

# Rural Grocery Succession Planning



## **BUSINESS TRANSITION OVERVIEW**

*Thursday, January 20, 2022*

# Our Sponsor

*Ewing Marion Kauffman  
Foundation*



# Housekeeping

- This session is being recorded.
- A recording of today's webinar will be available at [www.ruralgrocery.org](http://www.ruralgrocery.org).
- We will leave time at the end of the webinar for Q&A.
- Please use the Q&A feature to post your questions to our presenters.

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# Why focus on rural grocery stores?

Erica Blair, Rural Grocery Initiative





# Because, rural grocery stores provide:

- Economic development
- Public health benefits
- Community gathering space

# Hired Man's Grocery & Grill

424

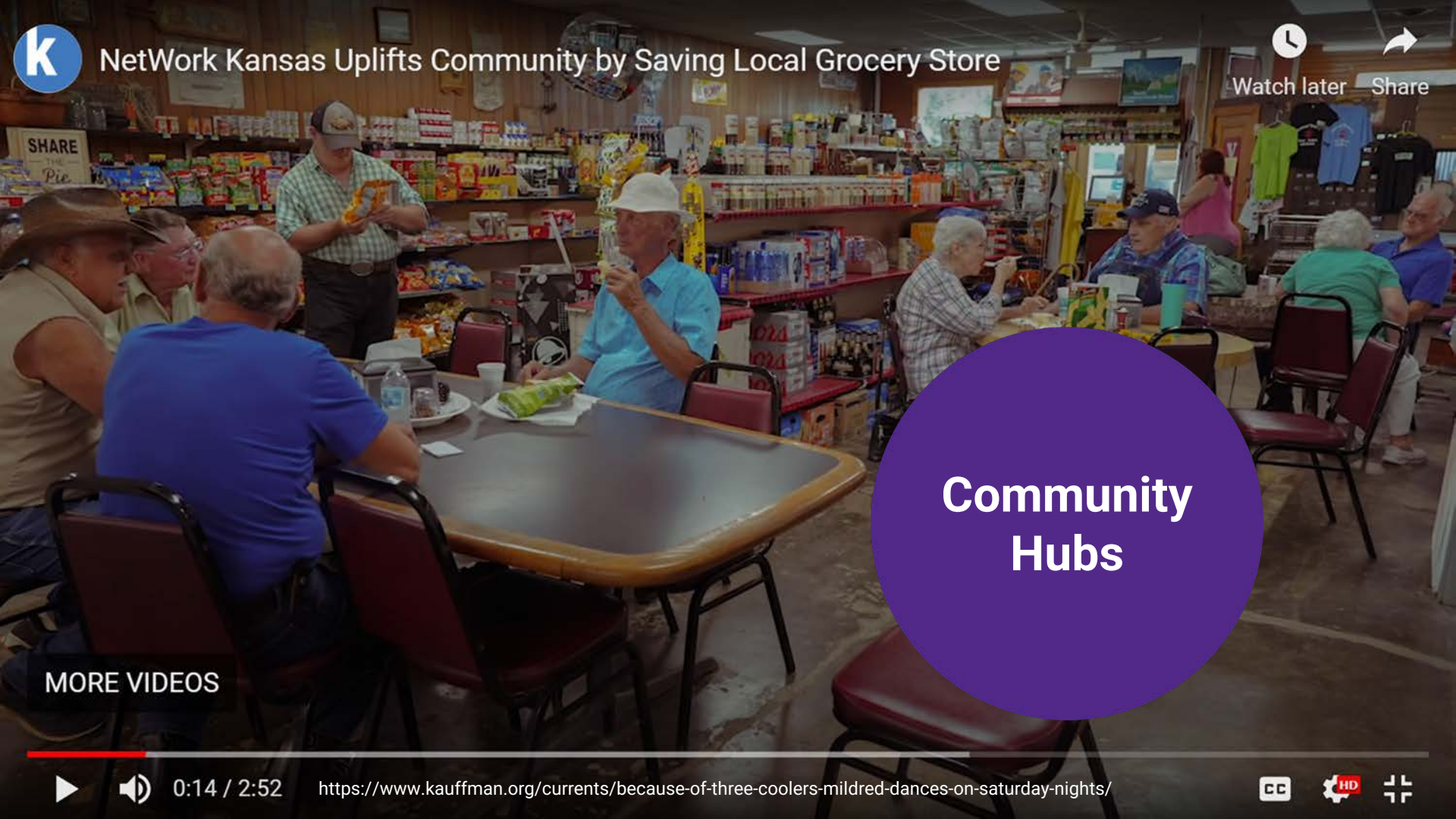


**Economic  
Development**



Public Health





Community Hubs

MORE VIDEOS



0:14 / 2:52

<https://www.kauffman.org/currents/because-of-three-coolers-mildred-dances-on-saturday-nights/>





# Because, rural grocery stores provide:

- Economic development
- Public health benefits
- Community gathering space

# 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.*

***January – March 2021***

# Keeping Groceries Alive: Successful Ownership Transitions for Rural Grocery Stores

***Recordings available at [www.ruralgrocery.org](http://www.ruralgrocery.org)***

# Introduction to Succession Planning

Karl Klein, CEPA, CVA, Kansas SBDC



U.S. Small Business  
Administration



Funded in part through a Cooperative Agreement with  
the U.S. Small Business Administration.

# What is succession planning?

Just like opening a business and the careful planning to assure success, a succession plan is the building of resources, knowledge, and process to leave a business on your own terms.

