

Case Study: Marquette, KS

Community shareholder investment in Piper's Fine Foods helps ensure the grocery store's long-term viability

By Jacob Miller-Klugesherz, Rural Grocery Initiative

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Background

Steve and Mary Piper are fixtures of the Marquette, Kansas community. At 14, Steve began working at his family's grocery/clothing/hardware store (they dropped clothing and hardware in 1983). He served as Marquette's mayor for 14 years and Mary was a schoolteacher and gift shop owner. In April 1998 Steve bought the business from his dad. Steve and Mary remain third generation owners of [Piper's Fine Foods](#)¹.

True to the Piper family's hard-working nature, Steve's dad worked five hours the day he passed away in 2014. Five years later, in 2019, the Piper's realized they needed to address a festering problem concerning the store's long-term viability.



The sign in front of Piper's Fine Foods Supermarket building.

The Problem

Steve was proud of the store's offerings, especially given the town's small population of 600. Steve said, "You can come into a store this size in a town this size. We've basically got everything you need! I don't have fried chicken, I wish I did, but we've got a smoker!" In addition to recognizing his enthusiasm for meat, Steve knew their store provided Marquette with a good amount of business for a small town. Still, Piper's Fine Foods did not have quite enough customer patronage, which choked cash flow.

More worryingly, they doubted the long-term viability of their ownership model. "It's kind of like a farmer, you have to go to the bank a couple times a year to borrow operating costs and stuff, so you're just always in debt and I guess I hate the idea...It's just kind of a vicious circle." said Steve.

Steve and Mary realized the model was a problem when they developed their succession plan. Steve

worried that they could never lower the debt balance. Even if they sold the store to someone else, the new owner would inherit the debt cycle. Steve needed to find a way to eliminate debt and keep the store going.

They were determined that the store would not die once it came time to exit the business. They witnessed too many nearby towns wilt following the closure of their grocery store. Steve said, “When small towns around us [have] lost their grocery stores, they have gone down since. It is the key business of a small town.”

Solving the problem of long-term viability would not only help the community, but also Steve and Mary’s quality of life and financial security. In large part due to constant debt, they found themselves constantly working and reinvesting their own earnings into store upkeep. “We’ve been here working our whole lives, taking the money out to keep the store going. Our last vacation was 12 years ago. I thought maybe we deserve a little bit of help here.” said Steve. He wished to maintain the family’s longtime value of hard work, but was less interested in going out the way his father did.

ABOUT THE COMMUNITY

Population ^{1*}	599	% of population in poverty versus statewide average ^{2*}	14.6% v. 11.4%
Next closest grocery store.....	10.3 Miles	Poor mental health days in past 30 days ^{3**}	3.3 days
Median household income ^{2*}	\$49,643	Poor physical health days in past 30 days ^{3**}	3.1 days
Median age ^{2*}	49.2 years old	% of adults with obesity ^{3**}	31%
Hispanic ethnicity as % of population ^{1*}	3.8%	Food insecurity ^{4**}	11%
% of population under 18, over 65 ^{2*}	18.5%, 24.6%	Limited access to healthy food ^{5**}	8%
Earned a bachelor’s degree or higher (18 and over) ^{2**}	19.42%	Quality of life ^{6**}	8th of 105
Socioeconomic factors ^{6**}	9th of 105	Health behaviors ^{6**}	3rd of 105

Sources:

1. U.S. Decennial Census, 2020
 2. 5-year American Community Survey, 2020
 3. Behavioral Risk Factor Surveillance System, 2019
 4. Map the Meal Gap, 2019
 5. USDA Food Environmental Atlas, 2019
 6. County Health Rankings and Roadmaps by Wisconsin University’s Population Health Institute, 2022 ([measures and methodology, data](#))²
- * Marquette
 ** McPherson County

The Process

When Steve and Mary owned a restaurant, they applied for the Kansas Security Commission's "[Invest Kansas Exemption](#)"³ (IKE). IKE allows a small business to sell up to a million dollars in stock without the headache or hurdles of registering the stock and dealing with an investment banker. They successfully filled out the IKE application. At the time, they wanted help to transfer their restaurant to another building, but the project was "too bold" and unwieldy for the number of investors Steve and Mary could find, so they decided not to finish the project.

However, Steve and Mary applied again when they changed the ownership model of the grocery store. They were previously sole proprietors of Piper's Fine Foods, but on January 1, 2020, they created Wolverine Fine Foods, Inc. Their IKE application was approved this time around and "I like IKE" took on another meaning for Marquette residents.

In this model, there are two types of stockholders: common and preferred. As common stockholders, Steve and Mary retain complete control as the store's decision makers. Common stockholders do not receive dividends, but have voting privileges and participate in general meetings. Steve and Mary are the only holders of common stock. Comparatively, preferred stockholders (community investors) enjoy priority in receiving dividends, and prior to liquidation their claims are discharged before the claims of common stockholders. The Pipers determined that preferred stockholders would not have voting rights, store discounts, or gift cards. Rather, they share ownership of the town's lifeblood store and can expect a dividend equaling 5% of their stock's value. So, for a \$5,000 investment, they receive \$250 annually. When reflecting on the process, Steve said, "It went much smoother than I thought."

