

# WEBINAR SERIES

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

**K-STATE**  
Research and Extension



# Planning Your Business

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Thursday, February 25

# Our Partners

*Food Co -op Initiative*  
*Kansas Center for Business Transition*  
*Kansas Rural Center*  
*K-State Research & Extension*  
*NetWork Kansas*  
*Rural Grocery Initiative*

# Our Sponsor

*Ewing Marion Kauffman Foundation*

# Housekeeping

- This session is being recorded.
- A recording of today's webinar will be made 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.

# A Place to Start

*Imogene Harris,  
NetWork Kansas*

# NetWork Kansas Referral Center



## MISSION:

To promote an entrepreneurial environment throughout the state of Kansas by establishing a central portal that connects entrepreneurs and small business owners with the right resources -  
expertise, education, and economic resources -  
when they are needed most.

# Resource Partners



- Small Business Development Centers (SBDCs)
- SCORE
- Economic Development Organizations
- Entrepreneurship (E -) Communities
- Rural Grocery Initiative

# Example: Tecklenburg Farms



- Utilized a local E -Community Program
- Connected to KHFI
- Awarded a matching grant





# NetWork Kansas Referral Center



## Contact

**Email:** [info@networkkansas.com](mailto:info@networkkansas.com)

**Call:** (877) 521-8600

**Connect:** [@networkkansas](#)

# Building a Business Plan

*Jack Harwell,  
Kansas SBDC*

**What is your  
experience with  
business planning?**

*[Poll Question]*



# The Feasible Business Plan

# Components of a Business Plan

## Executive Summary

- Summary in Text
- Financial Summary

## Strategic Plan

- Industry
- Goals
- Products/Services
- Ownership Structure
- Conversion Strategy

## Marketing Plan

- SWOT Analysis
- Customer Persona
- Market Analysis
- Marketing Strategy

## Operational Plan

- Operations/Activities
- Accounting Systems
- Management, Labor and Organization
- Facilities and Equipment

## Financial Plan

- Funding Plan
- Financial Projections

# Business Plan Guidelines

## Outline of Business Plan

### Business Plan Guidelines

Every business venture can benefit from the preparation of a carefully written business plan. The purposes of a business plan are to:

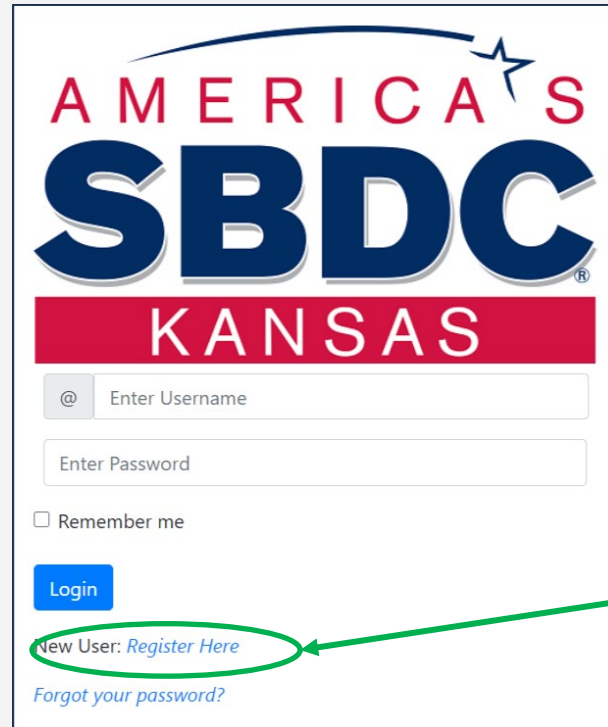
1. Help you think through the venture and ensure that you have considered all your options and anticipated any potential difficulties.
2. Convince potential lenders and investors that your business can make money and pay their money back.
3. Serve as an operating guide as you turn your ideas into a viable business.

The business plan is a formal document written in the third person (no use of I, we, us). Even though the reader needs to be convinced of the viability of your products or services, it is not intended to be a sales pitch for those products/services.

Start with section 4 and write at least a paragraph to answer each question that applies to your business. Sections 1 through 3 should be written last to avoid rewrites. The final product should be tailored to fit your business circumstances and personality.

