

HARTFORD GROCERS ASSOCIATION

- a model for urban cooperative enterprise -

presented by

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The Hartford Grocers Association
- a model for urban cooperative enterprise-

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THE PROJECT I AM PRESENTING TO NEW HAMPSHIRE COLLEGE'S
DEPARTMENT OF COMMUNITY ECONOMIC DEVELOPMENT FOR
CONSIDERATION AS MY DEVELOPMENT PROJECT IS THE HARTFORD
GROCERS ASSOCIATION. THE ASSOCIATION CONTINUES TO BE A WORK IN
PROGRESS - FOR PROGRESS - AND ALTHOUGH IT IS I WHO PRESENTS THIS
REPORT , THE HARTFORD GROCERS ASSOCIATION HAS COME THIS FAR
ONLY BECAUSE OF THE COLLECTIVE TALENTS AND ENERGIES OF SEVERAL
INDIVIDUALS, INCLUDING SISTERS AND BROTHERS OF THE NEW
HAMPSHIRE CED COMMUNITY TODAY. THANK YOU ALL, FOREVER.

Haramba /
Georgette

1. INTRODUCTION

THIS PAPER PRESENTS THE WORK, THE PEOPLE, AND THE PROMISE OF THE HARTFORD GROCERS ASSOCIATION. IT STANDS AS A UNIQUE MODEL FOR URBAN COOPERATIVE ENTERPRISE, ONE THAT OFFERS A REAL DEAL TO BOTH HARTFORD'S NEIGHBORHOOD GROCERS AND THEIR LOW INCOME CUSTOMERS.

DESCRIPTIONS OF HGA MEMBER MERCHANTS AND THEIR BUSINESSES SHOULD SOUND FAMILIAR TO ANYONE WHO HAS EVER SHIOPPED A CITY CORNER GROCERY STORE. WHAT MIGHT NOT BE SO FAMILIAR IN THIS PRESENTATION IS WHAT I HOPE WILL BE A NEW UNDERSTANDING OF THE SOCIAL, ECONOMIC, AND POLITICAL CONTEXTS WITHIN WHICH IN PARTICULAR THE NEIGHBORHOOD GROCERY STORE MUST OPERATE , A NET EFFECT BEING HIGHER COSTS COMING THROUGH THE MERCHANT'S DOORS AND RESULTING HIGHER CONSUMER SHELF PRICES.

I ALSO WANT TO CHALLENGE THE TARRED AND FEATHERED REPUTATION OF THE SMALL GROCERY BUSINESSPERSON AS *L'ARTISTE DE RIPOFF* AND CAST THE LIGHT BACK WHERE IT BELONGS - AND THAT'S ON THE SYSTEM THAT FAVORS THE BIG BOYS.

AND FINALLY, I WOULD LIKE TO SUGGEST THAT THE EXPERIENCE OF THE HARTFORD GROCERS ASSOCIATION CAN SERVE AS A MODEL OF EMRYONIC COOPERATIVE ENTERPRISE , ONE THAT INTRODUCES THE URBAN SMALL BUSINESS ENTREPRENEUR, AND PARTICULARLY THE ENTREPRENEUR OF COLOR, TO THE BENEFITS AND RESPONSIBILITIES OF COLLECTIVE BUYING AND COOPERATIVE ACTIVITIES, FURTHER BENEFITTING THE CUSTOMER OF LIMITING INCOME AND ESTABLISHING SMALL BUSINESS AS A PARTNER IN THE CONSTRUCTION OF A VIBRANT COMMUNITY.

IN SECTION 2, THIS PAPER DESCRIBES THE SOCIO-ECONOMIC POSITION OF HARTFORD, CT., THE DYNAMICS OF THE GROCERY

INDUSTRY, AND THEIR INTERPLAY THAT GIVE RISE TO THE NEED FOR THE HARTFORD GROCERS ASSOCIATION (HGA).

THE STRATEGIES EMPLOYED IN ORGANIZING THE MERCHANTS INTO ASSOCIATION AND ANALYSIS ARE DISCUSSED IN SECTION 3.

THE FOURTH SECTION TO THIS PAPER EXPOUNDS ON THE ELEMENTS OF THE GROUP BUYING POSITION HGA HAS SECURED WITH LBG DISTRIBUTORS OF HAMDEN, CT., AND THE TECHNICAL ASSISTANCE PROVIDED BY THE HARTFORD FOOD SYSTEM.

SECTION 5 OFFERS CONCLUSIONS AND RECOMMENDATIONS TO CED PRACTITIONERS INTERESTED IN ADOPTING THE HGA MODEL FOR THEIR COMMUNITIES.

THE ATTACHMENTS ARE PRESENTED AS BOTH REFERENCE MATERIAL AND AS BENCHMARKS IN HGA'S OVERALL GROWTH AND DEVELOPMENT.

2. GROCERY DISTRIBUTION IN HARTFORD CONNECTICUT . STATEMENT OF PROJECT NEED .

HARTFORD HAS BEEN CALLED THE INSURANCE CAPITOL OF THE WORLD. WHEN ONE THINKS "CONNECTICUT" S/HE PROBABLY THINKS "MONEY", AND PROBABLY OLDE MONEY. UNTIL I MOVED TO HARTFORD IN 1980, MY IMAGE OF CONNECTICUT WAS OF LOTS OF TREES, LUXURIOUSLY GREEN TREES. EVERYWHERE.

TEN YEARS LATER - 1990, I HAVE LEARNED THAT ALL THAT ABOUT CONNECTICUT'S AFFLUENCE IS TRUE. BUT SO'S THIS.

