

Co-op Turns Neighborhood Loss into Second Store

BY TOM MATTOX

The loss of a neighborhood grocery store is potentially devastating to any community. That was the position the Hillsdale neighborhood in southwest Portland, Oregon found itself in when Whole Foods acquired the Wild Oats chain in late 2007 and closed the Hillsdale store a few weeks later – leaving a void in the shopping center and the neighboring community.

This small grocery store had been serving the neighborhood, under various owners, continuously since the 1940s. Rick Seifert, editor of an online newspaper, the Hillsdale Connection, said, “We felt powerless about the store’s destiny.” But this sense of being powerless did not last long, once Food Front Cooperative Grocery became interested in opening a second store in the shopping center.

October 2007 also found Food Front thriving. Its 5,675 (retail) square foot store on idyllic Thurman Street in Northwest Portland served as the local grocery for a dense urban neighborhood. Co-op sales were strong, \$6 million annually despite having only 14 parking spaces.

A few years earlier, the board of directors had charged general manager Holly Jarvis with the task of shepherding Food Front’s growth strategy. With little room on site, finding a new or second location was the most likely avenue for growth. And with no prospects for expansion in the immediate neighborhood, Jarvis saw the availability of the former Wild Oats space as a unique opportunity for Food Front.

For starters, the Hillsdale neighborhood has a strong sense of community and family. It would be receptive to cooperative values. It also has good demographics for a natural foods store and a bustling year-round farmers market.

As Jarvis saw it, “Having a store in such a vibrant, co-op friendly neighborhood could improve the long-term health and viability of our co-op. With a second location we would also increase our impact on our local food suppliers and community partners. And giving a neighborhood the opportunity to own its own grocery store after losing its store to the consolidation of a national chain is a perfect solution to the community’s needs.”

Jarvis began exploring the possibility of reopening in the same shopping center location and met with community leaders, business owners, and the shopping center landlords. When



The Hillsdale store doubled Food Front’s retail square footage.

word of the co-op’s interest in the site got out, a flood of happy and hopeful phone calls and emails began deluging Food Front.

Unafraid of alternatives

Seifert said the encouraging response had its roots in “our experience with the Hillsdale Farmers Market. We weren’t afraid of alternatives. We were part of the local food culture/network. We knew what it was like to be empowered by our own efforts. We know the importance of food to our community.”

Eamon Malloy is the coordinator of the Hillsdale Farmers Market (and former produce manager of Genesee Co-op, now Abundance Co-op, in Rochester, New York). From Malloy’s perspective, “We really needed a local business to take over the space. After analyzing the options, I felt that Food Front was in the best financial position to do that. A cooperative is less likely to be affected by a merger, and cooperative ownership very definitely fits in with the neighborhood’s attitude toward supporting local businesses.”

Jarvis commissioned a market study, then began negotiating with the landlords, developing financial pro formas, and studying the physical plant. The location had several challenges, including its small retail space, limited parking, and aging facility and equipment. It was clear that not many grocers would be interested in

operating a grocery store in the location. After research and projections were completed, the board carefully reviewed and then approved the plans for a second store.

Ownership a selling point

The floor plan of the 6,000-square-foot (retail) store was essentially kept intact, with the reuse of equipment when feasible and the addition of new energy-efficient lighting and the installation of more environmentally friendly quartz tile flooring. The goal was to get the store reopened by the end of the summer. The budget for physical improvements and equipment was \$400,000, with an additional \$100,000 from landlord improvements.

Food Front’s members were kept abreast of developments through a member forum and regular updates in the co-op newsletter, *Front Lines*. This culminated in a May announcement of the board’s approval in the parking lot of the planned Food Front Hillsdale. Seventy people, including staff and board, attended on very little notice. Thirty of them, including the owners of the shopping center, signed up on the spot to be co-op members.

As the summer progressed and the store was readied for opening, neighborhood business owners helped publicize the new store. The weekly farmers market gave Food Front a booth

to talk to residents about what a co-op is and how they could be a part of it. With the recent closure of Wild Oats still in people's mind, the notion that Hillsdale community members would own a share in the store and that it would not sell out to a corporation was a compelling selling point.

By the time the doors opened on August 31, 800 new members had joined the co-op, which breezed past its initial goal of 400. One such member, Leigh Milander, who owns a home-based business and has a young child, said she saw joining Food Front as "an opportunity to ensure that a cornerstone of our community—a small grocery store with local, natural, organic products—would always be within walking distance."

Initial days

If the response to the new store was encouraging before the opening, it was almost overwhelming in the first two weeks, when over 500 new members joined the co-op! The store opened with little fanfare at the end of August; management wanted to give staff time to adjust to the new space and work out the kinks. The grand opening in early October was a smashing success, showcasing local producers providing samples of their products.

Sales have been meeting projections but haven't exceeded them. In a very challenging economic climate, Food Front has re-opened a store that had been closed for almost a year. This fact may be having an impact on building a customer base among those who didn't immediately gravitate to the concept of a cooperative. From the beginning the co-op's buyers responded to customer product requests, and the product selection of the two stores has diverged to reflect the unique neighborhoods being served. The challenge in the coming months will be to continue building sales and membership.

Meanwhile, Food Front has been embraced by the business community, which looks to it to help provide leadership. The Food Front patio is becoming the center for events in the community, like the annual winter "chili feed" fundraising event. The co-op grocery store is seen as an anchor for the business community in the area.

For shoppers like Milander, "The Hillsdale Food Front is new, but it feels like a trusted friend. As a mother, I trust the quality of the foods carried there and the integrity of the ingredients, products, and companies represented."

Over at the farmers market, Malloy said, "I look forward to future collaborative efforts between Food Front and the market. We share a fair number of vendors already, and together I think the two organizations can strengthen the local food and local business communities." ■



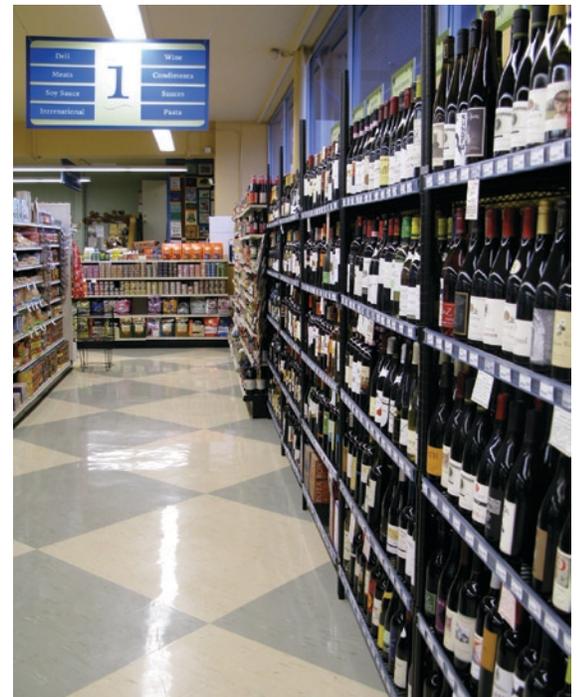
Produce section at Hillsdale.



Checking out.



The bulk department.



The wine department, looking toward the deli.