regulations](#)

[West Virginia Food Handlers Card](#)

[How to Set up Click and Collect and Curbside Pick Up](#)

CHAPTER 6

[How to Package Your Food or Beverage Product](#)

[The Essential Guide to Retail Store Layouts that Shape the Customer Experience](#)

[How to Successfully Hire and Train Employees for Your Grocery Store](#)

WORKSHEETS



WORKSHEET 1: SELECTING YOUR GROCER MODEL CHECKLIST



The purpose of this document is to help you start the process of selecting your grocer model. In business, nothing is forever, and you will need to adapt your business model to what is working – and what is not. These are some of the places you will need to start.

What goals will your grocer address in your community?

- ☐ To address food availability and access issues
- ☐ To provide healthy food option
- ☐ To start a business and livelihood
- ☐ To foster community cohesion
- ☐ To create jobs in the community
- ☐ To support local and regional farmers and food producers
- ☐ To revitalize social and economic activity in downtown
- ☐ Other:

What is the mission of your grocer?

What are the values of your grocer?



Which model will you chose?

- ☐ Traditional
- ☐ Cooperative
- ☐ Youth or School Affiliated
- ☐ Community Owned
- ☐ Mobile Market
- ☐ Convenience Store / Farmers Market Hybrid
- ☐ Pop-up Market
- ☐ Food Pantry / Farmers Market Hybrid
- ☐ Municipality Run or Subsidized
- ☐ Buying Club
- ☐ Other:

Why do you think this model will be successful in your community?

Who will you need on your team to be successful?

Will you need to legally incorporate your grocery model to operate?

Who is your target market? Who will your grocer aim to serve?

Refer to your grocer's goals when assessing your target market

Where will your grocer be located?

Thinking about your location in regard to your target audience is key. When planning your grocer's location, refer to your grocer's goals to assist in finding the right location.



Given the Grocer model you selected, how will you finance your grocer?

- ☐ Grants
- ☐ Crowd/Community Sourcing
- ☐ Traditional Bank Loans
- ☐ Non-traditional bank loans
- ☐ Personal Monies
- ☐ Additional Partner Investments
- ☐ Other:



WORKSHEET 2: SELECTING YOUR GROCER MODEL



Now that you have thought about your mission and goals and more, which model will you choose to start your explorations? Remember, nothing is forever and with time you will adapt your model and even integrate elements of some of the other options.

Which model makes the most sense for you now (remembering, you will modify!)

- ☐ Traditional
- ☐ Cooperative
- ☐ Youth or School Affiliated
- ☐ Community Owned
- ☐ Mobile Market
- ☐ Convenience Store / Farmers Market Hybrid
- ☐ Pop-up Market
- ☐ Food Pantry / Farmers Market Hybrid
- ☐ Municipality Run or Subsidized
- ☐ Buying Club
- ☐ Other:

What did you consider when making this assessment?



What are the pros and cons of the model you are going with? Why do you think this model will be successful in your community?

Pros	Cons

Other reflections:



WORKSHEET 3: REFLECTIONS ON STORIES FROM WV



As you read over the stories, what surprised you the most?

Where do you see your grocer model aligning (and being different) with what is talked about here?

What nuggets of information are you going to take back to your grocer model?



What doubts and hopes did these stories stir up for you?

What remaining questions do you have, either about these stories or your grocer model?

Update your business model canvas, as needed, as you reflect on these stories.



WORKSHEET 4: FINANCIAL TOOLS AND TEMPLATES



The purpose of this worksheet is to get your finances in order! Throughout this chapter of the toolkit and the additional chapter resources we have compiled, you can find details on creating and analyzing your grocer's different financial statements. Below, find templates to help you create and tailor these important reports to your business!

Instructions for Saving Templates

- Open templates in your internet browser.
- Select the File drop down menu.
- Save your own copy!
- Microsoft Excel: Download > Microsoft Excel (.xlsx)
- Google Sheets: Make a copy
- Rename your version and save it somewhere easily accessible in your files or Google drive!

Sample Profit and Loss Statement

The profit and loss statement provides a picture of the profitability of your business operations. Did you bring in enough sales revenue to cover all of your product and overhead expenses? Follow along with Chapter 4 Section 2 of this toolkit while creating your grocer project's profit and loss statement [using this template](#).

Sample Profit and Loss Statement Forecast/ Sales Schedule

How will scaling your grocery project impact your overall bottom line? The pro forma profit and loss statement/ sales schedule uses historic data to help you make assumptions about your future performance. Take advantage of this tool to help you plan for your business's operational growth. Review Section 4.3 of this toolkit while you [use this template](#) to create your financial projections.

Sample Balance Sheet

The balance sheet gives you insights into your business investments and helps you plan for growth. Track the value of your business's assets, liabilities, and equity using the balance sheet. Follow along with [this resource](#) as you create your grocer's balance sheet using [this template](#).

Sample Weekly Cash Flow Budget

The weekly cash flow budget helps you manage your cash based on your upcoming obligations and projected inflows. Take advantage of this tool especially if you run into cash flow challenges related to low balances or seasonality. Follow [this resource](#) as you create your grocer's weekly cash flow budget using [this template](#).

Monthly Financial Review Process (in QuickBooks Online)

After creating your grocer project's financial statements, you can use accounting software to seamlessly populate your financial data into your chart of accounts. This tool will also help you to pull key financial reports. Analyze your financial reports monthly to help you apply financial insights to make data driven business decisions (Refer to Section 4.5 of this toolkit). [Click here](#) for a guide on how to generate key financial reports in QuickBooks Online.



WORKSHEET 5: GATHERING INPUT FROM YOUR COMMUNITY



Ask the customer! Be demand driven

The key to any successful business is that it is “demand driven”. While you might “think” you know what your customers and community want, you need to test these assumptions by asking questions that are really curious. For example:

- How do you like your coffee in the morning and will you come to my coffee shop?” (Not so curious) VS “What is your morning routine? Does it include a beverage that you might want to find and pick-up outside of your home? Where do you get that beverage now?” (Much more curious)
- “What is the biggest challenge to providing healthy meals to your family? How could we help with that? What would be factors that would encourage you to use our grocer?”

You want to collect this information all of the time. What your customers care about changes all of the time - you are never done collecting information! And you need to collect the information for each of your business lines ... whether the grocer, the meal-kits, the deli, etc.

Three questions I want to ask my customers over the next month:

1. _____

2. _____

3. _____

Data Gathering Tools

Two - Question survey (administered at the cash register)

Purpose: To get a temperature read from current customers. Needs a systematic way to record and review responses:

Example:

- Did you find everything you were looking for?
- What one recommendation would you have for us to improve?

Longer Survey (administered on-line with external recruitment)

Purpose: Hear from people who may not be current customers - as well as those who are.

- Gather email addresses at checkout.
- Post survey link on Facebook and to the email addresses.
- Include a link in the paper or electric bill.

Focus Groups (Helpful as you do start-up planning)

Purpose: Ask community members to come to a planning session

- Include food/snacks
- Ask really curious questions
- Have two facilitators - one to facilitate and one to take notes
- End with a "call to action" - what do you want participants to do when they leave the room?

Community "White Board"

Purpose: Gather information from anyone!

- Provide washable markers/chalk for people to respond to ONE question on your window, sidewalk, etc.
- Can be a great way to engage young people.

Three ways I will gather information from my community over the next month:

1. _____

2. _____

3. _____



What have I learned?

Every month, you will need to reflect on what you have learned. This is a continuous process!

What did I learn this month?

What are my questions for next month? How will I collect the information?