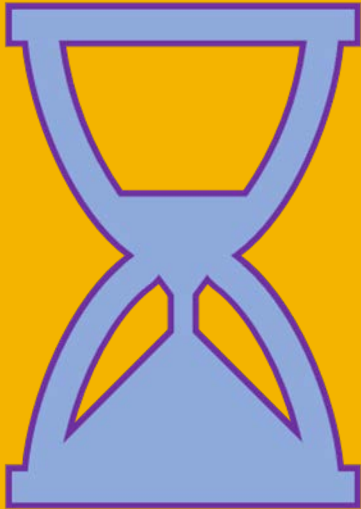
## Key Components of a Succession Plan

- Ownership
- Timing
- Deal Structure
- Preparation/Timeline



# Timeline

Why and when do I start the process of succession planning?



## **Why create a plan for your business's succession?**

The best chance for a financially sound exit takes time and planning.

Planning includes understanding your life and business choices based on the following three drivers and influencers.

1. Personal goals and desires
2. Financial needs and responsibility
3. Business legacy and performance

# Goals and Milestones

What are some benchmarks?



## **Making the decision to start the process**

- 10 years is ideal, minimum of 6 years, and a bare minimum of 3 years.

## **Steps to success**

- Meet with a Certified Financial Planner or someone who can help you calculate your financial needs after the sale.
  
- Key factors are:
  - Age
  - Business health
  - Risk factors
    - i. Health
    - ii. Family
    - iii. Community engagement



# Goals and Milestones (cont.)

What are some benchmarks?



- Determining a value of the business and getting a handle on value creation and value detractors
- Setting a desired sale price and limits of owner carry back, if any
- The options if a sale does not occur
- Determining how you will market the sale of the business
- If a family transition, the development, training, and skills needed to carry the business forward
- Understanding the tax implications of the sale

# Documenting the Process

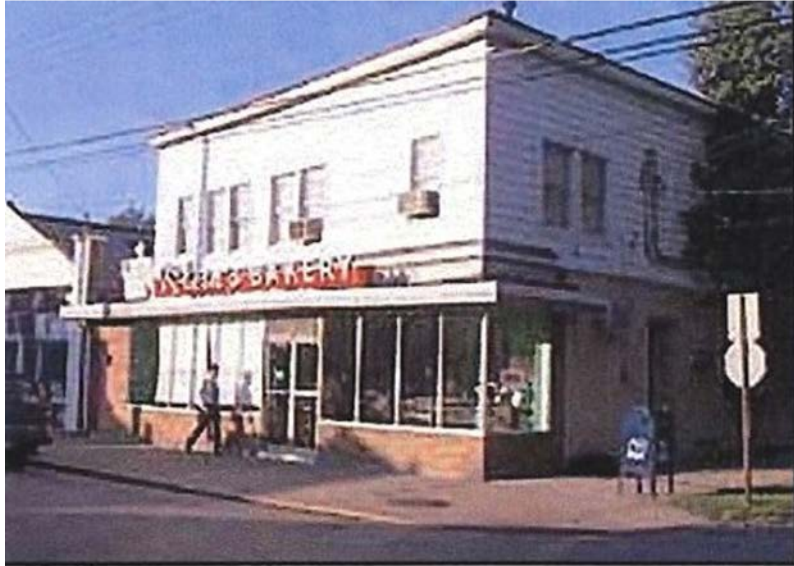
What do you need to support your efforts?