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# Fort Hays Business Plan Creator



AMERICA'S  
**SBDC**  
KANSAS

@ Enter Username

Enter Password

Remember me

Login

New User: [Register Here](#)

[Forgot your password?](#)

- Use this link:  
[Business Plan  
Creator](#)

- Registration required
- No cost to use tool
- Confidential

# Business Plan Creator

- Structured sections
- Plans can be developed and saved online
- Downloadable to Word document
- Lots of suggestions and help

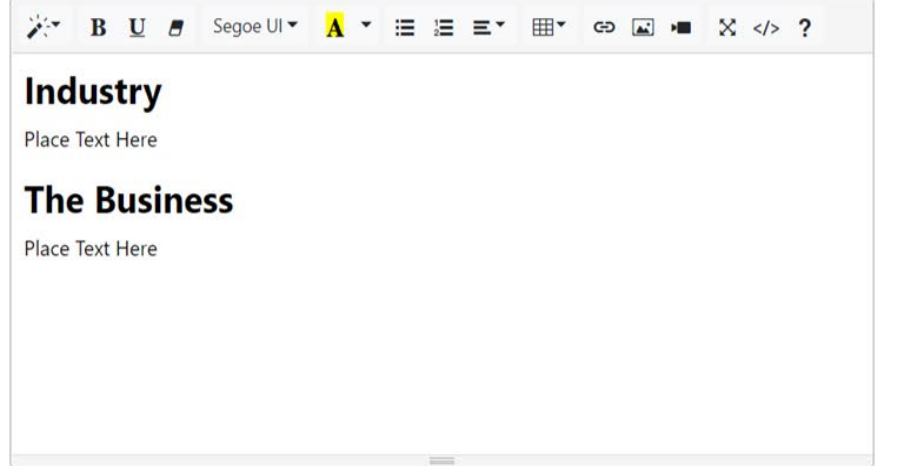
This industry segment may be short but must be profiling. Present the overview, highlights, and changes. It is the prelude to the business segment.

## Describe the industry.

- Describe market trends & changes.
- What are some of the industry challenges?
- What are some of the industry opportunities?
- How is technology affecting the industry?
- What major regulations is the industry dealing with?
- What are the industry trade organizations or associations?

## The Business

- What is the exact name of the business?
- What type of business (retail, wholesale, service, manufacturing, construction)?



The screenshot shows a rich text editor interface. At the top is a toolbar with icons for undo, redo, bold, italic, strikethrough, font color, background color, bulleted list, numbered list, indent, table, link, unlink, insert image, insert video, insert audio, source code, and help. Below the toolbar, the text "Industry" is displayed in a large, bold font, followed by the placeholder text "Place Text Here". Below that, the text "The Business" is displayed in a large, bold font, followed by the placeholder text "Place Text Here".



# Other Business Planning Tools

## Strategic Plan Section:

- Ibis World Industry Report
- SWOT Analysis Template
- Customer Persona Template
- [Census Business Builder](#)
- Reference USA

## Financial Plan:

- Financial Projections Spreadsheet

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**IBISWorld**

WHERE KNOWLEDGE IS POWER

|| US INDUSTRY (NAICS) REPORT 44512

## Convenience Stores in the US

**Pit stop: While cigarette sales may fall, a greater focus on fresh food will likely boost industry revenue**

Thomas Crompton | February 2021

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Background  
information on  
your industry

### Key Statistics



**\$33.2bn**

Revenue

Annual Growth

2016-2021

2.3%

Annual Growth

2021-2026

2.0%

Annual Growth

2016-2026



**\$597.5m**

Profit

Annual Growth

2016-2021

0.2%

Annual Growth

2016-2026



**1.8%**

Profit Margin

Annual Growth

2016-2021

-0.2%

Annual Growth

2016-2026



**Internal**

## Strengths

Internal Capabilities that may help a company reach its objectives

# S

## Weaknesses

Internal Limitations that may interfere with a company's ability to achieve its objectives

# W

**External**

## Opportunities

External Factors that the company may be able to exploit to its advantage

# O

## Threats

Current and emerging External Factors that may challenge the company's performance

# T

**Positive**

**Negative**

# SWOT Analysis

Strengths  
Weaknesses  
Opportunities  
Threats

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# Customer Persona

- Fictional character that defines your target customer
- Could be more than one persona – but not too many
- Informs marketing strategy

Add a picture and name your persona



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webinar  
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## Demographics

