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Merger of Henry's, Sprouts is latest in Boney family's retail saga

BY PENNI CRABTREE, SPECIAL TO THE U-T
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Every little dynasty has its ups and downs.

But for Jessie Boney, the 88-year-old matriarch of the Boney family fiefdom of specialty grocery stores, last week marked a decided up note in a San Diego business saga that stretches over seven decades.

Henry's Farmers Market, the beloved, funky natural and organic specialty grocery chain named after her late husband, is returning to the family fold.

Or near enough.

Henry's and Arizona-based Sprouts Farmers Market, both companies founded by the Boney family of San Diego but that have operated under different owners for years, said this month that they will merge and form a combined company of 98 stores with annual revenue over \$1 billion.

Though the new company will be under the majority ownership of Apollo Management, a private equity firm that owns Henry's and Smart & Final, operations will be managed by minority owners Stan Boney and Shon Boney, founders of Sprouts and son and grandson of Henry and Jessie.

"I'm really glad, and proud of them," said Jessie Boney, who, with husband Henry, formed the cornerstone of the family business in 1943 with a fruit stand on a street corner near La Mesa. "Henry and I did our thing, and we did it our way.



PHOTO BY K.C. ALFRED

Jessie Boney (center) with her son Stan Boney (left) and grandson Shon Boney at a Sprouts Farmers Market in Carmel Mountain Ranch

And that's what they're doing."

For the Boneys, it's the latest twist in a convoluted and constantly evolving story.

Over the decades, the family has created and operated a succession of businesses, including grocery store chains Boney's, Bradshaw's, Superama, Windmill Farms, Henry's and Sprouts, as well as Speedee Mart, the first convenience chain to franchise its stores.

It's a corporate family tree that would make anyone see cross-eyed. But behind the success there has been financial hardship, business backfires, and a tragedy that only in recent months has had a glimmer of a happy ending.

But through it all, the Boney family mantra remains the same: hard work.

"We did it the hard way, we worked," said Jessie Boney. "We had all our kids working, so they know how to do it."

Stan Boney, the 62-year-old chairman of Sprouts, also credits the work ethic his parents taught him.

"When I was 12, I had a good friend who I used to ride bikes with around La Mesa, then he'd go off to his tennis lesson and I'd go to Speedee and wash cars," said Boney. "I kind of regret not getting the tennis lesson because I'm not so good at it now.

"We were not spoiled, let's put it that way," Boney added. "But then my parents struggled for a lot of years."

The Boney business didn't have a particularly auspicious beginning. Henry Boney, a Texas transplant, was working as an ice cream deliveryman when he met Jessie, an office worker at the same facility.

The couple married, and Boney borrowed \$600 from his new in-laws to buy a truck to help him haul produce to his new venture — a fruit stand. The fruit stand soon grew to five fruit stands, and then grocery stores.

By the mid-1950s, the Boneys sold most of their stores to focus on building the first convenience-store franchise in the nation, Speedee Mart. In 1964, the Boneys sold that 123-store chain to Southland, the then-owner of the 7-Eleven franchise.

By the 1970s, a new generation was getting into the act. Eldest son Steve Boney started Windmill Farms, a natural foods store, and younger brothers Stan and Scott Boney joined him in opening other stores.

As in all families there were tensions and rivalries, and for a time in the 1980s the three brothers clashed over how to expand the business. The Windmill Farms stores expanded too fast, and the Boneys sold a portion of them, eventually re-branding the remainder with the family name — Boney's.

Steve Boney went his own way, and now operates a Pancho Villa's Farmers Market in San Diego. Meanwhile, brothers Stan and Scott teamed to rebuild and expand their Boney's stores, which in 1997 were re-christened Henry's, in honor of their father.

In 1999, the Boneys sold Henry's to Wild Oats Markets for \$46 million.

Stan and his son, Shon Boney, who had signed a California noncompete agreement, went to Arizona in 2002 to start a new Henry's-style grocery store chain — this time dubbed Sprouts.

Scott Boney, the youngest of the three Boney brothers, opened a Windmill Farms store that same year in Del Cerro, and planned to add another five stores and eventually bring in his son, Trever.

But the plan was derailed by tragedy. In September 2007, while on a coastal Mexico cruise, Scott Boney fell down a

flight of stairs during an altercation with another passenger, Kade McRae.

The only witnesses to the fight were McRae's friends, who claimed Boney started an argument that ended in a shoving match that toppled Boney down the stairs. Boney, in a coma for weeks with severe brain trauma, couldn't tell his side of the story.

No charges were filed against McRae, a 21-year-old construction worker from Utah.

For two years, Scott Boney, now 53, couldn't speak and remained in a wheelchair. But after therapy and an operation in September, Boney is making remarkable progress, according to his family.

This year, steadied by an assistant and using a walker, he began taking his first steps. And Boney now attends weekly meetings at the Del Cerro store.

Scott's wife, Betsy, credits the Boney family trait of hard work, and a lot of loving care, for her husband's progress.

"The plan is that Scott will be taking steps on his own with his walker by his birthday, which is April 28," said Betsy Boney. "We hope that, with rehabilitation, he is going to get close to 100 percent and will be back to work. And I think he will be — he already is, actually."

In the same year Scott Boney suffered his accident, the Henry's grocery chain was undergoing its own changes. Wild Oats was acquired by Whole Foods Market, which soon afterward sold the Henry's chain to a subsidiary of Los Angeles grocer Smart & Final.

Smart & Final had been recently acquired by Apollo, a firm with more financial heft than experience in the specialty grocery market.

That reopened the door — finally — for the Boneys.

"From a personal standpoint, we always regretted selling Henry's," said Shon Boney, the 42-year-old chief executive of Sprouts. "A month after we left, we made our first offer to Wild Oats to buy it back.

"It took us 10 years from the time we left to reunite the two family businesses," Boney said. "So this is very satisfying for me and my family."

While the Boney family will steer the Henry's chain they first started in San Diego, the name won't survive. The stores — 34 in California and nine under the Sun Harvest brand in Texas — will carry the Sprouts logo once the merger closes.

It was a business decision made with their Apollo partners, but it caused a sharp emotional pang, Stan and Shon Boney agree.

But Jessie Boney, ever practical, takes it in stride.

"We've built up so many businesses, and bought and sold," said Jessie Boney. "It doesn't do any good to dwell in the past and hang on to things."

Penni Crabtree is a freelance writer in San Diego.

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