

GROWTH OPPORTUNITIES FOR **Save**
a lot THE INDEPENDENT RETAILER
food stores

GROCERY ENTREPRENEUR

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From left: Honor Capital's Jamie Allen, Jim Allen, Bryan Winter, Jared O'Malley, Marcus Scarborough and Matt Eisenbach at the company's store in Tulsa, Okla.

Building community

Navy vets band together
to wipe out food deserts.

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Building community

The five young U.S. Naval Academy graduates were on a mission when they went off to serve their country in 2006. When they returned more than half a dozen years later, they embarked on another mission: bringing food stores to communities that had long lacked accessible, affordable supermarkets.

Along with a fellow navy veteran and the father of one officer, the group formed Honor Capital LLC in 2014 to finance projects that would help eradicate “food deserts,” develop affordable housing and revitalize communities. Based in Tulsa, Okla., Honor Capital partners with others dedicated to improving the health and wellness of communities by building and operating Save-A-Lot grocery stores. So far they’ve developed five Save-A-Lot locations in South Carolina, Kansas and Oklahoma, with more on the way in traditionally underserved areas.

“We’re community builders,” says partner Marcus Scarborough, a former nuclear powered ballistic missile submarine officer.

Building the foundation

Honor Capital was the end result of a period of soul searching after the navy vets had fulfilled their military commitments here and overseas. As they thought about

Save-A-Lot Store Snapshot

OPERATOR: Honor Capital LLC

INVESTORS: South Carolina Community Loan Fund, InterTech Group, The Reinvestment Fund, Tulsa Economic Development Corporation, Enterprise Community Loan Fund

NUMBER OF STORES: 5

LOCATIONS: Columbia, S.C.; Aiken, S.C.; Tulsa, Okla.; Wichita, Kan.; Winfield, Kan.

FIRST STORE OPENING: 2015



Jim Allen, left, and Marcus Scarborough are part of Honor Capital’s veteran team.

what they wanted to do with their lives, all they really knew was that it had to mean something.

So when the father of partner Jamie Allen turned to his son and asked, as fathers do, “What are you going to do for a job?” Allen replied that he planned to start his own company with his military buddies. They all, he reported, had the right entrepreneurial spirit for the venture.

After all, “they’d been making life-and-death decisions,” says Jamie’s dad, Jim Allen, a Vietnam War-era navy lawyer-turned-real estate developer and financier.

The elder Allen says he was happy to offer guidance: “I threw out some suggestions, none of which they liked, because they didn’t involve enough service to others,” he remembers. “Then we stumbled upon Save-A-Lot [at the suggestion of one of Jim’s former real estate development partners], and they said, ‘Yes—that’s what we want to do.’”

With more than 1,300 stores in 36 states, the Save-A-Lot hard discount grocery chain offers carefully selected private label and national brand products to more than 5 million shoppers weekly at a savings of up to 40 percent compared with traditional grocery stores.

PHOTOS BY CORY YOUNG



Today, Jim Allen serves as president of Honor Capital, while Jamie is vice president of finance and Tony Borchers—a longtime real estate development partner of Jim’s—is senior vice president of real estate. Scarborough is vice president of community engagement and marketing. Matt Eisenbach is vice president of new store operations, and Matt Frederick is vice president of The Impact Program, which trains veterans and veteran affiliates to operate grocery stores. Bryan Winter, a submarine officer and graduate of the Virginia Military Institute who served alongside Scarborough and Eisenbach, is chief retail operating officer, and Jared O’Malley is vice president of retail operations.

Their investors, says Jim Allen, “are good people who don’t make investments solely for profit, but for the good they can do. We are social impact investors.”

Expanding with Save-A-Lot

Honor Capital’s partnership with Save-A-Lot began when Tom Altadonna, a development director with Save-A-Lot, suggested they open a store in Columbia, S.C., which

just happened to be where Scarborough had grown up. In the 13 years he had been gone from his hometown while at the Naval Academy and during his military service, Scarborough says, Columbia had changed.

“The Columbia Housing Authority had already done some great redevelopment of the once greatly underserved community where the store was to be located,” Scarborough says. “There were new plazas, historical-looking townhomes, home ownership programs and housing for the elderly. There was even a community credit union, and a minor league baseball stadium had been built in the neighborhood. The missing piece was a grocer selling fresh, affordable food.”

Scarborough relocated to Columbia for over a year to take charge of developing, launching and operating Honor Capital’s first Save-A-Lot, a renovated store that opened its doors on May 6, 2015. Once the store was up and running, the district’s congressman also opened an office for his educational foundation next door.