- Age
- Gender
- Education
- Marital Status
- Occupation
- Household Income
- # Children at Home
- # Grandchildren
- Rent or Own Home

## Psychographics

- Goals and Challenges
- Busiest Part of Day
- Best Time to Relax
- When They Shop
- What Keeps Them up at Night

## Industry-Specific Preferences

- Primary Pain Point
- How Product/Service is Used
- Customer Service Expectations

## Shopping Behaviors

- Favorite Social Media Platform
- Favorite Shopping Experience
- How Do They Learn About Products/Services Before Purchasing
- Relative Importance of Price-Quality-Availability
- Do They Look at Online Reviews

**Does your persona  
include more than  
just demographics?**

*[Poll Question]*

# Assortment Planning

## Before you start

- SWOT and Persona are key inputs
- Think categories
- Do your research (online tools)
- Involve key parties

## Step 1:

- Look around for ideas
  - Online
  - In-person
  - Rural
  - Urban
- Make a long list of possibilities

## Step 2:

- Research customer preferences
- Filter by persona preferences
- Estimate the numbers
  - Unit sales
  - Gross profit

## Step 4:

- List assumptions
- Plot each opportunity to show profitability vs cost of implementation
- Validate assumptions with potential customers

# Assortment Planning Considerations

Total annual margin (\$)	Total startup costs	Total annual costs	Space required
<ul style="list-style-type: none"><li>• Dollars</li><li>• Percent of Sales</li></ul>	<ul style="list-style-type: none"><li>• Equipment, fixtures</li><li>• Training</li><li>• Starting inventory</li></ul>	<ul style="list-style-type: none"><li>• Average inventory</li><li>• Service and support labor</li><li>• Amortized start-up costs</li></ul>	<ul style="list-style-type: none"><li>• Floor</li><li>• Backroom</li></ul>

Products and services at category level

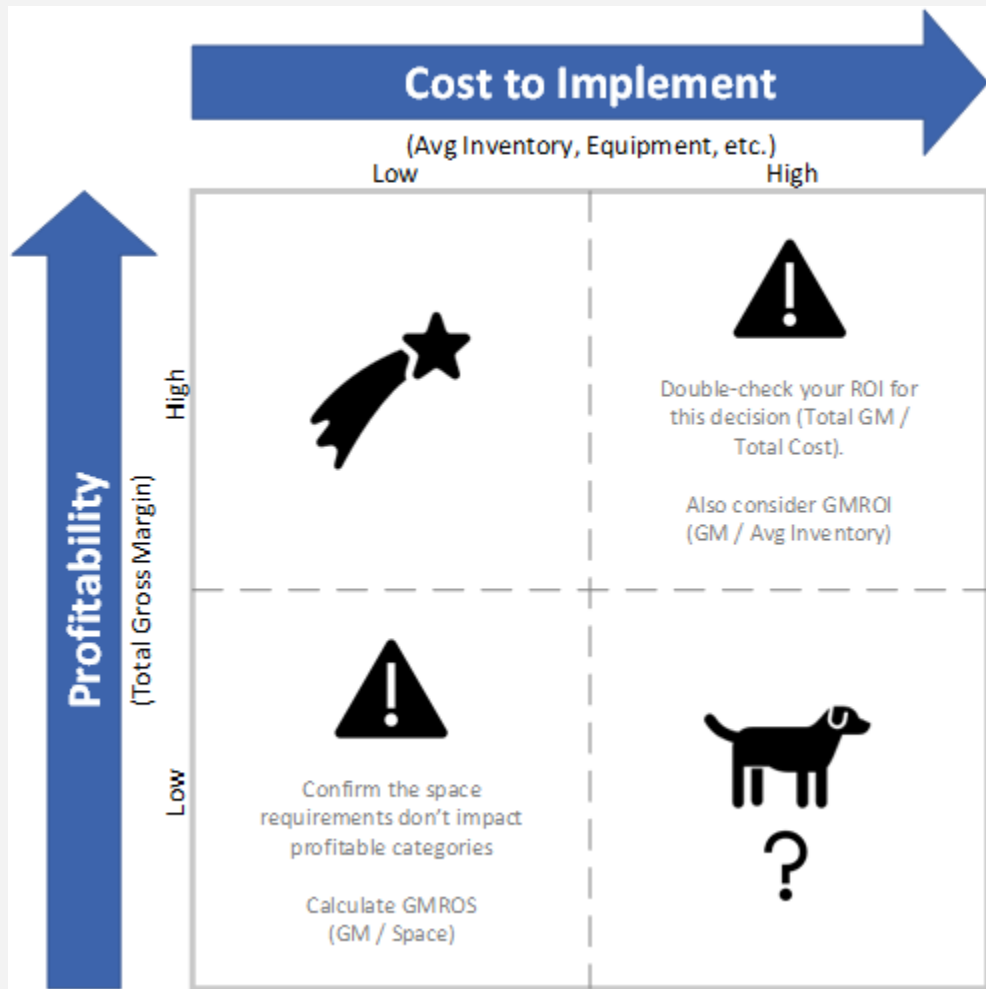
Link to:

