

Getting Down to Basics

How one store literally got handed to the community.

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Basics Cooperative, located in Janesville, WI may have a rather down-to-earth name, but this natural products store is anything but ordinary. The 28-year-old store not only offers its customers dedicated service and quality products in a blue-collar town, it went from being a privately-owned business to being a co-op only this past January.

Perhaps more revealing of the store's uniqueness is its atmosphere. David Roang, who currently serves as the president of the board of the co-op, the store, which has 8,000 square feet in total and 7,000 of retail space, is quite interesting as far as natural products stores go. "It has a hybrid feel," he explains. This is due to the fact that many health stores tend to fall into two groups: one group will have a "co-op" feel to it, while the other group has a more business-like ambience—like a Whole Foods Market store. Basics, though, seems to fall in between these. "Basics is in the middle of these two groups," says Roang. "While it happens to be a co-op, it's not really a classic co-op store." Roang attributes this hybrid atmosphere to the fact that Basics is new as a cooperative and to its staff, which is a mix of both young and older individuals. "The atmosphere is a mature, business-like one that has a committed family feeling to it," he elaborates.

More than just the atmosphere though, the store is unique in that it offers in addition to produce, health and beauty care items, and supplements, a line of elaborately decorated gift baskets and cheese trays for customers to order, and even a smoothie bar. But similar to many other stores, however, Roang says that supplements drive most of the sales. In fact, supplements take up 1/3 of Basics' floor space. But attention is also diverted to other areas, including the customer service area, cheese (it's in Wisconsin after all!), bulk products, herbs, smoothies, and trays.

The store operates seven days a week, 8 am. to 6 pm. Monday through Thursday (with the exception of Super Tuesdays, which will be discussed later), 8 am. to 8 pm on Friday, 8 am to 6 pm. on Saturday, and 11 am. to 6 pm. on Sunday. Holidays off include New Year's Day, Memorial Day, the



Above, President of Basics' Co-op board, David Roang and General Manager Sara Kirchoff. Below, Basics gives to charity through a Wooden Nickel Program.



BY JACLYN HIRSCHORN

Fourth of July, Labor Day, Thanksgiving, and Christmas Day.

The slim management cadre includes a general manager, a supplements/health and beauty care manger, and two food managers, but beyond these, each employee has a section he or she must order which gives everyone a sense of responsibility.

But probably the most notable characteristic of the store is that it is a true innovator in the natural products industry. As Roang says, "The conversion of the store to a cooperative is a perfect example: We know of no other privately owned store in the country that has made this conversion, which could be an interesting alternative to lots of stores in the country."

Indeed this appears to be the case, and it likely leaves most people wondering what prompted such a huge transformation. The answer lies in both Basics' history and more recent events...

In the Beginning...

According to Roang, Basics Cooperative is located in a town where one wouldn't likely imagine a natural products store. Janesville, home to about 60,000 people in southern Wisconsin, has a General Motors plant, which is the main source of industry for the whole town. Now Madison, the state's capital city, only a half an hour from Janesville, is a college town, and has more of a market for natural food products, and may have been a more obvious choice. Nevertheless, Roang's father, S. Peter Roang, who passed away in 2003, was considered daring



Supplements drive Basics' sales, but the store still pays a great deal of attention to bulk foods and other areas.

when he decided to place Basics in Janesville. "The Basics concept was a bold one: start a natural food store that supports local and natural foods and vegetarianism in Janesville, a traditionally blue-collar town," explains Roang.

Even if the choice of location was a bit odd, S. Peter Roang, an outspoken peace activist, and Debra Ramsdell formed the initial store in 1977 as a partnership, and set up shop in what Roang calls "a very small footprint." Then, a little bit later on, Peter's sister Karin joined the team, and Roang says Basics had a brief period as being a worker's collective; in 1980 it became a corporation with the three being the sole shareholders. This threesome wouldn't last, however, as Karin was bought out in the late 80s and Debra in the early 90s.

Besides ownership changes, another shift that occurred was a store expansion in the mid 80s; Basics moved to a place three times its size near the middle of town. In 1995 the store was moved again, this time to its present location, which again tripled its size. This last expansion also included implemented scanners, computerized pricing, and even a website (www.basicshhealth.com).

Finally, and sadly, the last big event to shake Basics was the untimely death of Peter, the last of the original owners, who had suffered from a stroke in March of 2003. After Peter's passing, David Roang was entrusted with the ownership of all the stock of Basics, Inc., and there was much concern about the store's survival. "When my dad died two years ago, there was a very significant concern from both frequent- and non-shoppers that Basics wouldn't go on. Janesville is a solid American town, but is driven by chain stores and of course the General Motors plant. A store like Basics is critical to the balance of the town—another side of the story gets told," says Roang.

Clearly Roang was in a bit of a quandary, especially due to the fact that he also has his own

legal practice in nearby Madison, and devoting time to two jobs can take a lot out of even the most dedicated people. One way to solve his predicament was to transform Basics, Inc. into Basics Cooperative.

