

Cornhusker Economics

Community Supported Enterprises – Preparing for the Future

The [Bayard Grocery store](#) made headline news in Nebraska the end of January with the announcement of its upcoming closure. Unfortunately, a grocery store closing is not uncommon in Nebraska or across the United States. A [North Dakota study](#) from the state’s association of rural electric cooperatives in 2017 found that in communities with 2,100 people or fewer, there are 98 full-service grocery stores, down from 137 in 2014. In addition, [A PEW Trusts article](#) in October 2019, further addresses the nationwide challenge of rural grocery store closures. Challenges include decreased population, competition from superstores (i.e., Walmart), and rural food distribution.

While there are many challenges to rural grocery store transitions, this article focuses on how community supported enterprises can assist a community in preparing now for successful rural grocery store transitions.

Community Supported Enterprises – what does this mean? Simply it is when community members organize a busi-

ness that involves pooling local funds with the intent to keep the business sustainable. Walzer and Sandoval in [Emergence and Growth of Community Supported Enterprises](#) state that a community supported enterprise is difficult to define precisely due to its diverse purposes and approaches, but a common characteristic is direct community support and involvement. Social Enterprises and Community Supported Businesses are two models that are identified.

Social Enterprises meet a social need or purpose and are not focused on selling a product. Generally funded by direct contributions or donations.

Community Supported Businesses represent a way to provide general community support for a private business. The investors may or may not be involved in managing the business venture. However, a product or service is generally sold.

Type	Community Supported Enterprise	Social Enterprises	Community Supported Business
Similarities	Financed by community methods. Relationship between business and community. Combines corporate and social goals. Can be any legal form.	Combines corporate and social goals. Can be any legal form.	Financed by community methods. Relationship between business and community. Combines corporate and social goals. Can be any legal form.
Differences	Includes other non-business ventures. Main goal is to improve social goals. Social impact drives strategy Exact nature of business centers around local community need.	Double or triple bottom line drives strategy and operations. Seeks relationships with political, economic, and often government forces.	Main goal is earning profits for owners/investors. Revenue goals drive strategy. Management structure.

Source: Emergence and Growth of Community Supported Enterprises, Page 18

Lessons learned in creating community supported enterprises identified by Walzer and Sandoval include:

- Establish and document the need for the Community Supported Enterprise to build and sustain local interest and support.
- Identify the appropriate organization structure whether it is a cooperative, LLC or sole proprietor. What structure will lead to ultimate success and sustainability in the community?
- Local champions with previous related experience or specialized expertise can help in moving forward.
- Economic climate is critical. When the community supported enterprise is part of a community-wide economic development strategy, it will be more likely to succeed.

Oftentimes, the grocery store closes after being for sale through a real estate agent or a national database. This was the case in Bayard. The store was listed for sale through a national database for four years. During this time, there was not an active community effort to explore options to keep the grocery store open. The store announced it would close mid-January and the community responded by actively exploring how to keep open.

Community leaders reached out to the University of Nebraska-Lincoln Agricultural Economics Nebraska Cooperative Development Center (NCDC) for assistance. Together with the Rural Prosperity Nebraska zone coordinator, a team has been working with Bayard providing resources, conducting a community survey and helping to identify strategies to move forward.

Even though the Bayard Grocery store will officially close March 5, the community of Bayard has identified ways to continue to have basic groceries on a temporary basis and the community of Bayard is actively working together to identify the appropriate organizational structure for a future grocery store in Bayard. It will be critical to determine the feasibility and understand the best approach for their community. NCDC is actively working with seven other communities in the community supported grocery store transition. This includes the [Farm to Family Cooperative](#) in Hay Springs, Nebraska. The Farm to Family Cooperative was incorporated in December and recently launched its capital campaign to fund a full-service grocery store that will strengthen the local community by providing access to affordable, healthy fruits, vegetables, and meat that are locally and regionally produced.

NCDC assists groups and communities who are exploring or have formed a cooperative business. Part of the exploration is determining whether or not the cooperative model is the appropriate organizational structure. NCDC can guide

a cooperative effort from visioning to implementation. Services include facilitation, providing resources, technical assistance and education. In addition, a University of Nebraska Rural Prosperity Nebraska team (including NCDC) is currently surveying grocery store owners and conducting focus groups to identify successful community supported grocery store models. Results will be disseminated in late 2021.

For more information, visit NCDC.unl.edu or contact Charlotte Narjes, cnarjes1@unl.edu, or Cindy Houlden, choulden2@unl.edu.

Sources

Walzer, Norman, & Sandoval, Jessica, [Emergency and Growth of Community Supported Enterprises](#)

North Dakota Rural Electric Cooperatives - <https://ndarec.com/ruralgrocery>.

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Kansas State Rural Grocery Initiative - <https://www.ruralgrocery.org/about/about.html>

Emergence and Growth of Community Supported Enterprises - <https://www.cgs.niu.edu/Reports/Emergence-and-Growth-of-Community-Supported-Enterprises.pdf>

Using Community Supported Enterprises to Address Shrinking Markets in Rural Areas https://www.youtube.com/watch?v=s3i92kyf1_U&feature=youtu.be

[Farm to Family Cooperative](#) - <https://www.farmtofamilycooperative.org/>

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