[Blog article on assortment planning](#)

Link to:

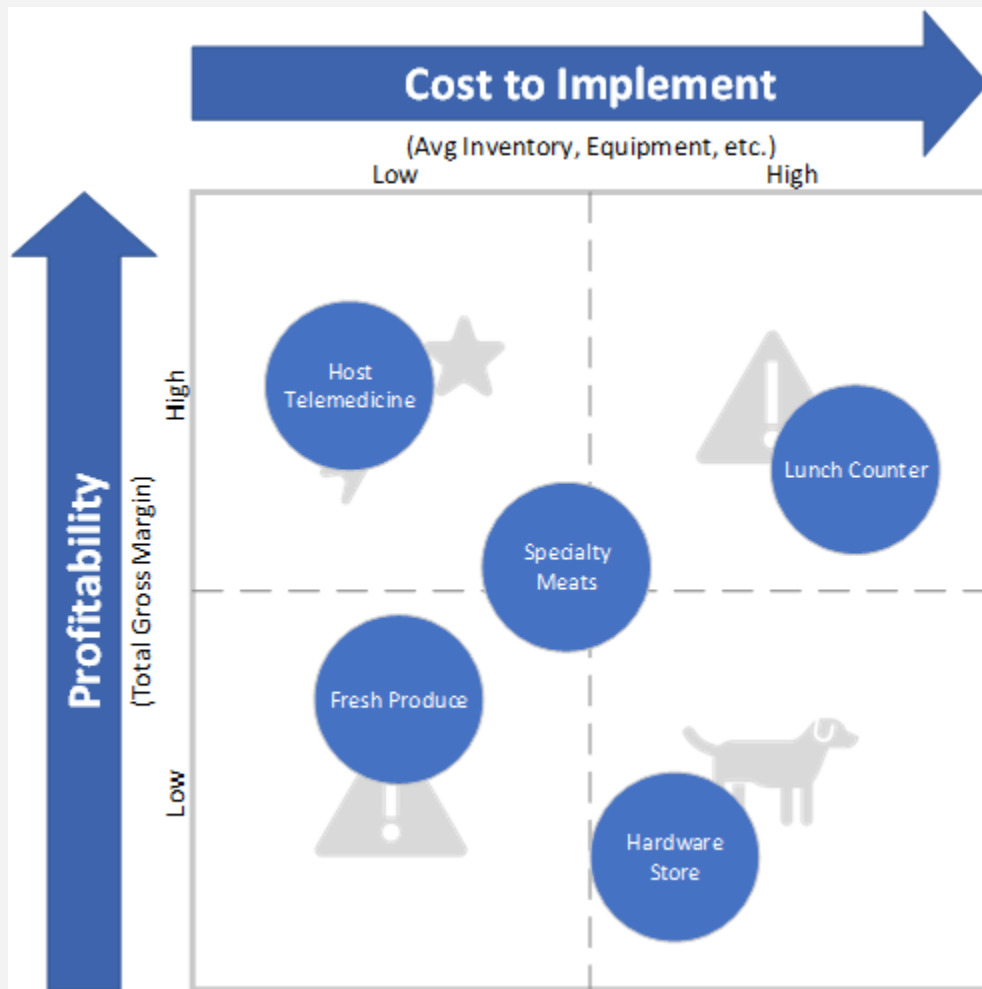
[Video on the importance of thinking it through](#)

# Assortment Decision Matrix





# Example Assortment Decision Matrix

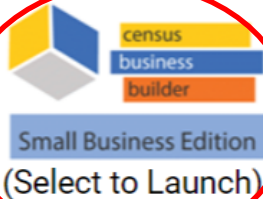


# Census Business Builder (CBB)

The *Census Business Builder (CBB)* is a suite of services that provide selected demographic and economic data from the Census Bureau tailored to specific types of users in a simple to access and use format.

