Family Christian Finds 'Likeminded Ownership' in Buyout

Family Christian Stores plans to give 100 percent of its profits to benefit Christian causes, mainly ministries serving widows and orphans, under the chain's new ownership announced Thursday. The 280-store chain that employs about 4,000 people will continue its operations in a largely "seamless" way, said CEO Cliff Bartow.

In the buyout, Family's management team partnered with a group of Atlanta-based Christian businessmen to acquire the company from its private equity owners. Terms of the transaction were not disclosed.

Family Christian reported that while its ownership structure and financial purpose has changed, there will be no impact on core operations, stores or staff.

While the investors live in the Atlanta area, the chain will continue operating out of its Grand Rapids, Mich., base. The investment group includes Richard L. Jackson, founder and CEO of Jackson Healthcare, the nation's third-largest health-care staffing company; Larry Powell, president of Powell Family Enterprises, a private equity investment company; and Michael Kendrick, founder of Blueprint for Life and Ministry Ventures, a nonprofit organization dedicated to launching new ministries.

"Each of these men have been blessed with professional success and share a mutual calling to give back to help those in need," Bartow said. "This alignment of business acumen and Christian calling led them to the collective decision to join with us to acquire Family Christian and move it from an organization that contributes 10% of its profits to one that contributes 100% of its profits to faith-based charities and ministries."

Private equity-owned since 1994, the company was founded in 1932. Family was "interested in getting off the private equity treadmill," Bartow told *Christian Retailing*, so when he met the investors through his work with orphans, the option came to the fore. "We were looking for likeminded ownership," he said.

Profits will be coursed through Family's nonprofit James Fund.

"It's really important that the associates of Family Christian that are involved in these nonprofits to have the ability to direct and have a voice in where the money goes because it's really important that money goes where you have some interest and activity," said Jackson, now sole member of James Fund.

"Literally we've touched millions of orphans' lives over the last eight years," Bartow added, "and we've given away about $7 million since its inception in 2004."

Donating 100 percent of profits means that management still will be focused on how business is going.

"Since we're giving 100 percent of our profits away, we want to invest our capital in ways that maximizes our ability to give in the future, and if that means spending capital on new stores, we'll do that," Bartow said. "If it means spending it on other things that can grow our revenues in better ways, then we would invest it in that fashion."

Family continues to be committed to its brick-and-mortar "lifestyle stores," Bartow said, though e-commerce is also excelling. Customers will also find four new digital devices in its stores starting next week in time for the Christmas season. The company has partnered with Kobo to utilize its technology as a digital leader and has chosen to drop its recently introduced Edifi e-reader.

Family is opening two new stores today, one in the Philadelphia area, its first in that market, and another in St. Joseph, Mo. Another location will open in Tuscon, Ariz., in January.