



The Transition Imperative for Rural Grocery

Connecting Entrepreneurial Communities Conference

June 27, 2025

K-STATE
Research and Extension

Rural Grocery
Initiative

Agenda

- Introductions
- Rural, defined
- Importance of rural grocery
- Challenges in rural grocery
- What business transition resources are available?
- How else can RGI support you?
- Questions and discussion

About Me

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 - University of Reading (England)
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HELLO

MY NAME IS

- Name
- Town
- One sentence about why you are here today!



RGI started in 2007 due to the **crucial role** grocery stores play in rural communities.

Rural Grocery Initiative

The Rural Grocery Initiative aims to sustain locally-owned rural grocery stores to enhance community vitality and improve access to healthy foods by identifying, developing, and sharing resources that support grocers and rural communities.

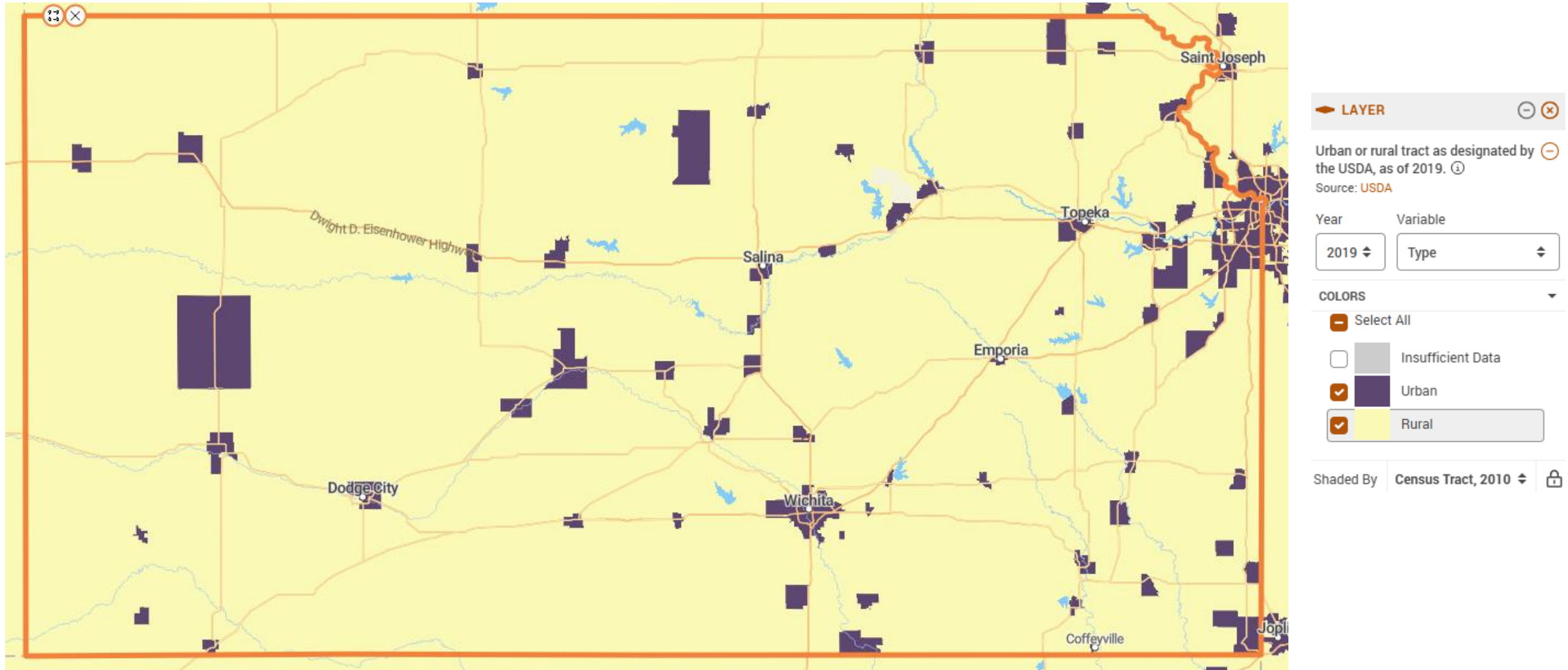


Rural, defined

What is rural?

- Often defined by what it is not (urban)
- USDA Economic Research Service defines 'nonmetropolitan areas' as:
 - Open countryside
 - rural towns (places with fewer than 5,000 people and 2,000 housing units), and
 - urban areas with populations ranging up to 50,000 people that are not part of larger labor market areas (metropolitan areas).

