

Tallahassee's New Leaf Market Flourishes in Expanded Store

BY CRISTIN BURNS



PHOTOS BY ADAM COHEN

New Leaf Market spent five years searching for an expansion opportunity. Three promising projects fell apart in the feasibility stage. Just when the searching felt hopeless, General Manager Larrane Hartridge learned that New Leaf's neighboring tenant was contemplating a move. Not only was the timing perfect, but expanding at our current location was our first choice.

New Leaf Market has been serving Tallahassee, Fla. for 35 years. It has changed its name once, relocated twice, and grown from 200

owners to 10,000. After a modest expansion and renovation in 2002, it was readily apparent that the store still needed more room. This is when the aforementioned five-year expansion search began.

Although the search process was difficult, it did have its benefits. The long waiting period allowed us to stockpile cash reserves and equity. Hartridge decided to hire a project manager—me—to help with the evaluation of potential sites and collaborate with consultants Bill Gessner, Steve Wolfe, Steve Dorn, and Pete Davis. Our existing location faces one of the busiest intersections in town, and we had been counseled to stay despite the 1950s building and parking lot, both suffering from disrepair. Together, we got a great deal of invaluable practice as we constructed “sources and uses” budgets.

Planning the new store

In February of 2007, after months of negotiations with our landlord, New Leaf Market signed a new lease that secured the following: the location until 2021; 4,500 additional square feet of facility; \$100,000 in landlord improvements; and a new roof, parking lot, and paint job (essential to our staying). The additional

space took the total square footage from 9,200 to 13,700.

The added space quickly got gobbled up as new departments were planned and others drastically expanded. A customer survey done several years prior had highlighted the need for a meat and seafood department. Wine and beer sales had been growing steadily but were tempered by the inability to bring in new inventory. Addressing this, a new specialty department was created for beer, wine and cheese. Likewise, the kitchen hadn't been expanded since being built in 1994, despite the deli having added a grab-and-go program along with made-to-order sandwiches, smoothies, and espresso drinks. Both the kitchen and deli were completely redesigned.

The other two areas of focus were opening up the shopping experience with wider aisles and more registers, plus adding dedicated prep spaces and coolers for produce, dairy, deli, and meat and seafood. All said and done, the store was projected to cost \$3.5 million dollars.

With the projected costs exceeding the original estimates by \$1 million, Hartridge set out to secure funding. An owner loan program was launched with the goal of raising \$400,000. The drive spanned only two months and successfully raised \$256,000 from 100 owners. This,

New Leaf Market Tallahassee, Florida

	Old store	New store
Total square feet	9,200	13,700
Retail square feet	6,200	9,100
Sales (annualized)	\$9.7 million	\$11 million
Staffing (FTE)	82	105
Project total costs		\$2.5 million
New Leaf contribution		\$1.6 million



Open ceilings, exposed concrete floors, and industrial elements combine with bright accent colors and wood for a look the interior designer named “industrial warm.”



The store’s already-growing wine and beer sales will be enhanced by a new specialty department for beer, wine and cheese.

combined with over \$1 million in reserved cash, \$260,000 in cash from operations, and \$74,000 in owner equity (\$30,000 new, \$44,000 existing), made up New Leaf Market’s financial contributions. Hartridge diligently met with banks to solicit a loan for the remaining financing. After considering local and out-of-state banks, she procured a \$1.6 million loan from the National Cooperative Bank. Securing the loan, along with the landlord contribution, meant that all of the financing was in place and it was time to start knocking down walls.

Unfortunately it didn’t happen that fast. The store and deli layouts had been designed by consultants P.J. Hoffman and Allen Seidner, respectively. A local architectural firm was hired to complete the design, which proved to be time consuming since it had not been part of the layout discussions and therefore lacked the understanding behind the numerous decisions that had already been made. After many, many meetings, the project moved forward, and the store’s new look was finalized with an open ceiling, exposed concrete floor, and industrial elements. Bright accent colors and wood elements completed the design that our interior designer named “industrial warm.”

We knew that we wanted to remain open for the entirety of construction. This, as we had expected, caused a bit of hesitation with our local general contractor. They had worked on projects that were still conducting business, but never in an environment that combined construction subs with employees, customers, and food! Luckily, the general contractor’s mantra of safety allowed business to go on—not as usual, but well enough.

Phase in, phase out

Phased construction: It was so easy to say and so easy to map out. It was just drawing lines on paper, right? Wrong! Initially envisioning seven or more phases, we quickly reduced that to three after looking at budget numbers and time lines.

In order to reduce the costs, some difficult decisions were made. Five doors of frozen foods were lost for four months, and a mini, moveable deli setup—without any made-to-order items or proper seating area—was cobbled together for phases two and three. The three-phased plan was estimated to require six months.

Once demolition began in November of 2007, the complexity of phased construction became a reality. It was like peeling an onion. Every conversation revealed a new layer. Each layer had another one underneath it, and after a few moments, with tears in your eyes, all you wanted to do was run from the room. Resigning ourselves to an ongoing phasing conversation, we chose to focus on one phase at a time. The basic plan was: gut and completely redo the new space, remove the dividing wall between it and New Leaf Market, then move into the finished space, thereby vacating the next area to be renovated. Repeat.

Store Manager Phil Valentine was placed in charge of coordinating the shifting of product and equipment, complete with temporary registers. He masterfully arranged three rounds of overnight shifts to prepare the store for each new temporary layout. Each round typically spanned three nights and was completely staffed with employee volunteers, sales reps, and a few co-op friends. These nights were fun. Overtime was approved, pizza was ordered in, and the general feeling was that of pride—pride that we could all pull together and, in a matter of 36 hours, completely prepare the store for the next phase of construction.

This absolutely could not have been accomplished without the hard work and commitment of the staff. That said, it wasn’t always a positive experience. There were unpleasant smells, loud noises, and innumerable inconveniences that sometime got the best of employees who were stuck in a construction zone day in and day out. Despite this, New Leaf Market saw a significant decrease in turnover during the construction

period, something that is attributed to the excitement of finally getting our dream store, staff involvement in the overnights, and constant communication with the employees about the construction.

Construction was completed in November of 2008, almost exactly one year after beginning. Although it took almost twice as long as expected, costs were closely managed (a floral section and an olive bar were omitted from the plan), and the added time allowed more cash from operations to be used than originally budgeted. The final loan amount ended up being \$850,000—\$750,000 less than budgeted.

Since construction ended right before the holiday season, the grand reopening was scheduled for mid-January 2009, allowing for a soft opening. The staff took the time to learn the ins and outs of the new store and new departments.

By January, everyone was ready to invite all of Tallahassee to the new New Leaf Market. And did they come! Over the two-day event, 3,500 people passed through the registers and many more through the doors.

In March of this year, a group of co-op general managers and National Cooperative Grocer Association staff came to Tallahassee to see the new store and learn about phased construction. Their praise of the store provided the final touches to the experience. Of course, where co-ops go, so do suggestions. Store audits provided valuable insights, such as the need for accent lighting.

Sales have averaged over 27 percent above last year, far surpassing the projected 10.9 percent growth. As of April, rather than showing a loss as had been expected, we are reporting a profit. We will end our current fiscal year with \$11 million in sales and are on track to reach \$12 million for the coming year. Turnover has continued to remain low, and since completing the expansion, 430 new owners have joined the co-op. ■