**Version 3.3** Overview Instructional Flyers Webinars Help & FAQs

## Version 3.3



- Online resource to identify consumer spending in your area
- Based on US Census Data, free to use
- Go to this link: [Census Business Builder](#)
- Data overlaid on map
- Can inform your assortment strategy

- ✓ Demographic, socioeconomic, and housing data from the American Community Survey
- ✓ Business data from the County Business Patterns, Nonemployer Statistics, Economic Census, and Survey of Business Owners
- ✓ Imports and Exports data from the International Trade program
- ✓ Workforce data from the Quarterly Workforce Indicators
- ✓ Building Permits data from the Building Permits Survey
- ✓ Your own data (via Excel file upload feature)
- ✓ Consumer Spending data from Esri
- ✓ Agriculture data from the Census of Agriculture (USDA)
- ✓ Hires by Educational Attainment (QWI)
- ✓ Historical data for additional programs
- ✓ Employment and related data from the Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW)

# Washington County

## Census Business Builder

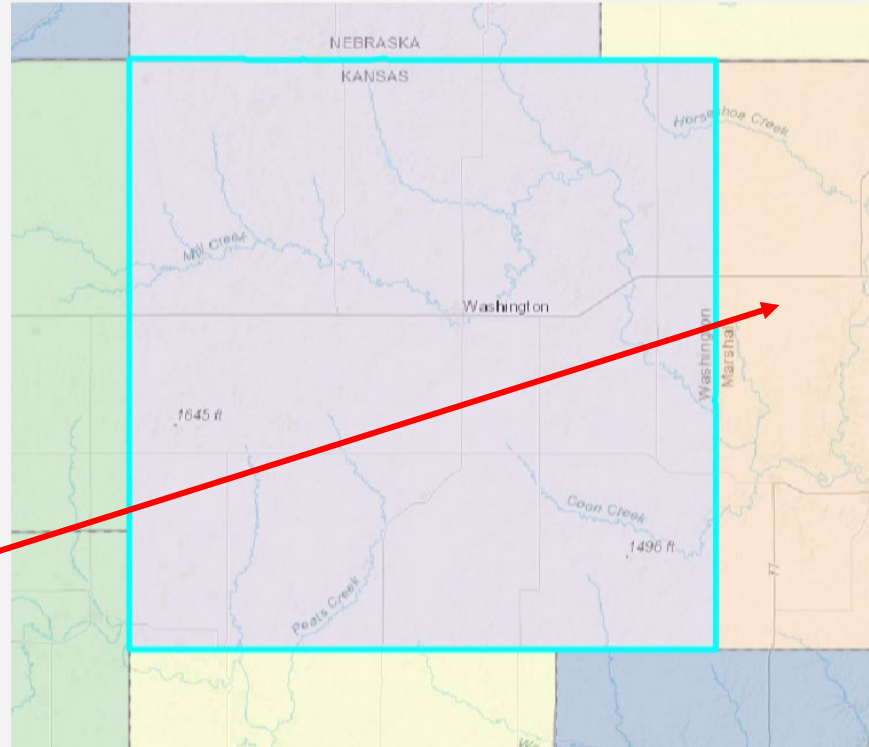
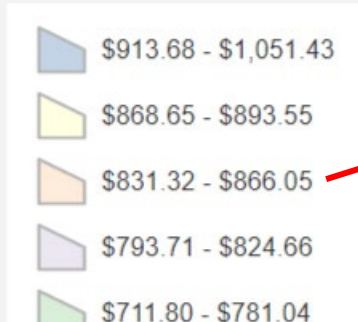
### Primary Category

- Customers   Businesses (Annual)   Businesses (Quarterly)   Workforce   Building Permits  
**Consumer Spending**   My Variables

### Map Variables

- Consumer expenditures per household on Dining out (Food away from home)
- Consumer expenditures per household on Dining out - Breakfast
- Consumer expenditures per household on Dining out - Lunch
- Consumer expenditures per household on Dining out - Dinner