There was more to come, and quickly. During the next two years, Honor Capital renovated buildings to open

Tulsa Save-A-Lot: Sitting pretty on a piece of history

About a century back, the section of historic Route 66 near Honor Capital’s Save-A-Lot store in Tulsa, Okla., was jumping.

It was first home to an amusement park, complete with a new-fangled giant roller coaster that thrilled the locals starting in the 1920s. By the late 1950s, the busy Crystal City Shopping Center had taken its place. But by the 1980s, the center had fallen into disrepair, and its grocery store closed.

For the next 25 years, the area’s residents had to travel a long five miles for groceries. Then, on Nov. 11, 2015, Honor Capital LLC opened its second Save-A-Lot at the shopping center and erased another food desert.

The firm already had some strong ties to the area: Retail operations vice president Jared O’Malley, who led the team that opened and operates the store, had gone to school nearby, and the wife of Jamie Allen, vice president of finance, was originally from Tulsa. In fact, it was Lauren Allen’s uncle, a local banker, who suggested they meet with Rose Washington, then executive director of the Tulsa Economic Development Corp., to arrange financing for the store.



Jared O’Malley led the team that opened and operates the Tulsa store.

With the encouragement of Tulsa city councilor Jennie Cue, the city of Tulsa made Community Development Block Grant funds available to Washington’s corporation, which then lent the money to Honor Capital to finance the grocery. Today, the Tulsa Save-A-Lot store also serves as Honor Capital’s headquarters—right on “America’s Main Street.”

four more Save-A-Lots in Tulsa, Okla.; Winfield, Kan.; Wichita, Kan.; and Aiken, S.C.

A sixth Save-A-Lot will open this year in Mooresville, N.C., and the partners are exploring opportunities to “defeat food deserts” in North Carolina, Florida, Arkansas, Virginia and Georgia, says Jim Allen. They plan to have 10 stores by the end of 2017 and 20 by the end of 2018, he adds.

“When you bring affordable, fresh food to a neighborhood, you change the neighborhood,” says Jim Allen.

And when a neighborhood supports the store, it can strengthen the community, adds Scarborough. “We learned very quickly and early on that a strong buy-in from the community is essential to be successful with a store,” he says.

It takes a team

Most of Honor Capital’s financial partners, says Scarborough, are Community Development Financial Institutions (CDFI). These socially conscious enterprises receive much of their funding from private sources, but also from federal government sources such as healthy food financing initiatives and Community Development Block Grant funds.

“The reason CDFIs are so important is that no banks will finance these projects,” Scarborough explains. “So it becomes pretty critical for us to get everything rolling to work with them. They took a chance on us. They saw our backgrounds as veterans, our history and our mission.”



That chance has paid off for both companies and for the communities now enjoying their own grocery stores, says Scarborough.

“We’ve been able to prove that we can be business leaders and leaders in the community, by leveraging our experiences as leaders in the military,” he says. “We learned early on that there’s no better option out there than what Save-A-Lot brings to the table. We’ve seen it be successful and sustainable. It’s a program that works, a ‘force multiplier’ that enhances the probability of successful mission accomplishment.

Honor Capital’s ultimate goal can best be described by the Hebrew phrase “tikkun olam,” which means “repair the world,” says Jim Allen. “Our largest investor, an affiliate of the InterTech Group in Charleston, S.C., has this phrase on its conference room wall. In a sense, that’s our mission: to repair the world, one underserved neighborhood at a time. Our mission and Save-A-Lot’s are complementary.” **GE**

Become a Save-A-Lot owner!

With a proven hard discount, carefully selected-assortment business model, Save-A-Lot offers entrepreneurs the ability to compete effectively in today’s ever-changing grocery industry.

And there’s never been a better time to be a Save-A-Lot licensee: Save-A-Lot is now offering a Licensed Store Incentive Program for all new and converted licensed stores. The amount of the incentive for each store will depend on the specific terms and financial considerations of each project, but will be a minimum of \$200,000 per new store.

If you have a proven track record of successful experience in grocery or other retail management, Save-A-Lot would like to talk to you about becoming a store owner.

Here’s how you can take the next step toward a rewarding entrepreneurial opportunity as a Save-A-Lot licensee: Contact Eric Hunn, Save-A-Lot License Development, at eric.v.hunn@savealot.com or at (314) 592-9446.

Visit the Save-A-Lot website at www.save-a-lot.com/own for more detailed information about becoming a Save-A-Lot owner.

