

Florence and Howard Butt: This is Our H-E-B

Today, when people walk into any store in the United States, they are flooded with choices. Coca-Cola or Pepsi? PlayStation or Xbox? Nike or Adidas? In the U.S., our options seem limitless. This is a result of the *free enterprise system*. The free enterprise system allows businesses to operate unrestricted by government rules. This is popular because it allows companies, like Coca-Cola or Pepsi, to create products for which there is a *market*. When sellers offer a product at a price that buyers are willing to pay, a market forms. One of the most successful businesses in Texas today is H-E-B. The beginnings of this grocery store date back to 1889 and a woman named Florence Thornton.

Do you think having choices is a good thing?

Florence Thornton was born and raised in Buena Vista, Mississippi. After graduating from college, Florence married Clarence C. Butt, a pharmacist. Clarence suffered from a lung disease known as tuberculosis. In 1904, the couple moved to Texas to find a drier climate and better medical care. After living in San Antonio for a year, the family decided to move to Kerrville. Florence and Clarence had three sons at



the time, and with Clarence unable to work, Florence began working for the A&P Tea Company. Florence took orders and delivered groceries door to door.

At the time, the A&P Tea Company was one of the most well-known grocery stores in the United States. When Florence worked there, A&P had almost 200 stores across the country. They also took mail-in orders.

These orders are what Florence delivered. Florence would take orders from



customers in Kerrville and surrounding areas. People would pay with credit. This meant customers would order products without paying. Once the products were delivered to Florence, she would deliver them to the customers. Upon delivery, she would be paid. Florence delivered popular items like tea, canned foods and coffee. As long as there was a *demand* for items, A&P would do their best to *supply* them. Sometimes, there would be little or no demand for an item after Florence received an order. As a result, she began *accumulating* her own

How does supply and demand affect the products that are bought and sold?

groceries. These were items that people no longer wanted as well as items for which people could not pay.



Florence and Howard Butt: This is Our H-E-B

With her small stock of groceries, and \$60, Florence was able to open the C.C. Butt Grocery on Main Street in Kerrville. The store was located on the bottom floor of a two-story building that



she rented for \$9 a month. She moved her entire

family into the top floor of the building. The business became a family affair with her three sons serving as delivery boys. Florence ran the store until 1919 when one of her sons, Howard, returned home from serving in the Navy during World War I. After his return, Howard began running the store for his mother who then concentrated on religious and civic service in Kerrville.

In 1921, Howard *dramatically* changed the store to cash-and-carry instead of charge-and-deliver. The cash-and-carry method allowed the C.C. Butt Grocery store to carry more readily available products. It also made it quicker for customers to *acquire* the items they needed. Howard attempted to expand the business by creating other grocery stores in Center Point, Junction and Brownwood but they all failed. Later, he attempted to start grocery stores in Eagle Pass, Uvalde, and Crystal City. They also failed. In 1926, Howard

Why do you think the cash-and-carry method was better?

opened a store in Del Rio, Texas. This store proved successful and allowed Howard to purchase three other small stores in the Rio Grande Valley.

It wasn't until 1935 that Howard changed the name of the store to H.E. Butt Grocery Company and then, in 1946, to H-E-B. Over



the next 20 years, H-E-B continued to expand across South and Central Texas. By 1960 the company had over 80 stores as well as its own food processing and *distribution* factories.

Between 1921 and 1925 Howard's stores struggled. He failed in six

What other reasons might have led to the failure of Howard's stores? What helped him succeed?

different cities. There are many reasons why they could have failed. First, they might have been in cities that were too small. Second, there may have been too much competition in the area. Third,

there may have been too little demand for the products he was selling. It wasn't until 1926, in Del Rio, that he found a market in which his business was able to succeed. Today, H-E-B is one of the largest food chains in the United States. H-E-B has over 300 stores in Texas and Northern Mexico.