## List of team members

- **Accountant/CPA**
  - **Financial Planner**
  - Attorney
  - Insurance Agent
  - Banker
  - Adviser
  - Broker
- 
- Business Value - enhancement plan and timeline
  - Growth plan and action items with a timeline
    - Value enhancement
    - Asset allocation and purchases

# Transition or Succession: Good and Not So Good



# What does a good business transition look like?



- Finding a buyer that has the capacity to purchase the business
  - Creditworthy
  - Experience
  - Grit and determination
- The transfer of an “ongoing concern” to new ownership
- A retirement or sale on the seller's terms
- New owner is able to operate and maintain the business
- No surprises at closing or after the transaction

## What does a so-so business transition look like?



- A much longer time to transition than originally anticipated
- High owner carry back (70/30 ROT)
- Fewer proceeds in the bank post transaction than anticipated due to taxes
- A sale due to health issues and inability to operate the business
- New ownership can not service the debt load
- Difficulty in the sale of a highly owner dependent business

# Mildred Store

Regena Lance, owner and manager





**MILDRED STORE**

[mildredstore.com](http://mildredstore.com)

# Overview of Community

- 2020 Population: 23
  - Actual population as of today: 17
- Town was established in 1912
  - Two buildings from original town remain
    - Store
    - Church
    - Ruins



# History of Store

- Originally a hardware store, garage and feed store
  - 1945 grocery established
- Brown family
  - 99 years
  - Selling out 2014
- Purchased June 1, 2014
  - Egg issue
  - No grocery experience
  - Inventory

# Keeping Traditions Alive

- Charlie Brown sandwiches
- Community hub
- Candy for kids
- Christmas candy
- Christmas party

[childredstore.com](http://childredstore.com)

# New Traditions

- Monthly music night
- Car shows
- Spring Fling
- Fall Festival
- Christmas Bizarre
- Open House/Taste testing

# Past Events



**Mildred FALL FESTIVAL**  
 OCT. 23 • 10 A.M. - 4 P.M.  
 Mildred Store • 86 3rd St. • Moran, KS • (620) 439-5424

*Craft and other vendors!*  
 Handcrafted earrings, t-shirts, trays, farmhouse decor, tupperware, wood decor, fresh popped kettle corn, kids toys, handcrafted knives, Color Street nails, snow cones, cotton candy, hand quilted items and so much more.

VENDORS STILL WELCOME - \$30 PER BOOTH  
 For more information contact Regena Lance at the  
**THE MILDRED STORE**  
 620-439-5424

**FREE PUMPKINS**  
 FOR KIDS 12 AND UNDER

**REGISTER FOR OUR PRIZES!**

*Christmas Open House*  
**THE MILDRED STORE**  
 Sunday, December 12 • 10 a.m. - 4 p.m.  
 86 3RD ST., MORAN, KS 66755  
 620-439-5424  
 THEMILDREDSTORE.COM

*Come taste test some of our specialty items, discover unique gift items and relive the past with our old-fashioned Christmas candy. And check out our venue space as well. It's perfect for holiday family dinners, wedding receptions, birthdays and so much more!*

**Christmas Bizarre**  
**mildred store**

**December 12th 10am-4pm**  
 86 3rd St. Moran, KS • (620) 439-5424

★ **Decor, crafts, food,** ★  
**old fashioned Christmas candy!**  
 Shop with local vendors first  
 Socially distant and masks encouraged

COMMUNITY WIDE EVENT  
 MILDRED, KS  
**GARAGE SALES, CRAFTS, FOOD TRUCKS  
 AND MUCH MORE**  
**JUNE 5, 2021 FROM 7AM-7PM**