ACCORDING TO THE 1980 CENSUS, HARTFORD IS THE NATION'S FOURTH POOREST CITY. ONE-QUARTER OF OUR 144,000 RESIDENTS LIVE IN POVERTY. ONE IN NINE BABIES BORN IN HARTFORD DIES BEFORE ITS FIRST

YEAR, AN INFANT MORTALITY RATE WORSE THAN SO-CALLED THIRD AND UNDEVELOPED WORLD NATIONS.

THE INSURANCE CAPITOL OF THE WORLD OFFERS LITTLE SECURITY TO MOST FOLKS LIVING HERE. IN FACT, HARTFORD MOVES TO THE BEAT OF ITS SUBURBAN COMMUTING POPULATION WHOSE NUMBERS DURING BUSINESS HOURS EQUAL THE RESIDENTIAL POPULATION IT LEAVES BEHIND AT 5:00.

LIKE OTHER CITIES, HARTFORD IS A CITY OF NEIGHBORHOODS. THOUGH YOU CAN'T SEE THE STREET NAMES, THIS IS HOW THE CITY GOVERNMENT DIVIDES UP HARTFORD. AGAIN, LIKE OTHER CITIES, EACH NEIGHBORHOOD IS FAIRLY ETHNICALLY AND ECONOMICALLY DISTINCT. POLITICALLY IN HARTFORD, TYPICALLY, THE BLACK NORTH FIGHTS IT OUT WITH THE WHITE SOUTH, THE LIBERAL WHITE WINDS OF THE WEST USUALLY BLOW NORTH, AND BOTH NORTH AND SOUTH VIE FOR THE COALITION OF THE CENTRAL CITY LATINO NEIGHBORHOODS.

AND THEN THERE'S THE DOWNTOWN FINANCIAL DISTRICT, HOME TO THE WORLD HEADQUARTERS OF UNITED TECHNOLOGIES AND BOASTING SOME OF OUR COUNTRY'S HIGHEST PRICED REAL ESTATE. DOWNTOWN IS COMMONLY A POINT OF COALESCENCE FOR THE HARTFORD NEIGHBORHOODS NORTH, SOUTH, WEST, AND CENTRAL, WHO RECOGNIZE THAT CITY CONCESSIONS TO CORPORATE HARTFORD ARE ACTUALLY SUBSIDIES MADE BY HARTFORD RESIDENTS THROUGH INCREASES IN PROPERTY TAXES AND DECREASES IN ALREADY INSUFFICIENT PUBLIC SERVICES.

THE HARTFORD GROCERS ASSOCIATION HAS TAKEN ROOT IN NORTH HARTFORD, SERVING SOME OF OUR COUNTRY'S MOST ECONOMICALLY IMPOVERISHED NEIGHBORHOODS. THE CACI ANNUAL REPORT WHICH PROVIDES ECONOMIC DATA ON AREAS AS DEFINED BY ZIP CODE INDICATED THAT LAST YEAR ONLY 2% OF ALL OTHER ZIPCODED COMMUNITIES IN THE COUNTRY ARE ECONOMICALLY WORSE OFF THAN NORTH HARTFORD, CONNECTICUT.

MEANWHILE, A MERE TWO MILES WEST INTO WEST HARTFORD, THOSE NUMBERS ARE INVERTED, RANKING WEST HARTFORD AMONG THE TOP 2% WEALTHIEST COMMUNITIES. CONNECTICUT BOASTS THE NATION'S HIGHEST PER CAPITA INCOME, YET IS SIMULTANEOUSLY HOME TO THREE OF TOP TEN MOST IMPOVERISHED CITIES: HARTFORD, NEW HAVEN, AND BRIDGEPORT.

THIS LESSON IN THE CONNECTICUT CONTRADICTION IS OFFERED TO NOT ONLY CAST YOU STUDENTS OF THE YIN YANG IN VIRTUAL SUSPENSION, NOR IS IT SOLELY OFFERED AS A MODERN CASE STUDY OF ~~THE~~ **KAPITAL**. IT'S IMPORTANT BECAUSE THIS DISPARITY ON THE MACRO ~~SCALE~~ **IS** MIRRORED IN OUR MICRO FLOWS OF RESOURCES. NOT IN THE TRICKLE DOWN BUT RATHER IN THE DELUGE UP. A REGRESSIVE ECONOMIC SYSTEM THAT *BECAUSE IT OPERATES WITH FINITE RESOURCES,* MUST NECESSARILY SQUEEZE FROM THE SMALL AS IT BLOATS THE BIG, AND TAKE FROM THE POOR AS IT GIVES TO THE RICH. SUCH IS THE DYNAMIC OF THE GROCERY INDUSTRY, GENERATING A PRODUCT FOR WHICH THE POOR HAS HISTORICALLY ALWAYS PAID MORE.

THE RESIDENTS AND GROCERY MERCHANTS OF NORTH HARTFORD, CONNECTICUT PAY MORE.

ENCOMPASSING LITTLE MORE THAN ONE SQUARE MILE, NORTH HARTFORD IS HOME TO ABOUT 30,000 PEOPLE, 76% OF WHICH ARE OF AFRICAN HERITAGE INCLUDING A GROWING POPULATION OF WEST INDIAN FOLK; 13% ARE LATINO, AND 7% WHITE. A STUDY CONDUCTED BY THE HARTFORD FOOD SYSTEM WITH WHOM I WORK FOUND THAT ALONG WITH OTHER MANIFESTATIONS OF POVERTY, UP TO 1/3 OF NORTH HARTFORD'S RESIDENTS INDICATED THAT THEY DON'T HAVE AN AUTOMOBILE AND GIVEN HARTFORD'S SHAMEFUL PUBLIC TRANSPORT SYSTEM, THEY MUST RELY ON THE IMMEDIATE NEIGHBORHOOD AS THE PRIMARY SOURCE OF CONSUMER GOODS, FOOD ESPECIALLY.