Timeline

- 1922**
Steve's grandfather opened a grocery store in Marquette, Kansas.
- 1956**
Steve's father returned to Marquette to open the grocery/hardware/clothing store.
- 1983**
The Pipers sold the hardware store and focused exclusively on groceries.
- April 1998**
Steve bought the business from his father.
- January 1, 2020**
The Pipers first offered preferred stocks to the community as an incorporated model.
- 2022**
100-year anniversary of the first Marquette grocery store.

*"When small towns around us [have] lost their grocery stores, they have gone down since. It is the key business of a small town."
- Steve Piper*

Partners

Per IKE, if a person's net worth (excluding their house) exceeds one million dollars, they are considered an accredited investor and can buy any amount of stock. Non-accredited investors, however, can only purchase up to \$5,000 worth of stock. Steve and Mary decided that \$5,000 would be the amount of stock that all investors would have to purchase to become preferred stockholders.

The Pipers went to work advertising to community members the opportunity to buy stock. They sent a letter to each household. Their message to prospective stock owners was frank: if you want to keep the store in town, you've got to do something.

And do something they did. Harkening the ending scene of "It's a Wonderful Life," community support poured in. Steve and Mary heard more than once, "put me down for \$5,000!" Businesses bought stock. Their church bought stock. Steve, misty-eyed with gratitude, said that when that happened, "I started crying."

In total, they attracted 47 shareholders and amassed \$350,000. Tax consultants and a lawyer were also integral in transitioning to the new corporate ownership model.



The meat counter in the supermarket.



Fresh varieties of onion in the produce section.



The selection of spices Piper's Fine Foods has to offer.



A section of the cooler space in the store.

Lessons Learned

Some residents in the community wanted to buy stock, but they didn't have the necessary \$5,000 to invest. Steve and Mary sent a letter to the community quelling residents' concerns, sharing that shopping at Piper's was just as important as buying stock. However, the Pipers soon learned that they had to turn down five people who wanted to invest because they lived outside of Kansas, and per IKE, stockholders must be Kansas residents. The lesson here is that the distance between people and place is not always as tight as implied by the law's stipulations.



Piper's Fine Foods Supermarket owners, Mary and Steve Piper.

The Pipers' experience was primarily positive. A central success was the ability to maintain a debt-free budget. "Okay, we got x amount of money so we're going to buy this case [and forklift] and I want this much money in the bank. We have kept that [process]." said Steve. With this transition to a new ownership model, both Steve and Mary are W-2 employees and wages are deducted for taxes. "We sold the store to the corporation...So we are basically employees of the store now. I write myself a paycheck every two weeks." said Steve. No more bills, no more loans. Plus, Steve no longer needs to worry about overdrafts when writing paychecks. The corporation owns the store, building, everything. As a result of switching from the sole proprietorship model to the incorporation model, Steve said "[we] paid off our debt and it gave us money in the bank. That was the big thing for me".

"The only risk I see is if someone came in, bought my stock, bled the company dry, and wiped out the bank account." said Steve. This person would have to buy all their stock, and that risk would not be on Steve and Mary financially, only "morally."

Steve shared they were adamant from the beginning that "we made it clear we wouldn't be here forever, there will be someone else down the road taking over the place." That person should not come in with the expectation of buying the grocery, building equity, and then selling. Rather, the prospective person should approach the job as "buying yourself a job," and in turn, becoming "your own boss." Piper's current model means that it is ever more crucial that Steve and Mary find the "right" candidate to be at the center of their succession plan. According to Steve, the right candidate has "grocery experience, can run a business, and is community-minded."

Conclusion

On October 28, 2022, Piper's grocery [celebrated 66 years on Main Street](#)⁴, and 100 years since Steve's grandfather, Harry, opened Marquette's first market in 1922. "We are a small town, but we are one of the best towns," remarked Steve.

Community-willed. Longevity. Peace of mind. All made possible by a change in the ownership model, but most importantly, the residents' investments in Piper's Fine Foods, Marquette, and themselves.

Acknowledgments

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About RGI

The Rural Grocery Initiative, housed within K-State Research and Extension, aims to sustain locally-owned rural grocery stores to enhance community vitality and improve access to healthy foods by identifying, developing, and sharing resources that support grocers and rural communities.

References

1. Piper's Fine Foods. 2023. <https://pipersfoods.com>.
2. County Health Rankings & Roadmaps. (2023). *2022 Measures*. County Health Rankings & Roadmaps. <https://www.countyhealthrankings.org/explore-health-rankings/county-health-rankings-measures>.
3. The Invest Kansas Exemption—"IKE", 81-5-21 K.A.R. 4 (2018). <https://ksc.ks.gov/DocumentCenter/View/228>.
4. Rural Messenger editor. (2016, November 4). Piper's Fine Foods celebrated 60 years of being Marquette's "Main Street." *Rural Messenger*. <https://www.ruralmessenger.com/kansas-community-news/marquette/pipers-fine-foods-celebrated-60-years-of-being-marquettes-main-street/>.

K-STATE
Research and Extension

Rural Grocery Initiative

116 Umberger Hall
1612 Claflin Road
Manhattan, KS 66506
rgi@ksu.edu, 785-532-6868
www.ruralgrocery.org