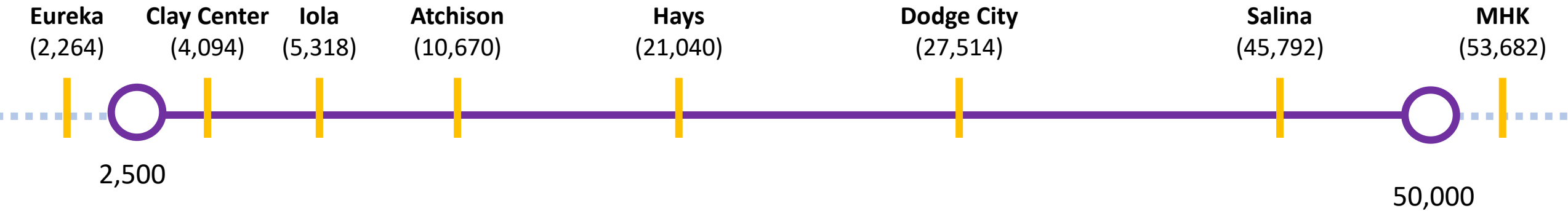
Rural Kansas



Source: PolicyMap, Urban or rural tract (USDA, 2019)

What is rural?

- Varies by context



**based on 2023 Population Estimates, ACS*

What does every small town need to thrive?



Importance of rural grocery



Grocery stores are **anchor institutions** in rural communities

because they provide:

- Economic benefits
- Public health benefits
- Community gathering space

➤ [Benefits of Hometown Markets](#)
Fact Sheet

Hired Man's Grocery & Grill

424



Economic
Benefits



Public Health Benefits

Whites FOODLINER

YOGURT
FRUIT JUICE
FRESH PRODUCE

PICKLES
SA

Whites FOODLINER 2

AS ADVERTISED
JUMBO MANGOS
\$4.99

AS ADVERTISED
2 \$8.79

AS ADVERTISED
\$2.99

AS ADVERTISED
\$4.99
\$2.99
\$2.99



NetWork Kansas Uplifts Community by Saving Local Grocery Store



Watch later



Share

Community
Hubs

MORE VIDEOS



0:14 / 2:52

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

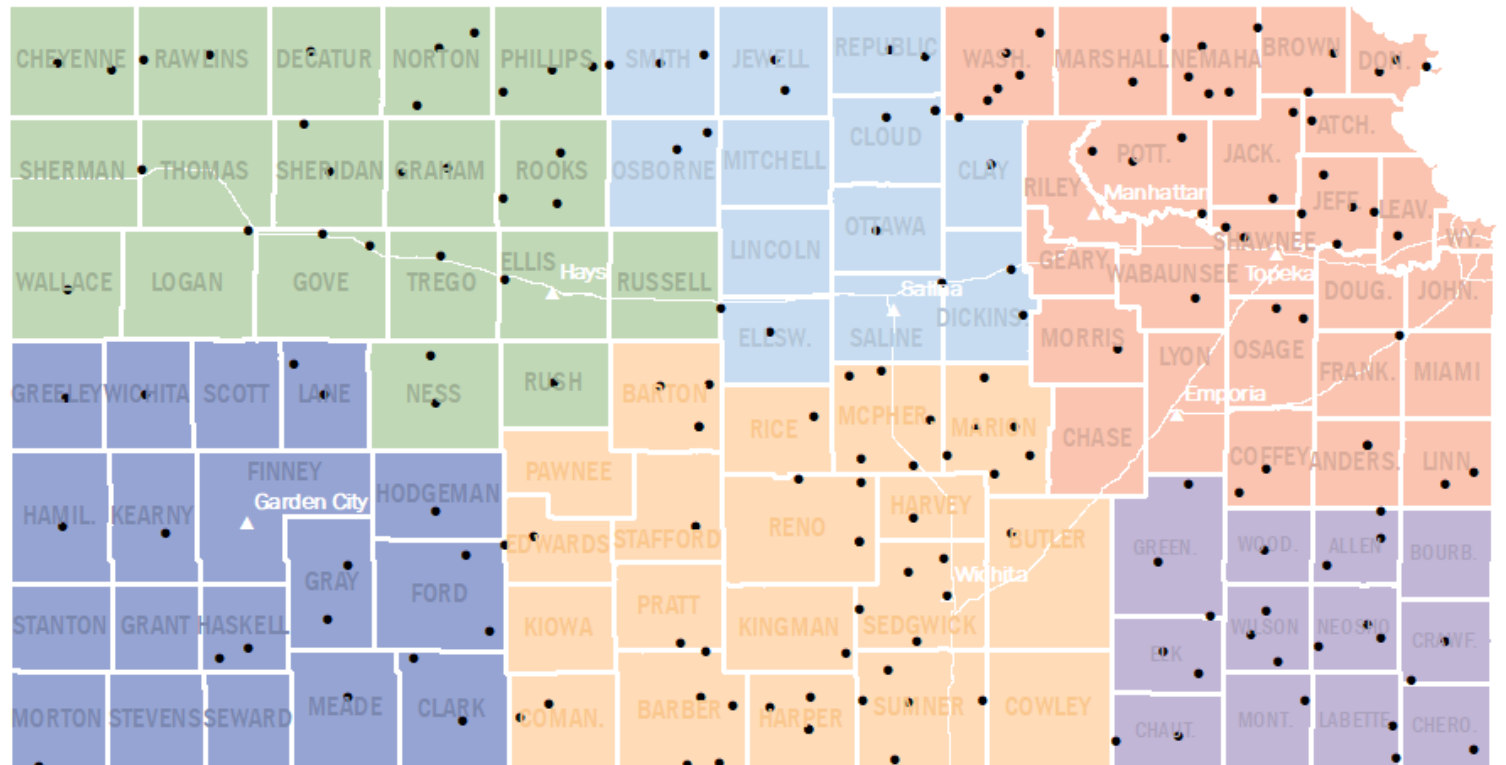


Rural groceries struggle to stay in business

Over a 10-year period between 2008 and 2018, **1 in 5 grocery stores in rural Kansas closed** their doors.

Challenges to staying in business include:

- Slim profit margins
- Population decline
- Distribution
- Competition
- Transition planning

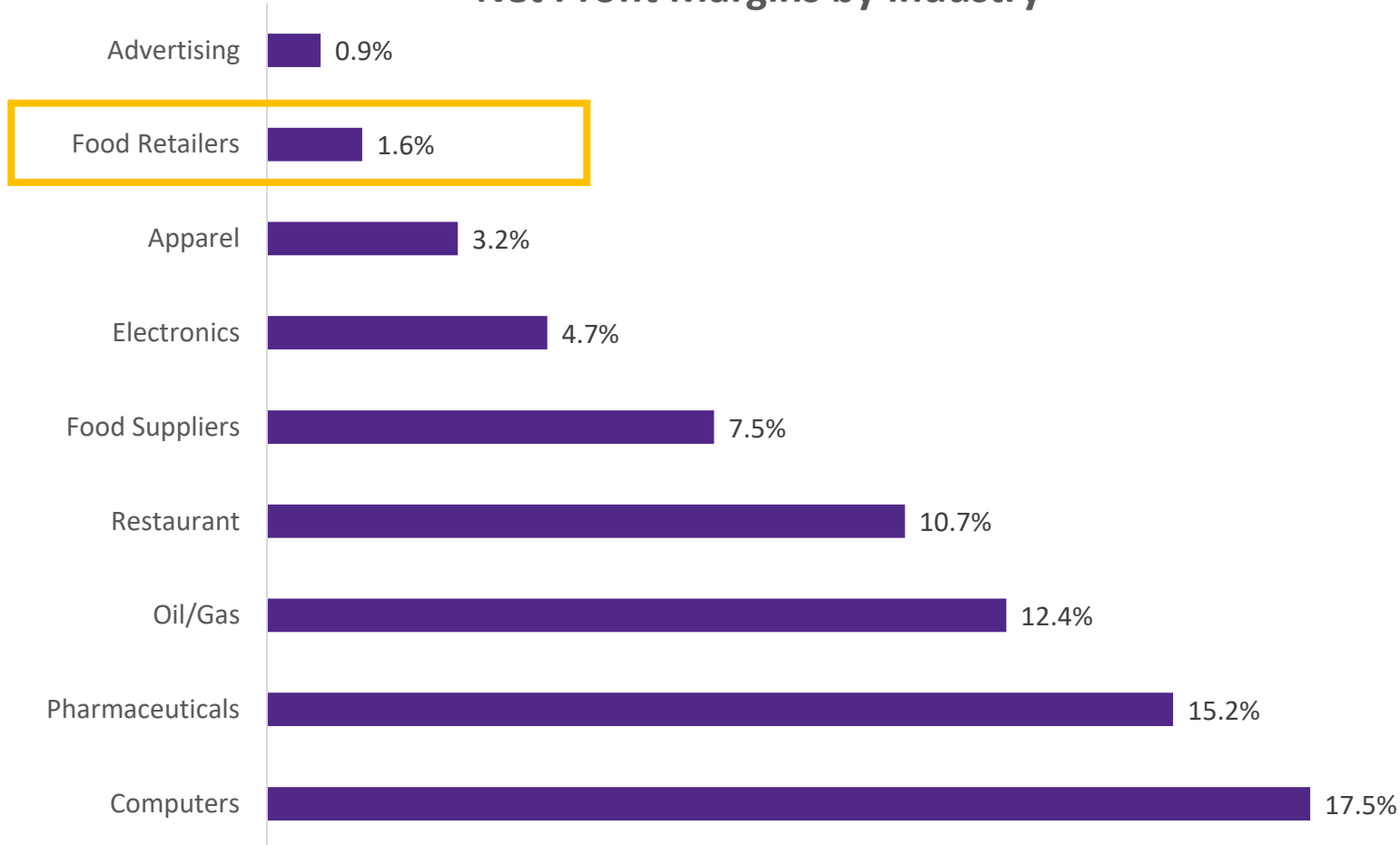


Kansas Rural Grocery Stores, 2019

Challenges in rural grocery

Grocery runs on slim profit margins

Net Profit Margins by Industry



“Grocery is a volume game”

