

It's Your Business

Raley Had \$120 To Start First Store



By John Burns

THOMAS P. RALEY, head of the Sacramento-based supermarket and drug store chain that bears his name, is an easy person to interview — engaging and frank.

The frankness stems in part from his unusual position in the corporation. He can speak with the authority of a man who owns the whole ball of wax.

Raley is the sole stockholder in a company which expects to gross \$75 million this year from stores in 21 locations in nine communities. The annual payroll is about \$6 million.

Sitting in his second floor office at 1515 20th St., the other day, Raley talked about the company's origin and growth and where he expects it to go from here.

He also traced the path that led to Sacramento from his birthplace, the Ozark Mountains town of Lead Hill, Ark. The map shows Lead Hill is near Yellville and Flippin, close to the Missouri border. "Just say Boone County," Raley suggested.

He was one of 14 children



Thomas P. Raley

He was one of 14 children — seven boys and seven girls. His father, Regulas Raley, was a farmer Monday through Saturday and a circuit-riding Baptist minister on Sunday, serving four congregations on alternate weekends.

After graduating from high school, the younger Raley attended business college in Springfield, Mo., and came to California at the age of 20. A brother, Lon, who later (1928-40) was to be division manager for Safeway Stores in Canada, had preceded him to the Golden State. Lon at the time was operating a grocery business in Bakersfield but Tom went to work in Los Angeles for an ice and cold storage firm. Then he joined Safeway Stores, eventually transferring to San Francisco where he managed several stores.

SAFEGWAY OFFERED RALEY the job of district manager in San Francisco and he declined, having decided to make it in the grocery business on his own. That was in the Depression year of 1934.

"I wanted to build a store in Placerville and I had only \$120," Raley recalled. "I needed credit, so I listed the chairman of the board of Safeway as a reference. Suddenly everybody was willing to help me."

The Placerville store cost \$9,000. When it opened in January 1935, the staff consisted of a clerk, a meatcutter and the owner.

THE OWNER.

Raley chuckles about the shoestring beginning. "I didn't have any capital," he said, "but I had one thing going for me: I knew how to run a grocery store."

He expanded to Sacramento in 1939 and by 1944 had four stores. The real growth has occurred in the last few years.

"We opened a store in Carmichael Wednesday and will open another at Lake Tahoe in November," he said. "We're projecting an additional eight new units in the next two years."

When Raley speaks of a unit, he means a supermarket or a drug store. In most cases there are two units at each location. Raley pioneered the supermarket-drug store combination in 1958.

RALEY'S IS COMPETING with much larger grocery chains, including his former employer, Safeway. Most of them have gone discount and, in the process, abandoned trading stamps.

"They don't bother us a bit," Raley claimed. "We aren't discount and we still give trading stamps and we're doing very well."

The company's objective he said, is to "provide good service and give people as great a value as we can without hurting quality. Actually, our markup is no greater than anyone else's."

Raley then touched on something he believes is largely responsible for the company's success. He calls it "the point of difference."

"... something different," he

point of difference.

"We like to offer the customer something different," he said. "This way we build an image for ourselves.

"Take trading stamps. There's no denying they add slightly to the cost of groceries but we find that housewives like them, so we give stamps.

Raley's biggest image builder, perhaps, is its prime Midwest corn-fed beef, supplied by the Iowa Packers company.

"We sell prime beef exclusively and none of the other stores do," Raley said. "It has been an overwhelming success. This is what I mean by the point of difference."

The company buys most of its groceries through United Grocers, a 3,000-store cooperative; Raley is on the UG Board of Directors. Raley's buys produce from growers in this area and has its own produce warehouse here.

EXPANSION IS A COSTLY NECESSITY for grocery chains and Raley disclosed he is considering going public — selling stock in the corporation as a means of financing new stores.

“My present objective is to do this in two years,” he said. “By that time our volume should total ~~\$100 million a year.~~ There’s no magic in the \$100 million figure but I have it in mind as an appropriate point for offering stock to the public.

“For one thing, the offering will enable the people in our organization to share in the ownership.” He is proud of the organization he has built up over the years, saying “it almost runs itself.”

Raley is chairman of the board. Charles Collings is president and James Teel is executive vice president.

Freed of routine responsibilities in the operation, Raley is concentrating on personal and corporate real estate interests.

Generally he buys the property for a new store or shopping center and sells it to a developer under a build-and-leaseback arrangement.

At one time he was a principal owner of the Miramar Hotel in Santa Barbara and the Mayfair Hotel in Los Angeles. He still owns the Marina Inn in Broderick and is putting up a building on the 15-acre site there for lease to the State Personnel Board's Management Development Institute.

He owns the two former Miracle Mart properties in Sacramento now occupied by the Rasco-Tempo Stores. He confesses his Miracle Mart department stores of the 1960s were a mistake:

“Our people simply were not prepared to operate that kind of business. It turned out all right, though. Rasco bought the business and we still own the buildings.”