IN 1968, THERE WERE 13 CHAIN SUPERMARKETS DOING BUSINESS IN HARTFORD. TODAY, TWO REMAIN. ONE, THE FINAST, ONLY BECAUSE OF CREATIVE AND INTENSE PRESSURE APPLIED BY A COMMUNITY GROUP, HARTFORD AREA RALLYS TOGETHER, OR HART. FINAST, LIKE OTHER SUPERMARKET DIVISIONS OF MULTINATIONAL CORPORATIONS, HAVE ABANDONED THE CITY IN SEARCH OF WHAT I'VE BEEN CALLING SUBURBAN SUPERSTOREDOM, THE OPPORTUNITY FOR PHYSICAL EXPANSION AND INTRODUCTION OF NEW PRODUCT LINES WHICH HELP THEM CAPTURE MORE OF THE CONSUMER DOLLAR IN THAT "ONE STOP" SHOPPING THEY URGE US TO CONSIDER.

THE FLOOR SPACE OF THE LARGE SUPERMARKET ENABLES IT TO OFFER LOWER PRICES NOT ONLY THROUGH VOLUME PURCHASES - THE MORE YOU BUY, THE LESS IT COSTS - BUT IT CAN MAINTAIN A LOW PRICE IMAGE BY ROUTINELY STOCKING "LOSS LEADERS," PRODUCTS SOLD AT OR BELOW COSTS, TYPICALLY DAIRY AND PAPER PRODUCTS. ANY LOSSES IN THE SALE OF THESE PARTICULAR ITEMS ARE MORE THAN COMPENSATED FOR IN THE SALE OF THOUSANDS OF OTHER PRODUCTS, AS WELL AS THROUGH THE WHOLESALE VOLUME DISCOUNTS.

LEFT BEHIND IN THE URBAN EXODUS OF THE SUPERMARKET IS THE MOM & POP GROCERY STORE, ONCE THE STOP FOR CONVENIENCE, TODAY INCREASINGLY CALLED UPON TO BE THE PRIMARY SUPPLIER OF A POOR FAMILY'S GROCERY NEEDS.

3. ORGANIZING HISTORY

THE ORGANIZING CAMPAIGN OF THE HARTFORD GROCERS ASSOCIATION COMMENCED IN THE LATE WINTER OF 1988. THE CONCEPT OF SOME KIND OF ASSOCIATION, HOWEVER, WAS BORN IN THE EARLY 80'S - FOLLOWING CONVERSATIONS AND A MODEST MARKET STUDY CONDUCTED BY THE HARTFORD FOOD SYSTEM AND A THEN SISTER ORGANIZATION IN NORTH HARTFORD. IT WAS EVIDENT THAT THE RELIANCE OF THE SMALL FOOD RETAILER ON HIGHER PRICED, LOWER INVENTORIED GROCERY WHOLESALERS MULTIPLIED WITH THE DAILY CHALLENGES OF MEETING OPERATIONAL COSTS, PROVIDING FOR SECURITY; FINDING, TRAINING, AND TRUSTING OTHERS AT THE CASH REGISTER, REGULATORY CHANGES, AND SOMEHOW Eeking OUT A PERSONAL OR FAMILY LIFE, TOGETHER PROVED PROHIBITIVE TO A MERCHANT OFFERING COMPETITIVE PRICE AND QUALITY SERVICE.

POLITICS WERE RIGHT THEN AT CITY HALL AND THE TWO NONPROFITS GOT CDBG DOLLARS TO DEVELOP A WHOLESALE GROCERS COOPERATIVE WAREHOUSE. PROBLEM - AND FATAL PROBLEM WAS - THE OPERATIONAL DEMANDS PROVED TOO OVERWHELMING FOR THE COOPERATIVE ASPECTS OF THE VENTURE TO EVER TAKE HOLD. WAITING ON OUR DELIVERIES, RUNNING AROUND TRYING TO COVER SHORTS IN THE DELIVERY WHEN IT FINALLY CAME, SHIPPING, INVOICING, BILLING, COLLECTING, AND CONTROLLING THE TWO AND FOUR LEGGED VERMIN CONSPIRED AGAINST ANY EFFORT TO DEVELOP MERCHANTS AS OWNERS.

AT THIS TIME, I WAS ALSO ON THE RETAIL END OF THINGS SUPPORTING AN ATTEMPT AT A CONSUMER GROCERY COOP THAT EVENTUALLY LOST EVEN ITS NOBILITY. I WAS WEARING WAY TOO MANY HATS AT THE SAME TIME IN THOSE DAYS: WITHIN ANY ONE HOUR, I COULD HAVE BEEN WHOLESALER, RETAILER, OWNER, MANAGER, T/A PROVIDER, AND CUSTOMER AND HAVE NEVER MOVED ANYTHING BUT MY EYES.

I REFER TO THAT CHAPTER - ACTUALLY EDITION OF MY LIFE AS "EDUCATION BY THE SEAT OF MY PANTS AT THE SCHOOL FOR HARD KNOCKS." AN EDUCATION NOT IN YAIN. IN PAIN. BUT NEVER IN YAIN.