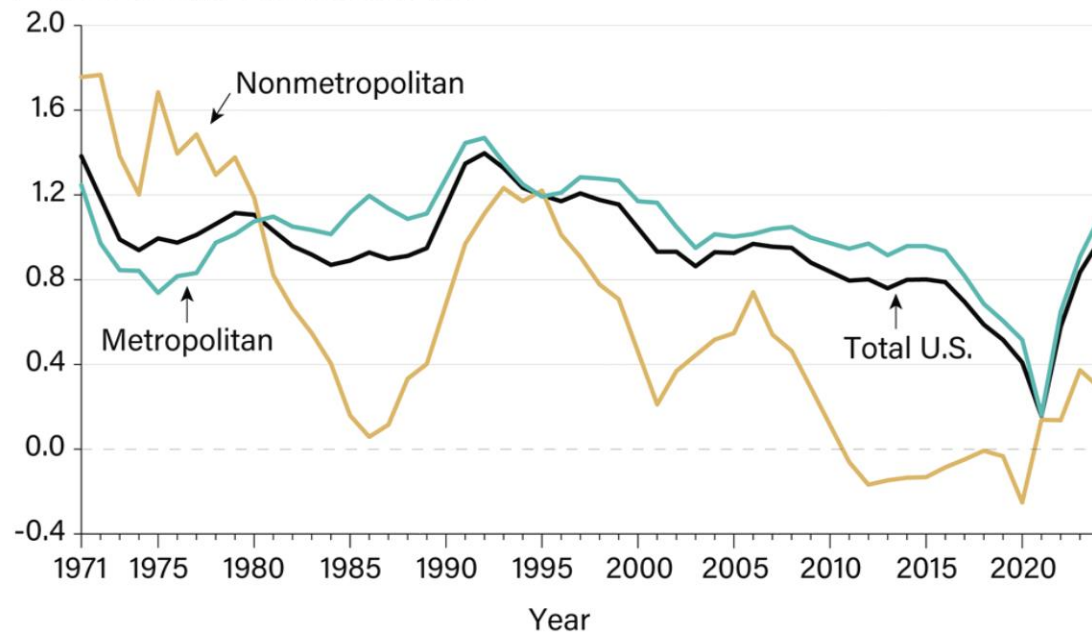
Let’s run the numbers:

- \$2M Annual Sales = \$20,000 net profit margin
- \$20M Annual Sales = \$200,000 net profit margin

Population decline

Population change in aggregate and by metropolitan/nonmetropolitan status, 1971-2024

Percent change from previous year



Note: Metropolitan classification definitions vary. For 1971-80, the 1974 metropolitan definition was used; for 1981-90, 1983 metropolitan definition was used; for 1991-2000, 1993 definition was used; for 2001-10, 2003 definition was used; for 2011-24, 2023 definition was used.

Source: USDA, Economic Research Service using data from the U.S. Bureau of the Census, Population Estimates Program.

While this trend may be starting to reverse, rural America has experienced a steady trend of population loss over the past several decades. **Fewer customers impacts a rural grocery store's bottom line.**