Consumer expenditures per household on Dining out - Lunch



# Reference USA

## 35 Miles Radius: Overbrook

### Available Databases

Select a Database to Get Started

#### U.S. Businesses

62 Million Businesses

3.6 Million Closed Businesses

[SEARCH](#) | [MORE INFORMATION](#)

#### U.S. Consumers / Lifestyles

298 Million Individuals

[SEARCH](#) | [MORE INFORMATION](#)

Available through many  
libraries, SBDC offices

**Radius** Search Tips ⓘ Collapse + Remove ✕

Enter only house number and/or street name  ZIP Code   
ex 123 Oak St ex 68118

- OR -

LAT  LONG   
ex 41.25 ex -96.16

**Number of Miles**   
range of .1 to 150 miles

[Clear Field\(s\)](#)

**Lifestyles** Search Tips ⓘ Collapse + Remove ✕

Lifestyles are scored based on level of interest from 0 to 9 in our database. 0 meaning no interest; 9 meaning heavy interest. Selecting Lifestyles from the categories below will include individuals with a score of 6 and higher (6 to 9).

- Apparel / Fashion / Beauty
- Arts / History / Science
- Books / Magazines
- Charitable Donor
- Cooking / Wine
- Collectibles
- Hobbies / Crafts / Sewing
- Health / Diet / Fitness
- Home Improvement / Decor
  - Do-It-Yourselfers ←
  - Home Decorating & Furnishing
- Motor Vehicles / Motor sports
- Outdoor Recreation
- Personal Finance / Self-Help
- Pets / Animals

[VIEW RESULTS](#)

[UPDATE COUNT](#)

**RECORD COUNT**  
**11,253**

**EMAIL COUNT**  
**2,584**  
[more info](#)

[CLEAR SEARCH](#)

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# Financial Projections

## Total Project Costs

- Equipment
- Labor
- Fees and Expenses
- Working Capital

## Multiple Sources of Funding

- Seller Finance
- Bank
- Investors

## 3 Years of Financial Projections (pro forma)

- Profit & Loss Statement
- Balance Sheet
- Cash Flow Statement
- Plan sales in categories – no more than 4

# Additional Focus in Shared Ownership Models

Assistance Available:  
Kansas SBDC  
SCORE  
Network Kansas



- One Page Text – One Page Financial Summary
- Summary of Key Points
- Objectives
  - Expected Outcome (conversion to new entity)
  - Target Dates
- Funding Plan
  - Owner Injection
  - Loans
  - Investments
- Read First – Written Last

# Executive Summary

# Grocery -specific considerations

*Erica Blair,  
Rural Grocery Initiative*



# Grocery suppliers

## Grocery Wholesalers

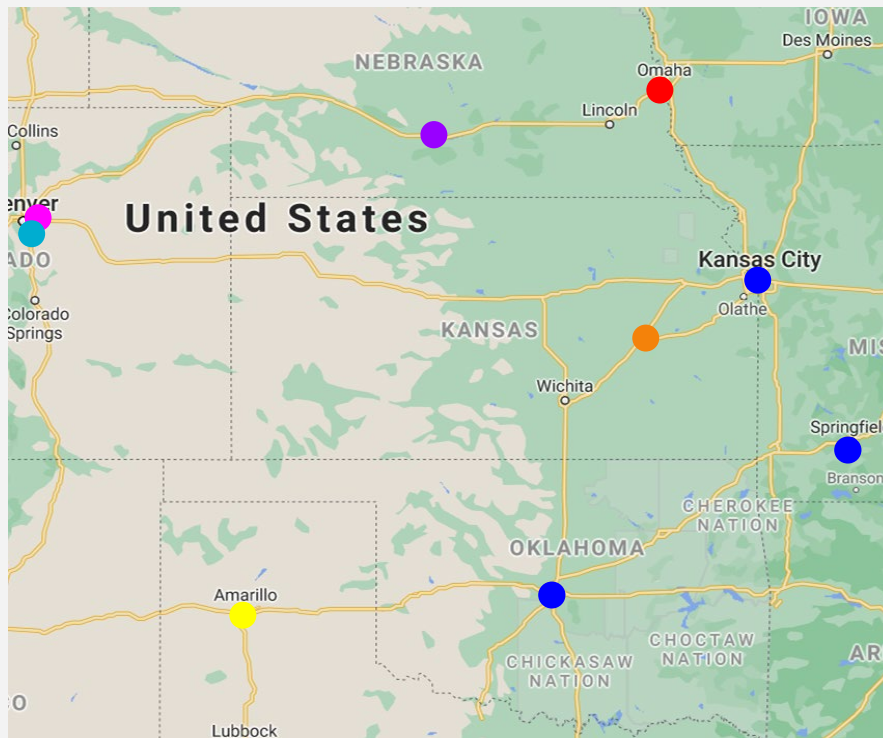
- Associated Wholesale Grocers
- Affiliated Foods, Inc
- Spartan Nash