IN FACT, I THINK ONE OF THE MOST EXCITING FEATURES OF THE GROCERS ASSOCIATION IS THAT IT HAS TRULY RESULTED FROM THE RECYCLING OF PAST EXPERIENCE AND THAT'S AN EDUCATION THAT I THINK IT IMPORTANT FOR ALL OF US: AND THAT'S TO BE SUPE WE DON'T SET OUT TO CREATE A NEW BUSINESS UNTIL WE ARE SURE THAT THE EXISTING ONES ARE SUFFICIENT IN NUMBER - MAXIMIZING LOCAL CUSTOMER ACCESS - AND ARE RECEIVING THE NECESSARY SUPPORT AND SERVICES TO MARKET THAT COMPETITIVE AND QUALITY PRODUCT.

IN HARTFORD, WE CERTAINLY HAVE THE NUMBERS OF STORES: 30 IN NORTH HARTFORD ALONE: 140 CITY WIDE. WHAT IS NEEDED IS WHAT THE HARTFORD GROCERS ASSOCIATION CAN UNIQUELY PROVIDE.

AS PROJECT ORGANIZER, I HAVE EMPLOYED RATHER TRADITIONAL ORGANIZING TECHNIQUES. IT HAS ALWAYS BEEN DIFFICULT TO FIND A TIME WHEN MANY MERCHANTS ARE AVAILABLE TO MEET SIMULTANEOUSLY, AND THE ACT OF MEETING ITSELF WAS A NOVEL EXPERIENCE FOR MOST MERCHANTS WHO OFTEN SAW EACH OTHER AS THE COMPETITOR, THE ENEMY.

THAT ISOLATION WAS SOMETHING THAT ONE NOTORIOUS AREA WHOLESALER EXPLOITED AS I DISCOVERED THROUGH COMPARISONS OF INVOICES WHICH SHOWED DIFFERENT PRICES FOR THE SAME THINGS IN THE SAME VOLUME GOING INTO STORES NOT FIFTY YARDS APART.

THERE HAVE BEEN OCCASIONS WHERE I HAVE LITERALLY FELT THE CHILL OF DISTRUST MELT. ONE TIME, THE FIRST TIME JEFF MET CARLTON I OVERHEARD THEIR CONVERSATION AS THEY LEFT THE MEETING. TALKING ABOUT A LOCAL SNACKS DISTRIBUTOR, JEFF SAYS, "YOU'VE GOT TO COUNT EVERYTHING THE BON TON DRIVER BRINGS IN. HE'LL SHORT YOU THREE PIECES EVERY TIME." "YOU, TOO," ASKS CARLTON, "I MADE SURE THEY SEND SOMEONE ELSE TO MY STORE."

WHEN THE PRESIDENT OF THE WHOLESALE GROCERY COMPANY WHOSE PRICING PRACTICES WE EXPOSED CAME TO A SCHEDULED INTERVIEW AS

DID 3 OTHER WHOLESALERS TO DISCUSS THE POSSIBILITIES OF SECURING A GROUP BUYING AGREEMENT WITH HARTFORD MERCHANTS, 10 MERCHANTS ATTENDED, THE LARGEST TURNOUT FOR ANY ONE MEETING.

ANOTHER MOST EFFECTIVE MEETING WAS ONE WE CALLED WITH STATE HEALTH DEPARTMENT REPRESENTATIVES WHOM WE SUMMONED TO TOWN TO DISCUSS THEIR SECRET AND LEAKED PLAN TO CUT IN HALF THE NUMBER OF HARTFORD CERTIFIED WIC VENDORS BECAUSE OF AN ALLEGED FEDERAL MANDATE.

THE LOCAL HARTFORD WIC AGENCY DIRECTOR HAS SINCE SAID THE ONLY REASON THE STATE DIDN'T GO ALONG WITH THE PLAN WAS BECAUSE THEY WERE CAUGHT TOTALLY UNAWARES BY THE PRESENCE OF AN ORGANIZED MERCHANT OPPOSITION.

THIS EXPERIENCE WITH GETTING MERCHANTS OUT AND TOGETHER EARLY ON SEEMED TO CONFIRM THE ARGUMENT THAT PEOPLE ARE MORE LIKELY TO TURN OUT WHEN THEY STAND TO LOSE SOMETHING THAN WHEN THEY STAND TO IMPROVE THE SITUATION. THE CHALLENGE THEN, AS ALWAYS, WAS TO TURN THE REACTION INTO ACTION.

FORTUNATELY, WE'VE DONE JUST THAT.

FROM THOSE INITIAL MEETINGS, FOUR MERCHANTS AGREED TO FORM A COORDINATING COMMITTEE. I DRAFTED A PETITION THAT WE FIVE CIRCULATED AMONG NORTH HARTFORD MERCHANTS WHICH WAS SIGNED BY 22 MERCHANTS, EXPRESSING THEIR SUPPORT FOR AT LEAST THE ASSOCIATION CONCEPT - OR MISSION.