Increased market consolidation & competition

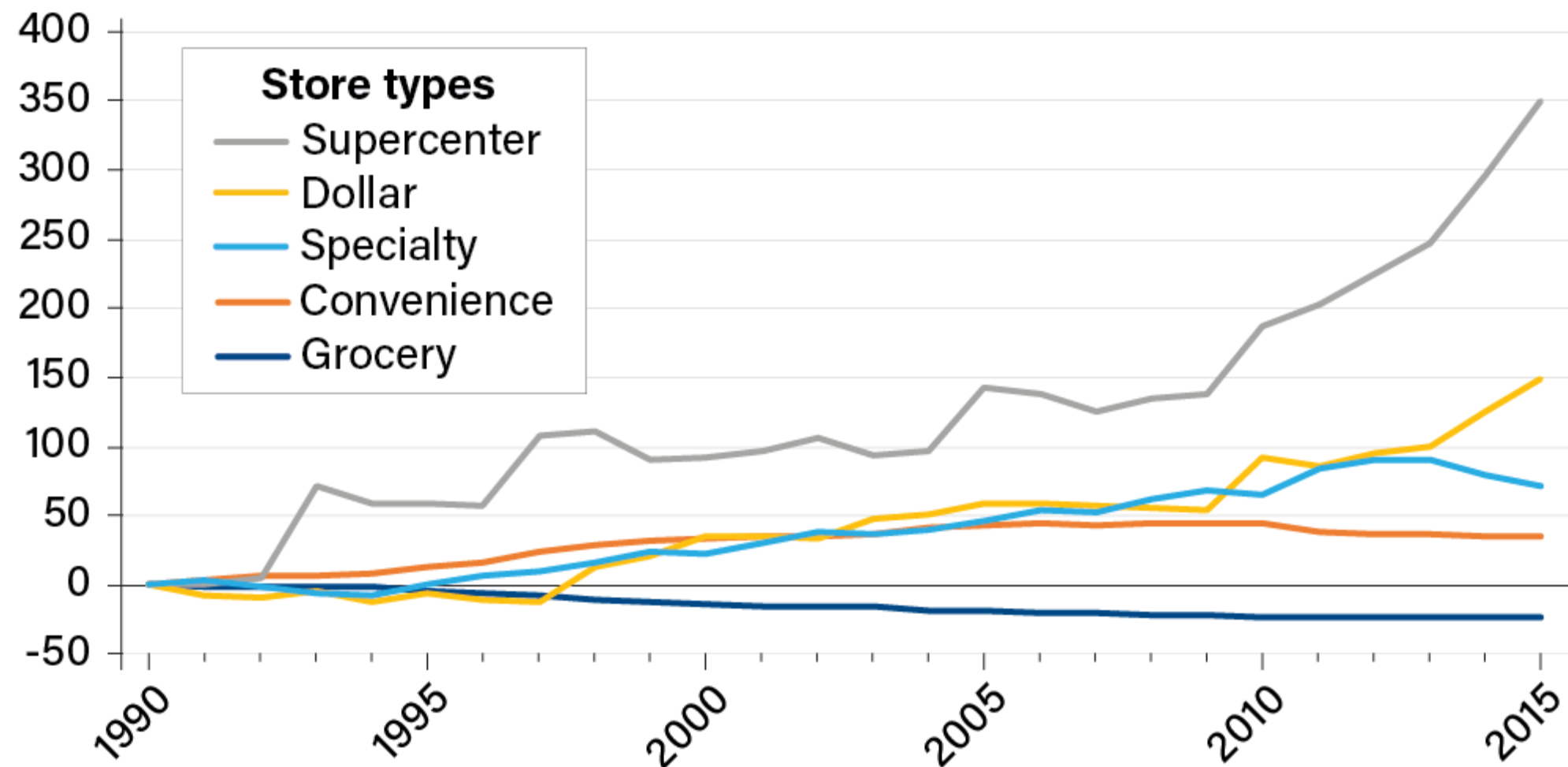
“Food retailing markets in rural and small nonmetro counties are **considerably more concentrated** than food retailing markets in metro and large nonmetro counties.”

<https://www.ers.usda.gov/publications/pub-details?pubid=105557>



Dollar stores and supercenters had the greatest percentage growth in rural nonmetro counties from 1990 to 2015