From Inc. to Co-op

Transforming Basics into a co-op, however, wasn't just an idea to help Roang out, as he maintains that it was something his father had been thinking of doing himself. Roang says, "Before my dad died, he was looking for possible avenues to transfer ownership of Basics without jeopardizing its continued existence. He had become interested in the cooperative model, principally through his involvement as chairman of the board of Blooming Prairie Cooperative Warehouse. He was intrigued by cooperatives, especially as they shed their 1960s, hippie image in favor of a viable business model. He saw that cooperatives were coming of age. Unfortunately, his untimely death meant that he could not make this happen himself."

Today, Roang sees the six-month old cooperative as a winning solution for everyone involved, although making such a huge transformation wasn't easy. Last spring, with the help of general manager Sara Kirchoff, whom he credits as being the key to the conversion, Roang managed to get the cooperative set up by January 2005. "Sara and I worked for three months developing the bones of what the co-op would be, and in July, we announced the change to our employees, and began to take memberships."

Memberships, which are open to everyone for \$150, began piling up even before the co-op was officially in existence; before January there were 500 memberships. "It was exciting to see people join and watch the numbers go up and up," relays Roang. He adds that there are currently 750 members and that the co-op usually gains one new member a day, which totals out to

about 25 to 30 new members per month.

In addition to the ownership change, a board of directors was elected by the owners, which has allowed Roang to still be involved with the store, as he is the board's president, but he no longer needs to give as much time as he did before. Overall, Basics' transformation truly seems to have helped everyone involved, including the store's staff and community. "It helped the store's staff and customers by ensuring that Basics would continue to serve the community, and it in turn has helped the community because the community now owns the store," says Roang.

The "Basic" Philosophy

As one can see, Basics is truly a store that has had an interesting and lively history, and Roang maintains that although the store's ownership structure has changed quite a bit, its core philosophy continues to flourish. "Basics," he says, "began as a true experiment, struggling to convince people that they should shop for natural products. While we have grown exponentially since those early days, the basic principles have remained the same: to provide high-quality natural foods to our community. To us, natural foods are whole foods that are as pure and minimally processed as we can find them—with as little as possible removed and with nothing artificial added We also encourage sustainable, organic agricultural practices and support local food suppliers when possible. We care about our land, the environment, and our resources. These principles were developed in the early days of Basics and remain unchanged to this day."

While the core values of Basics have stayed the same, as Roang exclaims, "Everything else has changed dramatically!" He relates that the store now has 28 employees, whereas in its early days it had none. There is now a fully developed, top-down management system, and probably one of the best changes to take place is the dollar amount that comes into the store. "Our annual sales now approach \$2,500,000, and I remember my dad being excited about a \$100,000 year. We have a customer base of thousands, and are a known commodity in our community, both locally and beyond," he declares. He adds to this list of changes, a salaried general manager and promotions, sales, and outreach extended more toward the co-op's owners. Roang in fact believes that owner outreach makes customers more comfortable when shopping in the store. "...We are owned by the community, giving back to our owners and the community at large, so customers can feel good about patronizing our store," he says. And giving back is one thing that Basics doesn't fall short on, especially when it concerns the owners.

Of all the benefits employees receive, Roang says the most important one is a 25% discount on groceries. "It was so important to everyone involved in the store that employees buy and use the stuff that's sold—it's critical," he explains. But in addition to the discount, the 28 workers, 14 full-time, 14 part-time, receive benefits that include hourly wage increases to help cover health club costs, paid community service days, a simple retirement plan, and assistance with fees to see the town's naturopathic doctor, Jill Evenson. Roang says that food service workers don't tend to make much money, so he wants Basics to help out its workers as much as it can. But besides that, he wants to ensure their health. "How else do we make sure that our workers live the lifestyle we want our customers to live?" he asks.

A "Super" Store

This altruism is largely what seems to emanate from Basics, as the store prides itself not only for its excellent service, but its dedication to education, which clearly affects customer attitudes. "We present our store as one that our owners and customers can trust," says Roang. "They can trust that they will find high-quality, good food and other natural products. This trust has been built carefully over 30 years, and our clientele believe in us," he continues.

Indeed the store's presentation and actions convey to customers that the cooperative truly has the community's (and the world's) best interests at heart. For example, a little over a year ago, when the store was still privately owned, Roang implemented the Wooden Nickel Program. Roang first heard of the program at the Natural Products Expo West show from a store in San Diego, and he adopted it in a way to fit Basics. Basically (no pun intended), the way the program works is that every customer receives a wooden nickel, and he or she decides to put the nickel in one of three bins. The bins represent three charities that were chosen by the employees, and the customers essentially decide how much should be given to each charity. Roang lists the charities that Basics has given money to through the use of the wooden nickel program as: Rock County Citizens for Peace, which is a charity Peter Roang had been involved in; Relay for Life; Spotlight On Kids, a local theater group; Touched By A Paw, a local animal shelter; Habitat For Humanity; UNICEF (tsunami relief); Organic Farming Research Foundation; House of Mercy Homeless Shelter; and ECHO, a local food pantry.