## Convenience store distributors

- Cash-Wa Distributing
- EVCO Wholesale Food Corp

## Natural & organic distributors

- KeHe Distributors, LLC
- United Natural Foods (UNFI)



# Other grocery supply options

## The challenge:

- Minimum buying requirements can be difficult to meet for some rural grocery stores

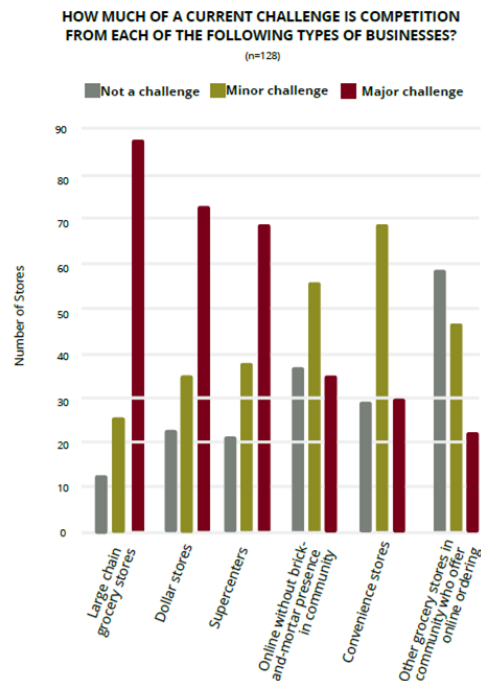
## As a result, some grocers:

- Combine orders with nearby independent grocery stores to meet the minimum
- Purchase groceries from nearby retail chains (e.g. Walmart, Aldi)
- Focus on local food

# Competition

“When asked about current challenges due to competition, 87 rural grocers (68%) reported competition with large chain stores as the top major challenge.”

Olive, Ren; Draeger, Kathryn; Kim, Hye-Young; Hanawa Peterson, Hikaru; Jarvi, Monica; Park, Dojin; Jorgenson, Alma. (2020). 2019-2020 Minnesota Rural Grocery Survey Report. <https://hdl.handle.net/11299/217207>.



# What will your store offer?

## Full service grocery

- Food (meat, produce, dairy, canned, baked goods)
- Household cleaners
- Healthy & beauty
- Pet food

## Focused grocery format

- Local produce, meat, dairy
- Limited selection
- Just the basics

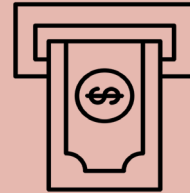
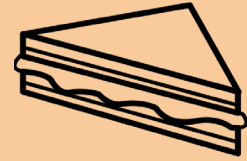




# Great Scott! Community Market in Winchester, IL



# Other store offerings & business partnerships



## White's Foodliner in St. John, KS



## Riverside Market in Blue Rapids, KS



# Questions



# Webinar Schedule

*All webinars are on Thursdays at 1:30 PM CT*

*Save your spot by registering at [www.ruralgrocery.org](http://www.ruralgrocery.org)*

- |          |                                      |
|----------|--------------------------------------|
| March 4  | Funding the Transition               |
| March 11 | Recruiting Store Managers            |
| March 18 | Mastering Grocery Store Nuts & Bolts |

# Upcoming Webinar

## *Funding the Transition*

Thursday, March 4  
at 1:30 P M

Let's work on fitting the funding puzzle pieces together. We'll feature a recently completed grocery project in Central Kansas that compiled more than 10 types of funding to make their store a reality. For current and prospective grocers, this panel of funders will share details on relevant funding opportunities - federal, statewide, local, municipal and others - that can be used to support rural grocery. While some of the funding opportunities discussed are available across the country, this webinar will have a focus on Kansas-specific funding opportunities.

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Research and Extension