WHAT THE MERCHANTS SIGNED ON TO SAYS : THE HARTFORD GROCERS ASSOCIATION EXISTS TO BRING THE BENEFITS OF VOLUME BUYING - THE ADVANTAGES OF BIGNESS - TO THE NEIGHBORHOOD MERCHANT THROUGH COLLECTIVE BUYING AND COOPERATIVE ACTIVITIES. THE ASSOCIATION FURTHER HELPS STRENGTHEN THE SKILLS AND EXPERTISE OF THE NEIGHBORHOOD BUSINESSPERSON OF COLOR SO

THAT WE CAN WREST A PROFITABLE BUSINESS BETWEEN THE ROCK OF POVERTY AND THE HARD PLACE OF THE NATIONAL FOOD ECONOMY. BY OFFERING A MORE ATTRACTIVE PRICE AND PRODUCT FOR RETAIL IN HARTFORD'S LOW INCOME COMMUNITIES, DOLLARS WILL BE RETAINED AND CONTINUE TO WORK ON BEHALF OF THE NEIGHBORHOOD. THROUGH AN ASSOCIATION, WE WILL DEVELOP A MUTUALLY RESPECTFUL AND BENEFICIAL RELATION AMONGST OURSELVES AND OUR VENDORS.

4. DESCRIPTION OF HGA, LBG DISTRIBUTORS, AND HARTFORD FOOD SYSTEM CONTRACT

THE HGA MISSION IS ROOTED IN A THE TERMS OF AGREEMENT CONTRACT THAT DEFINES RELATIVE ROLES AND RESPONSIBILITIES IN HGA' FIRST GROUP BUYING CONTRACT. (see attached TERMS)

LBG IS THE WHOLESALER THAT AFTER THE SERIES OF INTERVIEWS WITH THE FOUR AREA WHOLESALERS, THE MERCHANTS DECIDED TO APPROACH AS THE ONE THEY'D LIKE TO DO BUSINESS WITH. THE PROCESS USED IN MAKING THIS DECISION WAS EXCITING: WHEN INTERVIEWS WERE COMPLETED AND IT WAS TIME TO MAKE A DECISION ABOUT WHAT WHOLESALER TO TRY TO SECURE A DEAL WITH, MERCHANTS USED A SYSTEM THAT I DEvised THAT ALLOWED THEM TO BOTH SCORE WHOLESALERS AS BAD, OK, GOOD, AND BEST ON A VARIETY OF SERVICE, PRICE, AND PRODUCT ISSUES, AND TO FACTOR IN RELATIVE IMPORTANCE OF WHATEVER COMPONENT, LIKE TOTAL DELIVERED PRICE.

THE COORDINATING COMMITTEE, MYSELF, AND THE PRESIDENT OF LBG MET TWICE THEREAFTER AND NEGOTIATED THESE TERMS OF AGREEMENT.

LBG will:

1. OFFER EACH HGA MEMBER ITS BEST DELIVERED PRICE -
DELIVERED PRICE IS THE TOTAL COST TO THE RETAILER. SOME FAIRLY CLEVER INVOICING FORMATS HAVE BEEN DEVELOPED TO HIDE THE TRUE COST OF GOODS; AN INVOICE MAY LINE ITEMIZE AN APPARENTLY LOW

CASE COST AND THEN TACK ON A PERCENTAGE UPCHARGE, DELIVERY COSTS, AND OTHER FEES AT THE BOTTOM OF THE PAGE. DELIVERED PRICE - TOTAL COST - IS OBVIOUSLY WHAT COUNTS. LBG ALREADY OFFERS HARTFORD THE BEST DELIVERED PRICE.

2. **EXTEND CREDIT UPON APPROVAL ON A LOAD TO LOAD BASIS, NEVER TO EXCEED 14 DAYS** - CREDIT IS IMPORTANT. WE ARE NOW CONSIDERING TRYING TO SECURE A COD DISCOUNT FOR THOSE MERCHANTS WHO WANT TO AND/OR ARE ABLE TO PAY ON DELIVERY.

3. **PREPARE AND DESIGN COMMERCIAL PRINT ADVERTISING** - THE ADVERTISING COMPONENT IS AN EXCLUSIVE FEATURE OF VOLUME BUYING. WHEN A GROCERY STORE ADVERTISES, THE MANUFACTURERS OF THE ADVERTISED PRODUCTS PAY FOR THE COSTS OF ADVERTISING. THEY DO SO THROUGH SOMETHING CALLED A BILLBACK: FOR EVERY CASE A STORE BUYS DURING A SPECIAL ADVERTISING PERIOD, THE MERCHANT IS PAID A FEE. ANY ONE NORTH HARTFORD STORE DOESN'T BUY ANY ONE PRODUCT IN SUFFICIENT VOLUME TO ACCESS THIS INDUSTRY BONUS. THROUGH THE ASSOCIATION, HOWEVER, LBG HAS AGREED TO ACCOUNT FOR MEMBER STORE PURCHASES AS A VOLUME BUY AND WILL CONDUIT MANUFACTURER REBATE MONEY TO THE HGA ACCOUNT.

HGA'S FIRST FULLPAGE AD WILL RUN IN HARTFORD'S NORTHEAST AGENTS ON JANUARY 29, 1990 AND WILL LIST EACH MEMBER'S STORE NAME AND LOCATION. MERCHANT'S CUSTOMERS ALSO MAKE OUT THROUGH THIS DEAL BECAUSE ADVERTISED PRODUCTS MUST BE SOLD AT A BELOW SUGGESTED RETAIL PRICE.

4. **MANAGE ALL REBATE MONIES; MAKE PAYMENT TO HGA ACCOUNT MONTHLY** - LBG SAYS WE CAN EXPECT \$2 - 5,000/MONTH KICKEDBACK TO MERCHANTS THROUGH BILLBACKS WHEN WE HAVE 30 STORES SIGNED UP AS MEMBERS. LBG AGREED TO MAKE PAYMENT TO THE HGA ACCOUNT AT LEAST MONTHLY.

