

Harps Food Stores: A Billion-Dollar Success Story Rooted in Small Communities

by [Chloe McGehee](#) - June 17, 2024, 12:00am



Kim Eskew, CEO and chairman of [Harps Food Stores](#): “Every time we acquire somebody, we want it to be better than it was.” (Michael Woods)

Consistency and a focus on smaller communities have been key to the success of Harps Food Stores of [Springdale](#). That and an employee stock ownership plan that drives employee interest in the success of the grocery store chain.

These factors have helped push Harps' revenue for its fiscal year that ended in August to \$1.56 billion, a nearly \$20 million

increase from 2022. That sum lands Harps at No. 12 on this year's list of largest private companies in Arkansas.

And though it dropped one spot from last year's list, where it stood at No. 11, its revenue rose 11.6% in fiscal 2023 compared with 2022. This increase is nothing new for the company, which hasn't seen a revenue decline since 2016.

Harps' steady growth to a top 15 private company in the state may seem at odds with its reputation as a small, hometown grocer, but CEO and Chairman Kim Eskew thinks that's part of what keeps the company going.

"We really like small towns, so the majority of our stores are in small communities," Eskew said. "And if we have a sweet spot, I really think that's our forte — small stores in small communities."



With 147 stores in six states, Harps is hardly a small company, but for some customers, it might be the closest grocery store within 50 miles.

Harps' growth wasn't always so easy. When Eskew joined the company in 1977, there were only 11 stores. By the time he stepped in as CEO in 2016, there were 82.

“It was slow growth,” Eskew said. “I mean really, really slow.”

That slow pace didn’t stop Harps from becoming a player among small-town grocery stores in the South, competing against grocery giants like [Walmart](#) and [Kroger](#) and smaller companies like Edwards Food Giant.

Operating in communities not served by large supermarkets helps make Harps successful, said Steve Goode, executive director of the [Arkansas Grocers & Retail Merchants Association](#). Harps tries to be what those places sometimes can’t be — a convenient spot where people enjoy shopping.

And as towns grow large enough to support bigger stores, Harps was probably there first, which builds “brand and customer loyalty,” Goode said. “If you get hooked on that Martha Harp fried chicken, it’s hard to go [somewhere else] and not go to Harps.”

Employee-Owned

The biggest component of Harps’ success? Probably the employee stock ownership plan (ESOP) the chain implemented in 2001, grocery experts agree.

When then-CEO Gerald Harp, son of founders Harvard and Floy Harp, stepped down and decided to sell the company, an ESOP was a relatively new idea for businesses, Eskew explained.

But Harps employees bought out the company anyway, and it’s been growing ever since. Now Harps is the largest employee-owned company headquartered in Arkansas and the 17th largest in the United States.

“They’ve always had great leadership, but that ESOP seems to be the thing that makes [Harps] tick,” Goode said.

Eskew credits the ESOP for higher employee morale, better customer service and lower employee turnover. “This is not just the upper management. This is the folks that you interact with when you shop in our stores,” Eskew said. “Because of their vested interest in the company, it makes them a lot more engaged in doing whatever they can to help us be successful. It’s really a win-win.”

And it’s easy to be engaged when the stock prices are so strong.

When Eskew took over as CEO in 2016, Harps stock was worth \$346.90 per share. In 2023, that figure was \$1,598.20, a 361% increase over the last seven years. The only year the stock has seen a dip since 2001 was during the 2008 recession.

It’s not just the executive suite benefiting either, Eskew said. The ESOP is designed so upper management cannot benefit disproportionately compared with other employees. Eskew himself has capped out on the stock he can own.

Employees qualify for stock allocation after the first year of employment, but they don’t really see it in their account until the second year, Eskew explained. The allocation then grows each year the employee is with Harps, until they reach the maximum.

Some hourly employees have upwards of \$700,000 in Harps stock to use for retirement, Eskew said. So when it comes to the ESOP, “we’re all in the same boat. Everybody benefits from our success.”

As far as employee turnover goes, Harps may be average in the first year of employment, but once employees’ stocks are

vested, it's harder to leave, Eskew said.

"Their employees are more than employees; they're owners," Goode said.

Harps has 6,910 employees, 4,271 of those in Arkansas.

Serving the Community

Harps has managed to carve out a niche by focusing on two aspects: serving as a community pillar and personalized customer service.

Maintaining Harps' reputation as a small-town grocer while acquiring new stores has been "a real challenge," Eskew said. But he works hard to cultivate the family atmosphere that is "so special" to the company.

Most out-of-state retailers don't involve themselves in the community, Goode said. "They don't sponsor Little League teams. They don't feed watermelon to the football teams or the bands on a hot August afternoon."

This community involvement also enables personal service you can't find just anywhere, Eskew said. "There's a real opportunity today for personalized, I-know-your-name service," Eskew said. "For many customers, that personal feel is important — it matters."

And for communities that only have one grocery store, the benefits go even further. Having access to fresh produce and groceries improves quality of life. It also keeps sales tax "at home," Eskew said.

Recipe for Future Growth

Since 2013, the grocery store chain has seen a steady rise in revenue, officially hitting the billion-dollar mark in 2020, and Eskew doesn't envision stopping anytime soon.

When it comes to the future, Harps is taking a multipronged approach. Acquisitions, new services and battling inflation are just some of the strategies Eskew has in mind.

Right now, Harps' "primary growth vehicle is acquisitions," Eskew said. Harps acquired its first stores in [Louisiana and Mississippi in 2022](#) with the purchase of grocery chain The Markets, based in Natchez, Mississippi.

But the company is not just acquiring for acquisitions' sake. Harps turned down an offer for stores outside of Chicago because the location wasn't right, Eskew said. "Big, fancy stores" also aren't on the radar.

"Every time we acquire somebody, we want it to be better than it was," Eskew said. He likes to think Harps "bends over backwards" to make sure employees in the acquired stores are well-treated and equipped to do the job.

This tactic has built up Harps' reputation so much that stores are approaching the company asking to be acquired. "I don't even know why they know us," Eskew said. "But I have to believe it's because of the reputation we've gotten."

Growth isn't just about adding more stores to the roster. Harps is always exploring new ways to serve customers, Eskew said. The company has added grocery pickup and delivery services through InstaCart of San Francisco. Eskew said the service is used mostly at more urban locations, but rural customers might use it when they need the added convenience of delivery.

Harps has also implemented fuel services at more locations and added electric vehicle chargers, full-service pharmacies and alcoholic beverages where it can, Eskew said.

As far as inflation, it “seems to be curtailed right now in the grocery industry,” Goode said. But Harps has a strategy for that, too. When the price of eggs skyrocketed during the COVID-19 pandemic, Harps sold its eggs at cost “to soften the blow” for customers, Eskew said. And the company tries to avoid raising prices as much as possible.

The grocery landscape is a competitive one, but when it comes to Harps competing with the likes of Walmart, “this is a company that has fought and succeeded against the greatest retailer in the world,” Goode said.