Annual percent change in share of stores

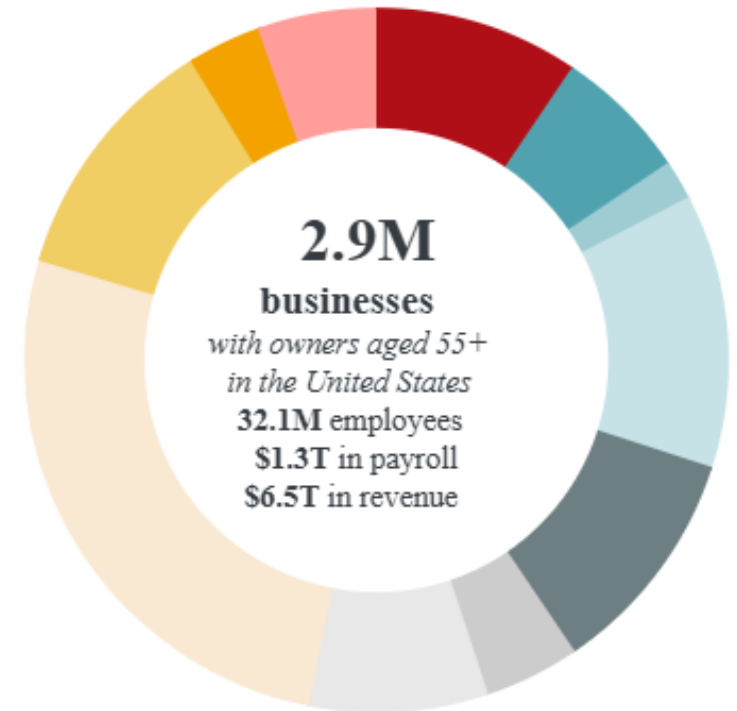
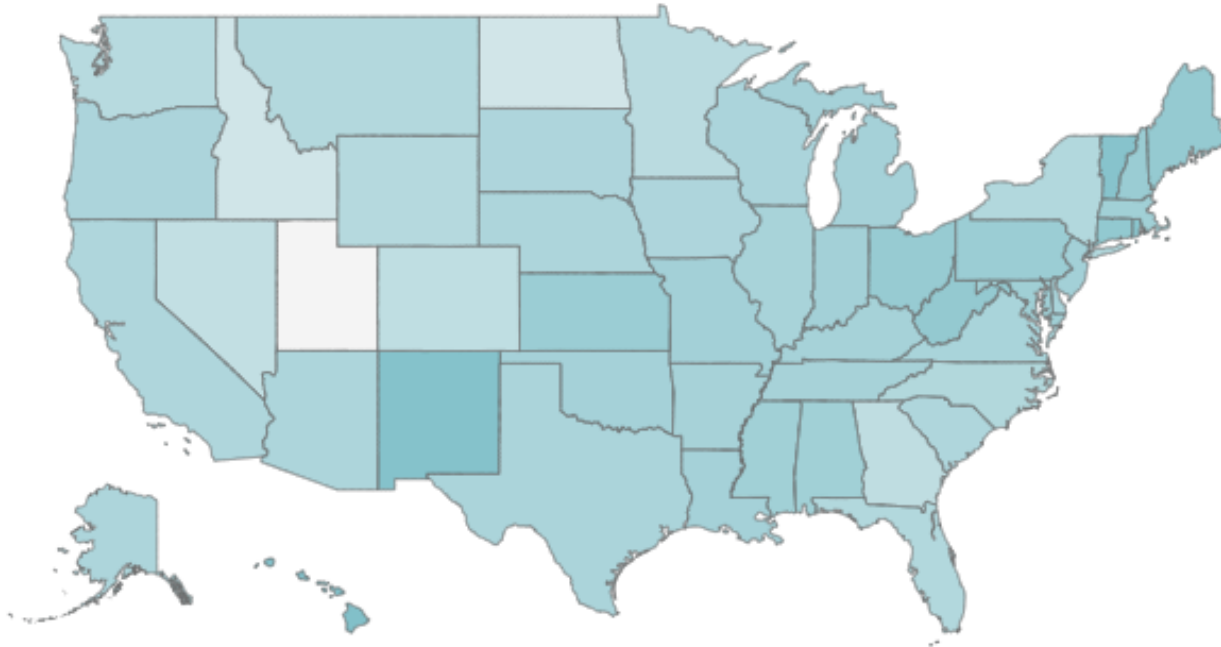


Source: USDA, Economic Research Service using data from National Establishment Time Series from 1990 to 2015.

The Silver Tsunami of retiring business owners

control half of the businesses in the US

Click on the map to discover the impact to your region.



Industries



{ Project Equity }

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Hover for methodology

Source notes >

Aging business owners

24%

Plan to transition out of
their store in the next 1-5
years



73%

Do not have any transition
plans for the future **ownership**
of their grocery store

What business transition resources are available?

Highlights from Recorded Webinar Series

1. Grocery Business Transition Planning: An Overview

- A business transition plan is the ultimate business plan and the ultimate financial plan.

2. Understanding Grocery Ownership Models

- Alternative models may be the right fit for rural communities.

3. Preparing for Business Transition

- The business transition process takes time – prepare accordingly!

4. Assessing Markets & Community Needs

- Communities change over time and ownership transitions present an opportunity for the grocery store to adapt to community needs.
- RGI has a survey question bank resource available online.

WEBINAR SERIES

Keeping Groceries Alive:
Successful Ownership Transitions
for Rural Grocery Stores

More information: www.ruralgrocery.org/learn/webinar-workshops/

Highlights from Recorded Webinar Series (Continued)

5. Planning your Business

- There are grocery specific items to consider (such as the grocery supplier).

6. Funding the Transition

- One option to learn more about is the Kansas Healthy Food Initiative (<https://www.kansashealthyfood.org/>).

7. Recruiting Store Managers

- Why is this so important? Grocery store managers play a critical role. They make critical decisions, set the tone, and build community relationships.
- Look internally and externally.

8. Mastering Grocery Store Nuts & Bolts

More information: www.ruralgrocery.org/learn/webinar-workshops/

WEBINAR SERIES

Keeping Groceries Alive:
Successful Ownership Transitions
for Rural Grocery Stores

Other resources available



Rural Grocery Initiative Resource Library

Can't find what you are looking for? Want to add or update a resource? Let us know! Email rgi@k-state.edu.