Do you want to have a garage sale booth, craft booth or set up something to sell? Contact Regena Lance @ 620-215-2060 to ensure you have a spot reserved. No charge

# Focus on Becoming a Destination

- Find what makes us unique
- Gain a signature item
  - Belt Buster sandwich
- Jon Schallert
  - Marketing expert
  - Rebranding



## THE MILDRED STORE AND COUNTRY MUSIC VENUE

THE ONLY 100 YEAR OLD GROCERY STORE WITH A DANCE HALL IN THE BACK



Since the closing of the Great Western General Portland Company in the 1930's the small town of Mildred, Kansas has steadily dwindled as jobs continue to disappear. Facing Mildred's heyday, the Brown Brothers store opened in 1912. The store was passed down through three generations, eventually closing its doors to Charles Brown's Grocery in the mid 40's, and was in operation for nearly 100 years. Unfortunately, in 2014, Charles Brown's Grocery finally closed its doors, leaving the community of Mildred in a total 10 minutes to the nearest grocery store in Marion, Kansas. Seeing an opportunity to fill a great need in the community, Regina Lane's, along with her husband Loren, decided to purchase the store soon after its closing and work towards restoring it to it's former glory. Since opening the Mildred Store, the Lane's have continued to add to the store to better serve their community. Aside from providing single grocery items, the Mildred Store also has a monthly music night and just recently opened an RV park right next door. As hard as the work is, Regina and Loren take great pride in what they have done to keep this grocery store alive. Thinking outside of the box has helped them provide for their community. Their consistent service allows community members to depend on the Mildred Store, and the store's rich history adds a layer of purpose to the work the Lane's are doing.

HOME OF THE FAMOUS "BELT BUSTER" SANDWICH WITH OVER A POUND OF MEAT AND CHEESE



**DON'T MISS LIVE MUSIC EVERY  
3RD SATURDAY OF THE MONTH**

86 3RD ST, MILDRED, KANSAS 66755 THEMILDREDSTORE.COM 620-439-5424

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# Future Plans

- Women's Day/Afternoons
- Game nights
- Movie nights
- Corn hole tournaments

[mildredstore.com](http://mildredstore.com)

# Future of the Business

- Transition plan
  - Family
  - Change Business model
  - Sell
    - Must understand community
    - History is important
    - Complicates sale
    - Must be perfect fit for community, buyer and seller

# Transition Plan

- 5-10 year plan
- Why begin planning so early?
  - Successful transition
  - Success of the store
  - Community acceptance
  - Rural culture
  - Perfect fit
  - No quick fix



# Steps Taken

- Mentoring Program
- Current planning
  - Guidebook
- Creating a mentoring plan
  - New Owners
  - Our experience in our transition
    - Don't want history to repeat
    - Want to have a smooth transition

# Future Goals of the Store

- **3 years**
  - Continue to grow and attract new customers
- **5 years**
  - Look for the perfect fit for transition
- **7-9 years**
  - Locate and begin mentoring new owners
- **10 years**
  - Finalize transition
- **10+ years**
  - Continue to support and utilize the store and its new owners

# Next Steps

- Continue to update guidebook
- Continue to find ways to attract more people to the store
- Continue to build a following on Social Media
- Continue mentor others interested in the grocery industry
- Continue to take part in Rural Grocery Initiative activities

# Contact Information

Regena Lance

Email: [themildredstore@gmail.com](mailto:themildredstore@gmail.com)

Phone: 620-439-5424 (Mildred Store)

# Questions

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# NATIONAL RURAL GROCERY SUMMIT

June 20-21, 2022  
Wichita, KS

Find more details at  
[www.ruralgrocery.org](http://www.ruralgrocery.org)

**K-STATE**  
Research and Extension

Rural Grocery Initiative

# **Survey**

*Please share your  
feedback to help us improve  
future webinars*

**K-STATE**  
Research and Extension

Rural Grocery  
Initiative

# Rural Grocery Succession Planning



*Coming up:*

**BUSINESS VALUATION 101**

*Thursday, February 17, 2022*