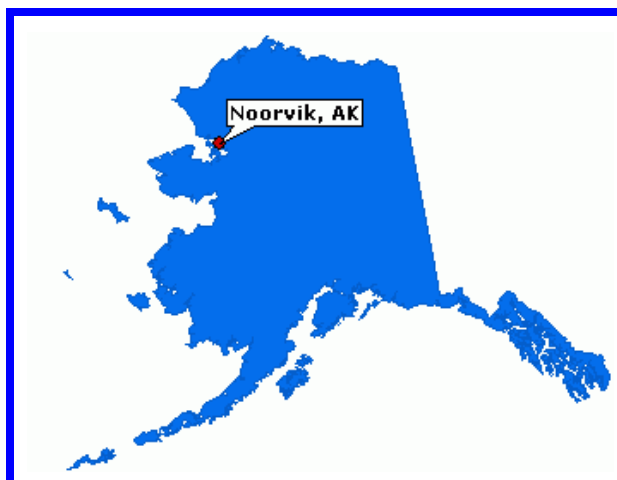


Morris Trading Post

Morris Trading Post in Noorvik, Alaska, was established in 1959. The founder's daughter Pauline Morris now owns and operates the company. The store is one of two locations in town where residents can purchase groceries, gas, diesel, and propane. Morris employs two full-time and three part-time workers.

Community

Noorvik, Alaska, is an Inupiaq village of 662 people located on the banks of the Kobuk River in the Northwest Arctic Borough, Alaska. The major employers are the school district, the city, Maniilaq Health Center, and two general stores. A few residents work on rotation at the Red Dog Mine, and there is also seasonal employment fighting fires. The unemployment rate in the region is 20.9%, and most residents depend on subsistence hunting and gathering.



Business History

Morris Trading Post has been in some state of operation since 1959. It was started by Walter Morris, Sr. when he bought a box of candy bars while traveling up river and resold them individually in Noorvik on his return. He used the profits to purchase more food items, and Morris Trading Post was born. From its informal founding until 1971, the store operated out of a spare room in the Morris home.

In 1971, Mr. Morris moved the store to a separate building with coolers and a larger freezer unit. Both the purchase of the 1,400 square foot building and the move were accomplished with retained earnings from the business.

The current owner and manager of Morris Trading Post is Pauline Morris, who took over when her father retired in 1992. She started working with her father when she was a teenager, and he taught her how to stock shelves and run the cash register and, gradually, how to place orders and to help with the merchandise.

Noorvik, Alaska	
Population:	634
Major Employers:	School district, city, health clinic, subsistence
Location:	Northwest Alaska, 45 miles east of Kotzebue on the Kobuk River
Ethnicity:	90% Native, majority Inupiat Eskimo
Median Income:	\$51,964

In addition to groceries, Morris Trading Post sells gas, diesel, and propane. The other general store in Noorvik is operated by the Noorvik IRA Tribal Council. The two stores order petroleum products jointly to reduce transportation costs.

Economic and Community Impact

Morris Trading Post has two full-time and three part-time employees who assist Ms. Morris with stocking, running the cash register, and general retail work. Occasionally she has been challenged to find reliable help within the village, but she has trained many young people to develop sound work habits. The starting wage is \$12/hour, and Morris has now had most of her current employees at least one year.

Morris Trading Post	
Employment:	5 full-time employees
Percent Local:	100%
Percent Native:	100%
Ownership:	Pauline Morris
Legal Status:	Sole proprietorship
Years in Operation:	1959 to present

She trains her staff in the same way that she learned growing up in the store. A new employee starts as a stock clerk, then moves up the ranks to customer assistance and, finally, cash register. This training structure is beneficial, because it gives each employee the skills to complete all the tasks necessary to operate the store.

Funding. The business has never taken out any type of formal loan. In the early days, Morris Trading Post grew slowly as it made money. The expansion came ten years later from earnings saved up by Pauline’s father. The store has remained debt free because the building was well-constructed almost four decades ago, and the freezers and coolers are well-maintained..

Marketing. Morris Trading Post built its customer based largely through word-of-mouth . The town is small enough that this strategy has been sufficient to attract customers. Morris occasionally places radio advertisements, but she believes it is her high level of customer service that brings clients to her store. To promote good customer relations, she will special-order items for birthdays or special events. She also places larger orders to accommodate holiday demands, and puts seasonal items on sale immediately after a holiday. She publishes a popular yearly calendar with large print, so elderly customers can read it. She also regularly donates items to the school and sponsors an annual trash cleanup day in Noorvik.

Challenges and Lessons Learned

Morris has grown in self-confidence about managing the business over the years. She learned manual bookkeeping by “trial and error” and now manages the records on an Excel spreadsheet. She reviews her cash flow weekly so she is always prepared to pay for new inventory. The gas, diesel, and propane need to be purchased once a year, and she has to make sure she has reserves to accommodate these large expenditures. She has a reliable and trusted accountant in Anchorage, with whom she frequently communicates about cash flow and tax preparations.

Morris pointed out that the lack of access to cash in the village makes retail business challenging. There is no bank nor anywhere in Noorvik to procure cash and change, so the store cannot cash checks or give change for large bills. She makes her bank deposits by mail and brings back cash reserves anytime she travels into larger towns. This system does not adapt well to unusually busy weeks, when she faces the risk of running out of change or small bills.

Morris identified freight costs as the greatest barrier to rural retail. She believes that the current bypass mail (federal mail subsidy) is the only reason the cost of freight remains manageable. She does not see how she and many other businesses in rural Alaska would be able to make a living without the subsidy, and is concerned that the Alaska congressional delegation may not be able to protect the program in the future.

The increase in fuel costs has also raised costs for Morris Trading Post, especially on heating oil that is barged in from Kotzebue in the summer. The fuel must be purchased for the entire winter season at one time, and last fall the total cost for the winter fuel was \$280,000. Because she must order in bulk, this affects her cash flow by tying up a large amount of cash which will not pay back into her cash accounts for several months. She owns her own fuel tanks, and Noorvik has a bulk fuel tank farm area within the village.

The higher fuel prices have resulted in increased electric bills, so the cost of operating the coolers and freezers has increased. The electricity for the store costs more than \$600 a month, while diesel fuel for heating the store runs more than \$400 a month.

Another business challenge is stocking and supplying merchandise. Morris places most of her grocery orders with Alaska Rural Enterprise (formerly SpanAlaska) in Seattle. Delivery is slow, inconsistent, and affected by bad weather. This makes it difficult for her to keep fresh products in stock. Even though she places weekly orders, she is often frustrated by the quantity lost during shipping because of the inconsistency of flights due to weather. If there is a delay in a delivery, fresh foods can freeze in the winter; in the summer, frozen foods often defrost. Inventory is limited by storage space.

Morris learned a key lesson from her father, which was, "Be careful about extending credit." The store accepts cash, food stamps, WIC, and credit cards and does extend credit on a case-by-case basis. The decision to extend credit must be done judiciously because in a small community many customers are friends and family members.

She has also learned that the primary requirement for retail success is to work long hours. The store is open from 9 a.m. to 9 p.m. in winter, and from 10 a.m. to 9 p.m. in summer. She places orders weekly and must maintain vigilance on the arrival of all freight. Even when the store is closed, the owner is thinking about orders coming in, maintenance of equipment, and how to improve customer service.

In the long term, Morris believes a strong work ethic is the key to success. She loves her business and hopes that the next generation of entrepreneurs in the village will develop reliable work habits. She thinks the school curriculum should cover job readiness skills and managing personal finances. In her experience young people know how to spend money, but may have limited or no experience with investing and saving money.