24 results

Search

Search by keyword

Categories

- ☐ Business planning
- ☐ Competition
- ☐ Cooperatives
- ☐ Funding
- ☐ Getting started
- ☐ Grocery operations
- ☐ Importance of rural grocery
- ☐ Legal and policy
- ☐ Local sourcing
- ☐ Nutrition
- ☒ Planning for transition

Types

- ☐ Fact sheet

[Rural Grocery Ownership Models](#)

2021. Rural Grocery Initiative.

Description

This resource provides a brief overview and examples of innovative grocery ownership models, including nonprofits, cooperatives, public private partnerships, and so on.

Category: Business planning / Planning for transition

Type: Fact sheet

[Funding Rural Grocery Store Transitions and Improvements](#)

2021. Rural Grocery Initiative.

Description

This resource includes several funding resources that have been used to support rural grocery projects.

Category: Funding / Planning for transition

Type: Fact sheet

[Grocery Business Transition Planning: A Guide for Community Leaders](#)

2021. Rural Grocery Initiative.

Peabody Market, Peabody, KS



GROCERY BUSINESS TRANSITION PLANNING

A GUIDE FOR COMMUNITY LEADERS

K-STATE
Research and Extension
Rural Grocery Initiative

Exit Planning Checklist

This Exit Planning Checklist was created by the Kansas Small Business Development Center to help guide small business owners through the process of planning an exit. To read the complete document, and to access even more excellent resources, visit the Kansas Small Business Development Center at www.kansassbdc.net.

1. Build Your Team

You should seek guidance from professionals with deep experience in transitioning businesses. At a minimum, you will need a financial planner, lawyer and Certified Public Accountant (CPA) on your team. Other professionals can also help with planning your transition, depending on which type of transition you choose. This could include a business broker or M&A (mergers and acquisitions) advisor, insurance agent or other specialist.

2. Set Your Personal Goals

After meeting with your financial planner, set your personal goals for saving toward retirement. Funding your retirement may depend on the receipt of funds when you transition your business. If so, get an estimated value for your business. This is one component of the next step in our checklist – benchmarking the current state of your business.

3. Benchmark the Current State of Your Business

Take stock in your business and personal situation and conduct a detailed analysis of your business operations. Take care to view your business with a critical eye, and be honest with yourself. Better yet, have someone familiar with world class businesses perform the analysis. This analysis will identify opportunities for improvement and could inform your business valuation.

4. Estimate the Value of Your Business

This may be something you do more than once. Business values can change over time, so you want to track progress as you implement changes. The valuation method you use will also change, as your need for accuracy depends on where you are in the exit planning process.

Some methods are straightforward and don't require extensive knowledge of valuation techniques. The results of these analyses are less accurate but are sufficient in the early days of planning your business transition.

5. Address the Gap

The "gap" is the difference between your current state and your personal goals. You may find that your business isn't worth enough to close the gap in funding your retirement. This could mean you need to increase the cash flow and reduce cash flow risks that could mean a lower value for your business. If you're like most small business owners, there may be a gap between what you need and what you should expect to receive for your business.

You may close the gap by sticking it out a few more years while your revenue and profits increase. In other cases, it may require extensive work to improve your business infrastructure. You might need to make improvements to prepare your business for your chosen transition option. For example, preparing a business for employee ownership could take years of focused effort.

6. Draft Your Transition Plan

The last step in your exit plan is to develop an outline that captures the details of your transition event. Once complete, you will want to share it with your exit planning team. This is how you keep everyone on the same page. Your attorney can now identify the legal risks you might face. Your CPA can estimate the tax implications of your planned transition. The banker can provide feedback on what the funding options are. You can also record and estimate the fees each entity will charge for their services.

Your transition plan may change over time. Keep it updated and it will provide a roadmap for exiting your business.

