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Richard's Foodporium: Creating Opportunities

RETAIL REPORTS

A slow and steady approach to growth continues to see this specialty grocery chain and holding company through.



John Rorer, owner and proprietor

By necessity, franchising is all about consistency, and no one knows this better than John Rorer. But even before deciding to pursue his franchising goals, to streamline his company and develop a consistent brand, the owner of Richard's Foodporium started making changes.

"When I bought the company from my partners, after taking a look at every detail of the stores, I realized I had 11 different animals," Rorer, owner and proprietor, said of the natural, organic, and specialty food store chain.

"Before getting into franchising, we needed to develop a replicable model. But I also know it's incumbent upon any good operation to make sure its business model plays to its strengths and differentiates itself in the market, and part of that relies on consistency."



Rorer's team started by focusing on homogenizing the product mix, décor, systems, and operations—a task that took about two years to complete. Today, when walking into most Richard's Foodporium locations, customers will see old-fashioned, uniquely nostalgic décor as well as recycled-wood floors and high-efficiency lighting.

In addition, the company maintains a competitive pricing structure and carries products unique to its Floridian market. Richard's Foodporium's ever-expanding bulk foods section and private label selection that includes vitamins, chocolate bars, lip balm, coffee, honey, and granola also give it a competitive advantage.

"We're still small players in private label because it's difficult for smaller businesses like ours to meet certain minimums of manufacturers, but wherever we find the opportunity, we take advantage of our abilities," said Rorer.

A few years ago, Richard's Foodporium purchased packaging equipment from a failing business. As a result, some of its private label items come direct from manufactures, and others the retailer packages itself. Although the packaging arm isn't a highly profitable vertical of the company's business model yet, Richard's Foodporium continues to expand its selection and take advantage of the profitable private label items in its stores. "It's on our business plan for this year to kick the focus on those business segments up a notch and take them to the next level."

Slow but steady

The slow but steady approach Rorer has taken to managing the private label side of his business has given him success on the franchising side as well. Since September 2009, Richard's Foodporium has added three franchisees, but Rorer said he's in no hurry to add too many more anytime soon.

Instead, he and his team are once again focused on the behind-the-scenes elements to make sure Richard's Foodporium is prepared to tackle additional growth. To start, the company is rewriting its



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standard operating procedure (SOP) manuals, going through its operations to ensure it's perfectly clear in its intentions.

"As good as you try to be at pulling all of that data out of your mind and getting all the managers to reread it in case you forgot anything, you do forget things, and they pop up in the build out, initiation, and training phases," said Rorer.

Another lesson he's learned from franchising is the need to manage franchisee expectations. Anxiety about being a new franchisor coupled with the excitement of selling your model can lend itself to misinterpretation, and as the build-outs begin to take shape, those miscommunications become extremely evident.

"Once they get up and running and they've invested a few hundred thousand dollars, franchisees often think it's their independent store," Rorer said. "We've had conversations about them rereading their franchising agreement and once again going over what a franchising system is all about. But we've gotten better about managing those expectations up front."

Moving on up

Although some might question Rorer's desire to franchise in the midst of an economic downturn, he said he started researching in 2007 and realized the recession was the best time to start making moves.

"I took the position that I wanted to start the process then so that as the economy improved, I would be legal, and I could ramp up accordingly," he said. Waiting until the economy tightened up, in contrast, would have delayed the process by years. Rorer will admit that the franchising push has been difficult, but that's the same whether it's a new franchisor or a company that's well established in the field.

"Everyone is looking at ways they can tweak their model to sell more franchises," he said. "I don't feel that pressure because I purposely decided we were going to start slow and do it right."

One of his newest goals is to establish bylaws and create a franchisee advisory board that will act as a liaison to current and future franchisees to make suggestions on products and processes and voice concerns. Richard's Foodporium is also creating bylaws and a regional marketing board, which will give franchisees a voice in regional marketing efforts as well.

Bring it together

Behind the franchising push, Rorer is making great strides in uniting the various elements behind his business under the name he's also given the company's headquarters: Opportunity Central. When we last talked to Rorer, he had developed packaging, retail services, holding, and distribution services LLCs under the Opportunity Central umbrella.

Currently, Rorer and his team are folding the packaging and retail services divisions into their distribution center.

Although the franchising and retail outlet portions of his business are technically under the Richard's Foodporium C-corp name while Opportunity Central Holding Company holds the intellectual property, Rorer wants it to be clear that all elements of his business are under one umbrella. To make the point, he's changed the business cards of his corporate office employees, marketing manager, operations director, and financial director to reflect a united front.

"I wanted to instill in them this mindset that hey, it's a bigger umbrella now, and you are creating opportunities for new hires to be put to work by creating these verticals and growing the organization," Rorer said. "We're calling this Opportunity Central; be proud of that." In the next year, Rorer plans to continue improving his business strategies, hopes to add three to five more franchises, and wants to create better training programs for both corporate and franchise locations. Some of the original Richard's Foodporium locations are in need of remodeling, and, as budget allows, he's hoping to fit that into the schedule as well.

Overall, he sees the next year as a year to contemplate the success the company has had in the past and what could be next. "I don't foresee us creating any new verticals or opening a bunch of new corporate stores," he said. "This is a year to digest, improve, and plan."