5. **THE AUTHORIZED ITEMS BOOK** - THE AUTHORIZED ITEMS BOOK IS COMPILED FROM THE COLLECTIVE INVENTORIES OF MEMBER MERCHANTS STORES THAT CAN BE SUPPLIED BY LBG. IT'S PRETTY MUCH A CUSTOM ORDERBOOK.

6. **HANDLE EACH HGA ACCOUNT INDIVIDUALLY WITH RESPECT TO ORDERING, DISTRIBUTING, BILLING, AND COLLECTING** - THIS IS SOMETHING I NEVER THOUGHT LBG WOULD AGREE TO, AND IT IS TRULY ONE OF THE STRONGEST FEATURES OF THIS VIRGIN AGREEMENT. HGA ASSUMES NO FINANCIAL OBLIGATION OR LIABILITY FOR ITS MEMBER MERCHANTS ESPECIALLY IMPORTANT TODAY IN OUR INFANCY, AND MAYBE A BARGAINING CHIP FOR THE FUTURE. LBG'S CONCESSION ON THIS WAS REAL SURPRISING; IT DEALS WITH THREE OTHER MINI-CHAINS AND IN EACH CASE GETS A SINGLE CHECK FROM EACH COVERING THEIR RESPECTIVE STORES' PAYMENTS.

7. BE RESPONSIVE TO MEMBERS NEEDS FOR PRODUCT SELECTION - LBG UNDERSTANDS THE IMPORTANCE IN SUPPLYING THE PRODUCT, THE BRAND AND SIZES TO MEET CUSTOMER DEMAND.

8. CONSIDER A PATRONAGE REBATE BASED ON INCREASE IN PROFITABILITY - WE WEREN'T SURPRISED WHEN LBG SAID NO, BUT IT DID AGREE TO CONSIDER THE POSSIBILITY AT THE END OF 1990 FOR BUSINESS DONE IN 1991.

9. ENCOURAGE CURRENT HARTFORD ACCOUNTS TO JOIN HGA - LBG HAS WRITTEN A LETTER TO THE BUSINESSES IT SUPPLIES IN HARTFORD ENDORSING THE ASSOCIATION.

10. PROVIDE CONSISTENCY AND RELIABILITY IN SERVICE - HGA MERCHANTS WANT LBG REPRESENTATIVES TO DO MORE THAN PICK UP THE ORDER AND PAYMENT EACH WEEK. LBG HAS AGREED TO MAKE SURE ITS SALESTAFF ASSIST MERCHANTS WITH MERCHANDIZING, RENOVATIONS, AND SMART BUYING. LBG NOW KNOWS THAT WHAT ONE MERCHANT EXPERIENCES, AT LEAST TEN MORE KNOW ABOUT IT.

HGA AND ITS MEMBERS will:

a. JOIN THE ASSOCIATION WITH A \$100 MEMBERSHIP FEE - MERCHANTS SET THE FEE AND IT HAS BEEN ACCEPTED WITHOUT QUESTION OR HARDSHIP

b. SIGN A PLEDGE TO DO PRIMARY BUSINESS WITH LBG - 22 MERCHANTS SIGNED A PETITION INDICATING THEIR INTEREST AND INTENT.

c. BE REPRESENTED IN ALL ADVERTISEMENTS - ALL ADVERTISEMENTS WILL IDENTIFY MEMBER STORES. WE ARE HAVE QUOTES ON RADIO AND CABLE TV ADVERTISING THAT MERCHANTS SAID THEY WOULD LIKE TO CHECK OUT ONCE REBATE MONEY MATERIALIZES.

d. BE ENTITLED TO ANY PATRONAGE REBATES AS DETERMINED BY HGA - IF THE REBATE POT GROWS AS PROJECTED, HGA WILL HAVE TO DECIDE TO RETAIN THE CASH IN THE BUSINESS ACCOUNT OR PAY IT OUT ON THE BASIS OF MEMBERSHIP OR LBG PATRONAGE.

e. IDENTIFY MERCHANTS TO WORK WITH LBG ON ADVERTISING - ALL EIGHT THAT HAVE SIGNED UP WANT THE GROUP TO DECIDE AT ITS MONTHLY MEETINGS.

f. ELECT LEADERSHIP - A FORMAL ELECTION WILL TAKE PLACE IN APRIL.

g. ATTEND HGA MEETINGS OR SEND REPRESENTATIVE - IT IS VITALLY IMPORTANT THAT MERCHANTS PARTICIPATE IN THE LIFE OF THEIR OWN ORGANIZATION. MEETINGS HAVE BEEN REGULARLY SCHEDULED FOR THE THIRD TUESDAY OF EACH MONTH.

HFS will:

- 1. PROVIDE HGA WITH ONGOING TECHNICAL ASSISTANCE INCLUDING: ORGANIZATIONAL DEVELOPMENT; MEMBERSHIP RECRUITMENT; LEADERSHIP DEVELOPMENT; ADVERTISING ASSISTANCE; PUBLIC RELATIONS**
- 2. ASSIST MEMBER MERCHANTS WITH BUSINESS DEVELOPMENT - PER REQUEST OF HGA MEMBER, HFS WILL EXPLORE BUSINESS PROFITABILITY, DRAFT FINANCIAL STATEMENTS, AND ACCOMPANY HER /HIM TO THE BANK.**
- 3. MONITOR AGREEMENTS, WHOLESALE PRICES, AND REGULATORY TRENDS - THIS IS ONE OF THE MOST IMPORTANT JOBS OF HFS BECAUSE IT INVOLVES THE PROCUREMENT, DISTRIBUTION, AND UTILIZATION OF INFORMATION UP FRONT, BEFORE THE FACT, ENABLING MERCHANTS AND THE ASSOCIATION TO MAKE DECISIONS WISELY. AN IN-KIND CONTRIBUTION BY C&S WHOLESALERS, NEW ENGLAND'S LARGEST WHOLESALER AND THE COMPANY THAT HFS DEALT WITH BACK IN THE WAREHOUSE DAYS, IS NOW SUPPLYING THE ASSOCIATION WITH WEEKLY BULLETINS OF PRICE CHANGES AND DEALS, AND QUARTERLY WHOLESALE QUOTES ON 50,000 DIFFERENT GROCERY ITEMS, TOOLS VITAL TO MONITORING LBG'S PRICE STRUCTURE AND PASS THROUGH OF MANUFACTURER'S DEALS.**
- 4. PROVIDE FOR HGA ADMINISTRATION - HFS IS ASSISTING IN MEETING AND AGENDA PREPARATION, DRAFTING CORRESPONDENCE, AND IS RECORDING MEETING MINUTES.**
- 5. ASSIST WITH LICENSING - I WALKED WITH MR. REID THROUGH WIC AND FOOD STAMP CERTIFICATION, SUCCESSFULLY. HFS WILL CONTINUE TO MAKE WIC AND FOOD STAMP CERTIFICATION A PRIORITY.**
- 6. PREPARE FINANCIAL STATEMENTS AND ANNUAL REPORT - THANK YOU, NEW HAMPSHIRE COLLEGE.**
- 7. FACILITATE GROUP PURCHASE AGREEMENTS WITH VENDORS AND SERVICE PROVIDERS - THERE ARE POSSIBILITIES FOR OTHER GROUP PURCHASES. WE ARE NOW LOOKING AT A GROUP RATE OFFERED BY A LOCAL ACCOUNTING SERVICE AND DIRECT PURCHASES OF CT GROWN PRODUCE FROM AREA FARMERS THIS SUMMER.**
- 8. SECURE NECESSARY FUNDING . THE 1989 BUDGET FOR THE GROCERS ASSOCIATION IS \$27,000; INCLUDING MY HALF-TIME STAFF TIME, ADVERTISING COSTS, AND MEMBER TRAINING AND CONSULTATION. WE HAVE SECURED \$800 IN MEMBERSHIP DUES, \$1000 FROM A SMALL LOCAL FOUNDATION TO COVER UP, FRONT ADVERTISING COSTS, AND \$5000 ROLLED OVER FROM THE CDBG SUPPORTED WAREHOUSE. GRANTS ARE CURRENTLY PENDING WITH NATIONAL RELIGIOUS INSTITUTIONS. .**

5. CONCLUSIONS AND RECOMMENDATIONS - HINTS FOR THE CED PRACTITIONER -

BECAUSE I AM CERTAIN THAT HGA EXISTS AS A MODEL THAT CAN SERVE OTHER COMMUNITIES AS WELL, I SUGGEST PRACTITIONERS BE SURE TO CONSIDER THE FOLLOWING BORN FROM OUR EXPERIENCE IN HARTFORD:

THE MIX OF ELEMENTS NECESSARY FOR THE VIABILITY OF THIS ORGANIZING EFFORT WERE ALIGNED AS IN NO CAMPAIGN THAT I HAD EVER BEEN INVOLVED WITH BEFORE. MERCHANTS WERE FED UP WITH BUSINESS AS USUAL, ANXIOUS FOR AN ALTERNATIVE, AND INTERESTED IN THE ASSOCIATION CONCEPT. FURTHERMORE, THIS WAS A CAMPAIGN THAT I WAS WELL PREPARED FOR: I SPOKE THE LANGUAGE, UNDERSTOOD THE GAME AND ITS RULES, KNEW THE PLAYERS, GENUINELY AND DEEPLY EMPATHIZED WITH THE NEIGHBORHOOD GROCERY MERCHANT, AND I HAD DEVELOPED CONTACTS FROM WITHIN AND WITHOUT THE GROCERY INDUSTRY, SOME OWED ME FAVORS.

ORGANIZERS MUST ALWAYS UNDERSTAND THE IMPORTANCE IN KNOWING THE ISSUES, UNDERSTANDING HUMAN PSYCHOLOGY, ATTENTION TO LEADERSHIP DEVELOPMENT. HOW TRUE, ESPECIALLY WHEN MOVING WITHIN A COMMUNITY THAT IS GENERALLY OLDER, MALE, AND OF DIFFERENT ETHNICITY THAN ONESELF.

AND IT'S ALSO IMPORTANT THAT EVERYONE INVOLVED UNDERSTANDS WHERE PARTICIPANTS-BECOMING-PARTNERS ARE COMING FROM: ANNE WHITT, HGA CHAIR, IS INVOLVED BECAUSE SHE WANTS TO LEAVE A BETTER NEIGHBORHOOD BEHIND; CARLOS SALMON IS INVOLVED BECAUSE HE BELIEVES BLACK FOLK SHOULD FOLLOW THE LEAD OF THE LATINOS IN HARTFORD AND GIVE ON ANOTHER ONE ANOTHER'S BUSINESS. GLENN IS EXCITED ABOUT THE ASSOCIATION BECAUSE HE WANTS TO OFFER AT LEAST A COUPLE OF BARGAINS TO HIS CUSTOMERS.