Besides giving to charities, another way Basics extends its altruistic hand is by focusing heavily on customer education. And it happens to educate in quite a "super" way: Super Tuesd-



ays, which takes place on every first Tuesday of the month. So why is this day different from all other days (and don't worry we won't get Charlton Heston to answer this one)? Well first of all, whereas on most Tuesdays, the store only stays open from 8 am. to 6 pm., on Super Tuesday the store stays open until 8 pm. Customers receive 15% discounts and co-op owners get an extra 5% off. Add to that the supplement and food vendors who give informational talks and live radio broadcasts from the store, and it's understandable why the store is usually *jammed* with around 1,000 customers, while the customer count for a typical day is about 200. This day is actually so popular that Roang says there's

barely enough room for everyone in the 7,000-square-foot store, and customers may even have to wait 30 to 40 minutes in lines at the register!

Roang explains that on Super Tuesdays everyone benefits and has a great time. Customers enjoy the q & a sessions given by vendors and the store discounts; vendors enjoy the home-cooked meals they're given and the free advertising they receive on the radio; and the owners of the store appreciate their own radio advertising, not to mention the sales they typically make on such a day. "Our daily sales generally range from \$4,000 to \$6,000, but on Super Tuesdays, sales generally eclipse \$45,000, and have gone as high as \$72,000," says Roang proudly. He adds that





Roang says Super Tuesday, on the first Tuesday of every month, is a phenomenon to watch, with a thousand customers packed into the store, supplement and food vendor on hand to answer questions, and the live radio broadcast that gets Basics' name over the airwaves.

the day is a sort of mix of marketing and education, which goes in sync with the Basics theory of education being the best form of marketing. Roang's father originally came up with the Super Tuesday concept, and it became so popular that other stores have actually copied the program themselves. "It is a truly wonderful phenomenon to watch every month," he declares.

Still Some Challenges

With all of the success Basics seems to be having as a cooperative one has to wonder if it's even *more* successful as a cooperative. After all, a store that virtually gets one new member to join everyday can't be doing too badly, right? Well, even if Basics isn't having too much of a hard time, Roang admits things aren't quite up to par yet. He says that Basics is still looking for more customers and members. "Our number one asset and opportunity is our membership. We want to find the best way to tap into this wonderful asset, which is a work in progress," he explains. Roang also sees one of the big problems being mainstream grocery stores selling more and more natural products. Another obstacle is the "competition" between expenses and the size of the store. Roang says, "We want our business to grow and

to be able to keep pace with expenses, but that growth has gotten increasingly difficult in our store, which is physically bursting at its seams." This is why Roang relates that the biggest change that will likely happen in the near future will be another store expansion, especially because the owners would like to be able to provide customers with even more services and products, such as an in-store deli. "Our customers are clamoring for more, and we believe we can reach even more people," he says.

Looking Ahead

Basics, is clearly still on a journey. It's only been a cooperative for six months, and there's much for it to look forward to in the future. The management hopes to get more members, increase sales, and to also continue to help to shape the natural products industry. Although Roang concedes that the store currently can't be considered more successful as a co-op, he says that because of the staff and owners' dedication and commitment, the store is victorious. "In terms of spirit and attitude, it's a smash hit," he states. He also feels that transforming the store into a cooperative is the best thing he could have done. "You're selling it to the people who *love* your

"Basic" Merchandising Techniques From A Natural Products Co-op

As David Roang, former owner of Basics Cooperative, located in Janesville, WI, and currently the president of the co-op board maintains, education is the best form of marketing. While the store no longer requires extensive staff training in order for workers to educate consumers, they are expected to keep up with trends and information. And of course, Roang gives due credit to employees who have been with the store for several years because they in turn educate other members of the staff. But in addition to education, a store's look and appeal certainly attracts customers too. In fact, one look at the pictures of produce at Basics was enough to make the editors at **WholeFoods** want to jump onto a plane and pay a visit to the store!

Roang attributes the store's current layout to the Blooming Prairie Cooperative Warehouse, which helped the store out a great deal. He specifically feels that different aspects of the store really set nice tones, such as the plant section. And he says that it's crucial for the produce section to be attractive. He states, "The produce section needs to look fresh and good—this is critical for any grocery store."

Besides the overall layout, though Roang explains that what really helped Basics look more professional and business-like is better signage and unity. In the past, the store used hand-written tags on its merchandise; it now uses machines. It also now uses more consistent marketing images; the store logo for instance, is the same on the aisle signs, the workers' t-shirts, on the customer mailings, and even on the website. "We made an effort to really unify everything...it really makes the store look a lot more professional. It ties the store together," says Roang.

store. This allows it to continue on, hopefully better than before. It's all been a very good experience for me," he adds. WF