

Rural Grocery Succession Planning



LESSONS LEARNED & KEY TAKEAWAYS

Thursday, December 15, 2022

Featuring:

Jordan White, owner and operations manager of White's Foodliner

About this series

- Monthly webinars hosted throughout 2022
- Continuation of business transition work & *Keeping Groceries Alive*
- Goals
 - Highlight resource providers
 - Identify key succession planning considerations
 - Present options
 - Share examples of grocery ownership transitions
- Additional resources available at www.ruralgrocery.org.

Our Sponsor

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Housekeeping

- This session is being recorded.
- A recording of today's webinar will be available at www.ruralgrocery.org.
- Please use the chat feature throughout today's webinar to share your thoughts, takeaways, ideas, questions, advice, and so on.

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Why focus on succession planning?

Typical rural Kansas grocery store owner:

- **57** years old, on average
- **39%** plan to transition out of their store in the next 5-10 years
- **81%** do not have any transition plans for the future ownership of their grocery store

Ramirez, J., Tsoodle, L., Blair, E., & Carver, R. (2021, October). Rural Grocery Survey Preliminary Findings.

As baby boomers retire, Main Street could face a tsunami of change

PUBLISHED TUE, DEC 10 2019•10:30 AM EST | UPDATED TUE, DEC 10 2019•7:02 PM EST

Andrew J. Sherman, special to CNBC.com

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KEY POINTS

- Baby boomer business owners are retiring in record numbers, fueling a dramatic paradigm shift on Main Street.
- Boomers own 2.34 million small businesses in the U.S., employing more than 25 million people.
- Many are at a crossroads and need to determine if they will be selling their business or passing it on to a successor.
- But a recent survey by Wilmington Trust shows that more than 58% of small business owners have no transition or succession plan.

**Succession
planning is a
critical issue
for all sectors
in all parts of
the country.**

In this webinar series...

- **43** states represented among registrants
- Audience members included:
 - Grocers
 - Prospective grocers
 - City and county officials
 - Economic developers
 - Extension agents
 - Concerned citizens

Lessons Learned and Key Takeaways: Part 1 (January - May)

Start planning early! Ten years is ideal, minimum of six years, and a bare minimum of three years.

A key step in preparing for transition is building value. Being innovative and garnering community support now is key.

Understand these factors:
1) Personal goals and desires,
2) Financial needs/responsibilities,
3) Business legacy.

Mentoring is a best practice. When a seller is willing to stay on board for a period after the transition, it helps set up the new owner for success.

Valuations are estimates, and there are different valuation methods for different needs.

Key components of a succession plan include: ownership, timing, deal structure, and preparation

Tips for finding a successor: pay attention, look internally, ask your supplier, keep the store looking nice and current

Business transition planning requires a team: accountant, financial planner, attorney, insurance agent, banker, adviser, etc.

Lessons Learned and Key Takeaways: Part 2 (August - December)

Many communities are considering alternative ownership models (e.g. cooperatives) to retain local businesses.

Everybody brings something to the table. Accept all the help you can get.

Strong community support is critical, especially when pursuing a community-supported ownership model.

Finding your niche and differentiating yourself will help you stand out from the competition.

Municipalities may have resources (financing tools, personnel) that can help with an ownership transition.

In Nebraska: multi-owner businesses were justified when the stores generated substantial community value.

Establishing a grocery store can take a very long time. Be patient.

There may be various community partners who would be willing to support a grocery business transition.



Poll Question:

What do you consider to be the most challenging or daunting part of this process?

A Conversation with Jordan White

Owner and Operations Manager of White's Foodliner



A Conversation with Jordan White

- White's Foodliner
 - Established in 1953
 - Operating 7 locations in rural Kansas: Kingman, Lindsborg, Medicine Lodge, Phillipsburg, St. John, Scott City, Lyons
- In recent years, White's Foodliner has had experience with numerous ownership transitions – both buying and selling



A Conversation with Jordan White

- How does a conversation with a prospective new store get started? How do you find those leads?
- When someone approaches you about buying a store, what are the first questions that you have about the business? What do you need to know, and how do you get that information?
- What is your business valuation process? What calculation do you do to determine whether or not it makes financial sense to take on a new business?
- In your experience, how long does an ownership transition typically take?
- How do you communicate about the ownership transition with employees and the community?
- How do you establish the work culture at new stores?
- What lessons learned and advice can you share about this process?



Poll Question:

What is one insight or key takeaway from Jordan's experience that really stood out to you?

Lessons Learned and Key Takeaways

Unexpected events can force sudden succession planning decisions. It's best to start planning ahead of these unforeseen circumstances.

Be attentive to what the community needs and wants. Embrace what makes your store unique and distinct.

Stay connected with the grocery community to know who might be buying or selling in your region.

Love what you do, and let your passion for your business propel you forward.

Let people know what to expect when there is a change in ownership.

Be a "student of the business." Keep up with trends and adapt with the industry. Learn from others.

Decide what to fix or sell as is; cut expenses and show a strong bottom line; get skilled and knowledgeable people in place.

Share data on topline sales and expenses with prospective buyers. Understand how buyers calculate business value.

What's Next?



Resource Providers

- Small Business Development Centers
- Economic Developers
- Extension Offices
- State Departments of Commerce
- United States Department of Agriculture

Community Engagement

- Extension Facilitators
- Community Surveying
 - Community Survey Tool Box:
<https://tools.extension.illinois.edu/communitydevelopment/survey/>
 - Survey Question Bank:
<https://www.ruralgrocery.org/resources/Survey-Question-Bank.pdf>
- Community Meetings
 - Community Tool Box
<https://ctb.ku.edu/en/about-the-tool-box>
- Store Audits
 - Food Co-op Initiative:
<https://fci.coop/store-audit-guide>

Webinar Recordings

Available under the “Events” tab at www.ruralgrocery.org.

- *Keeping Groceries Alive (2021)*
- *Rural Grocery Succession Planning (2022)*

Cooperative Conversions Workshops

- Rural Cooperative Development Grant in 2023
- 2023 Activities:
 - Learning about cooperative development
 - Providing support to rural grocery cooperatives in Kansas
 - Exploring feasibility of shared services cooperative in Kansas
 - **Hosting two regional workshops in Kansas: March and June**
- More details coming soon!

Visit: <https://www.ruralgrocery.org/cooperative-development.html>

Rural Grocery Specialist Certificate

- **What:** an online certificate program to train resource providers to better support rural grocers through business transition.
- **Who:** extension professionals, economic developers and other resource providers who support rural grocers and rural community vitality across the country.
- **Format:** Seven online modules covering key topics to support rural grocers through business transition.
- **Timeline:**
 - **December 2022 to March 2023:** Recording video lessons + developing online modules
 - **April 2023 to June 2023:** Offer Pilot Program - available to 5 individuals in the North-Central Region
 - **August 2023:** Public Launch
- **Funding:** North Central Regional Center for Rural Development
- More details coming soon!
Visit www.ruralgrocery.org/certificate.html

Thank you!

Amie Oltman

Bonnie and Theo Ramsey

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Dave Vance

Jeanne Roberts

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Jordan White

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