I AM INVOLVED BECAUSE I WANT TO HELP GET A NEW PRODUCT IN THE NEIGHBORHOOD, DRIVEN BY SOMETHING I HEARD DICK GREGORY SAY A FEW YEARS AGO, THAT HALF THE WORLD STARVES BECAUSE OF WHAT IT DOESN'T EAT; THE REST OF US BECAUSE OF WHAT WE DO EAT.

AND ALSO BE SURE TO INCLUDE THESE PRINCIPLES I DISCOVERED IN SMALL BUSINESS ORGANIZING AND COOPERATIVE DEVELOPMENT AS YOU BUILD YOUR ASSOCIATION:

1. IF YOU ARE CONSIDERING COOPERATIVE ASSOCIATION AS A STRATEGY FOR SMALL BUSINESS DEVELOPMENT, REMEMBER ALONG WITH WHATEVER BUSINESS PRODUCT OR SERVICE IS BEING SOLD, THE PROCESS OF COOPERATION IS BEING SOLD AS WELL.

2. UTILIZE TRADITIONAL GRASSROOTS ORGANIZING IMPERATIVES AND METHODS.

3. WHEN NEGOTIATING A DEAL, HOLD ON TO AS MUCH AS POSSIBLE AS LONG AS POSSIBLE. LET THE OTHER PARTY ASK YOU TO SHOW YOUR CARDS.

4. UNDERSTAND AND RESPECT THE DEMANDS ON THE URBAN RETAILER. WHEN PLANNING OR DELEGATING, TRY TO LEAVE MARGIN FOR SPONTANEOUS DISASTERS LIKE BREAKDOWN IN EQUIPMENT, STAFF NO-SHOWS, OR LATE DELIVERIES.

5. STICK WITH IT. TRY TO MAXIMIZE PERSONAL ENERGY AND ATTENTION. KEEP THE BALL ROLLING.

6. GET OUT THERE. MEET WITH THE MERCHANT ON HIS AND HER LOCATION. LETTERS GET SHUFFLED, PHONE CALLS ARE INTERRUPTIVE.

7. ENJOIN THE PARTNERSHIP OF OTHER CED TYPES IN THE COMMUNITY THAT MAY BE ABLE TO REACH OUT TO A CONSTITUENCY THAT YOU CAN'T.

8. IN THE GROCERY WORLD, BUY SOMETHING WHILE YOU ARE AT THE STORE. ANYTHING. AND ESPECIALLY THOSE THINGS YOU WANT TO MAKE SURE THE MERCHANT KEEPS BUYING, LIKE HARD DOUGH BREAD, OR GINGER BEER!

9. AND GET OUT THERE EARLY. RETAIL BUSINESS IN THE URBAN COMMUNITY GETS GOING AFTER NOON. TAKE CARE OF YOUR BUSINESS IN THE A.M.

10. BE AWARE THAT AS YOU MOVE A NEW CONCEPT, OR MAYBE A NEW WHOLESALER, YOU MAY BE CONFRONTING YEARS - 20, 30 YEARS OF A MERCHANT'S BUYING PATTERN, ROUTINE, LOYALTY, AND HER AND HIS FEAR OF CHANGE. MAKE SURE MERCHANT LEADERS ATTEND TO THESE OLDER MERCHANTS.

11. ACCEPT THAT THE BUSINESSES OF MR. REID, GREGG, AND ANNE WILL NOT BRING DOWN THE MULTINATIONALS. OUR JOB IS TO HELP THE BUSINESS AND THE MERCHANT BE THE BEST THEY CAN BE WHERE THEY ARE OR WHERE THEY WANT TO BE.

12. IDENTIFY AND DEVELOP LEADERSHIP EARLY ON. PROVIDE LEADERS WITH CLEAR, DOABLE, AND ENRICHING OBJECTIVES. HELP THEM EVALUATE THEIR PERFORMANCE AND GROWTH, AS WELL AS YOUR OWN.

13. BE AWARE, AND CONSULT A LAWYER, CONCERNING THE POSSIBILITIES OF AN ANTITRUST CLAIM AGAINST THE BUYING ASSOCIATION. SUCH A CLAIM, OUR LAWYER TELLS US, IS A REAL STRETCH BUT MAY BE ONE SOME REBUFFED WHOLESALER MAY ATTEMPT TO MAKE.

14. BE CLEAR AND SINCERE ABOUT YOUR COMMITMENT TO THE WORK. ARTICULATE WHY YOU ARE THERE AND NOT SOMEWHERE ELSE. BE SURE THAT YOU, TOO, LISTEN TO YOURSELF EVERY SO OFTEN.

IN CLOSING, I MUST ADD THAT THE SUCCESS OF THE HARTFORD GROCERS ASSOCIATION AND MY ABILITY TO SERVE IT WELL HAVE BEEN NURTURED THESE PAST 16 MONTHS IN THE CURRICULUM OF COMMUNITY ECONOMIC DEVELOPMENT GRADUATE PROGRAM AT NEW HAMPSHIRE COLLEGE. ALONG WITH THE REFINING OF OLD AND ACQUIRING NEW TECHNICAL SKILLS, WAS THE UNIQUE OPPORTUNITY TO SHARE WITH AND LEARN FROM TALENTED, GENEROUS, AND GUIDED PEOPLE FROM OTHER CORNERS OF OUR PLANET. THEY HAVE EACH AND TOGETHER INJECTED A CONFIDENCE THROUGH ME INTO THE MISSION AND SPIRIT OF THE WORK HERE IN NORTH HARTFORD. WE ARE FOREVER GRATEFUL.