7. Develop a Contingency Plan

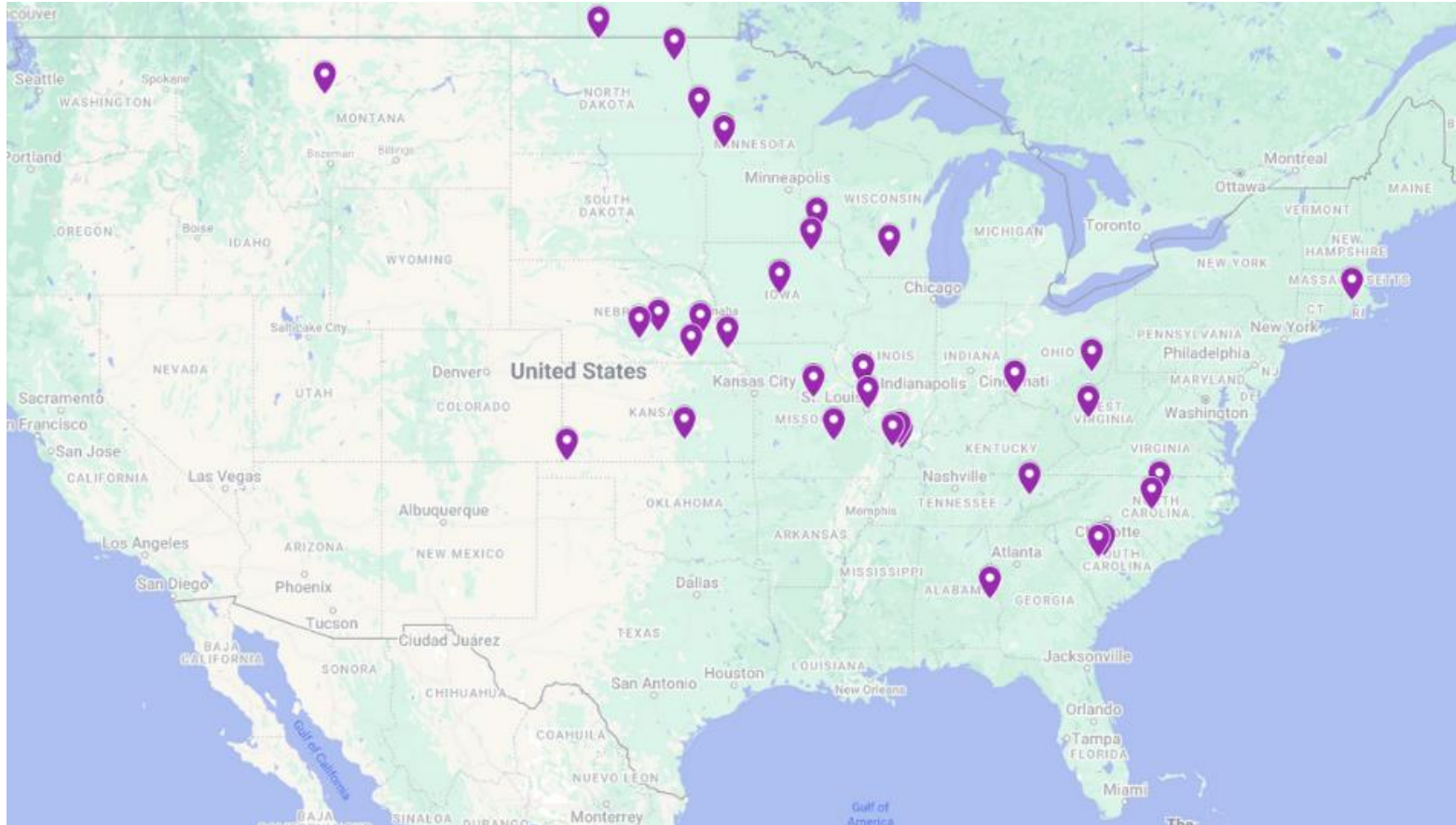
Now that you've built an exit plan that reflects how you would like to transition your business, it's time to think about what happens if you unexpectedly exit your business. What happens if you die or suffer a disability that prevents you from working? Create a contingency plan so your loved ones and employees know how you wish to transition your business under these unfortunate circumstances.

To learn more, watch Webinar #4, *Assessing Markets & Community Needs* at www.ruralgrocery.org, and visit www.kansassbdc.net.

Rural Grocery Transition Specialist Program

- **Who:** This course is designed for Extension professionals, economic developers and other resource providers who support rural grocers and rural community vitality across the country.
- **Participants will gain:** Strategies for building relationships with grocery store owners and managers, understanding of transition planning and business valuation concepts, and tools to support grocery store transitions. In addition, participants will join a national network of professionals dedicated to supporting rural communities. Graduates also receive a microcredential from K-State.
- **Format:** This course contains seven online modules that include homework assignments and interactive discussion boards, paired with guided learning through four required 1.5 to 2-hour synchronous virtual meetings.
- **Taught by:** Composed of 18 professionals across the country, the teaching team has a wide range of expertise related to business transition planning and rural grocery.

Rural Grocery Transition Specialist Network



As of the end of our latest course offering in April 2025, we have officially trained 38 specialists across 16 states.



The Rural Grocery Transition Specialist program is an online course designed to train resource providers to better support rural grocery business transitions.



COURSE DATES
SEPTEMBER 1 THROUGH
NOVEMBER 30, 2025

REGISTER BY
AUGUST 25, 2025

RURALGROCERY.ORG/SPECIALIST

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Initiative

How else can RGI support you?

What does RGI do?

- Provides **technical assistance** to grocers and communities related to rural grocery stores and/or healthy food access
- Conducts **research** on relevant rural grocery and food access issues
- Develops and maintains the **RGI Resource Library**
- Hosts **educational events** and the biennial **National Rural Grocery Summit**
- Serves as Food Access Organization for the **Kansas Healthy Food Initiative**

>>> Visit ruralgrocery.org to learn more!



For more information:

Rural Grocery Initiative

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www.ruralgrocery.org

785-532-6868

Questions and discussion