

## APPENDIX VIII

### A New Direction

#### **Wilco Farmers Co-Op Forms Retail Division for Greater Sales and Profitability BY ADAM KING**

Sam Bugarsky understands the world around him is constantly changing, which means his idea of the perfect store today could be obsolete five years from now. Thus his stores in Oregon's Willamette Valley must always be prepared to change with the times.

Instead of designing a long-term plan such as "gross margins should reach 35 percent by 2005"- Bugarsky annually sets a minimum target. Each year he looks for at least a one-half percentage point increase in gross margins. It leaves the door open to be flexible, and flexibility is why Wilco Farm Stores, an eight-store retail division of Wilco Farmers Cooperative, has become a successful \$27 million operation.

*"We would order for the whole season when we didn't need to...We realized then that the only way we were going to be successful was with higher gross margins and more productive inventory."*

Wilco Farm Stores' solutions included methods many forward-thinking retailers use today, such as margin management, computerized inventory control, market-tailored merchandising and category domination.

In addition to implementing the inventory and margin procedures, the retail division's growth was also influenced by redefining its marketing strategy. The cooperative realized its stores wouldn't survive by appealing only to its farmer members. It had to develop a concept that could cater to a broad spectrum of customers, especially the hobby farmers who were swiftly moving into the surrounding rural landscape.

Wilco Farm Stores settled on the 10,000- to 20,000-square-foot format because it wanted to retain its community store image. Wilco considered expanding the size of the current stores but believed it would be better to saturate its market with smaller locations tailored to meet the needs of the towns they serve.

Publication: Farm Supply Retailing (online)  
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