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2023 Independent Grocers Financial Survey

FMS invites you to participate in the 2023 Independent Grocers Financial Survey. The survey has been a joint effort between FMS and NGA for over 15 years and has become a critical benchmarking tool for independent grocers. The information you provide will give you and your fellow independent grocers valuable insights into the health of our industry and critical benchmarking data for you to plan for the future.



[Click here to go to the survey](#)

You will receive a FREE copy of the survey for your time by participating. Your data will be completely anonymous, and no identifying information will be shared with anyone.

3 Financial Tips to Help Workers Stay & Thrive



Looking to bolster your company's recruitment and retention strategy? With quit rates still higher than pre-pandemic, employers must proactively protect against costly turnover. Below are three tips to help employees stay and thrive.

1. Understand Your Employees' Financial Challenges

According to Netspend's latest study on hourly workers, about one-third say their financial health is fair or poor. That can harm productivity, with a loss of 150 hours each year per employee under financial distress. Plus, financially stressed workers may even quit their jobs due to financial difficulties, creating an expensive situation for employers. On the flip side, many workers would stay in a role for financial benefits that provide them more control over their finances, including direct deposit and online or mobile financial education tools.

2. Give Employees What They Want: Control Over How They're Paid

83% of hourly workers want more frequent pay. You may also be surprised to hear that 16% of workers are still paid by paper check—one of the most expensive and time-consuming ways to access funds. That's a missed opportunity for employers considering that employees prefer direct deposit to other payroll options to improve their financial well-being, and are more likely to stay with or recommend a business to others if it has it. Plus, research shows that financially secure workers are happier in their jobs.

3. Empower Employees with a Strong Financial Tool

Payroll cards, a solution that allows employers to electronically deposit employees' wages onto a prepaid debit card, have become a payment method of choice by employees across the economic spectrum. An effective payroll card program provides employees with both a convenient way to get paid and access to digital tools to help improve their financial futures.

Rediscovering the Lost Art of Pricing Theatre

Wednesday, May 10th at NOON (EDT)

Mark Bartelsian, CEO, Puzl

It isn't news that independents struggle to compete with the big EDLP players and stay relevant to shoppers. The latest data shows that each year 1% of the independent consumer base is walking away in favor of big national chains offering the perception of better value.

Oddly, the generally accepted response from independents to this full-frontal, decade-long attack has been to surrender the low-price perception high ground. Instead, independents nationwide are seemingly all-in for non-pricing ways to create excitement or theatre for guests.

Stores are boosting theatre in the Fresh, Deli, and Bakery departments. In addition, they are investing heavily in destination theatre - making stores places to meet, connect, and shop. But for various reasons, as an industry, independents have stopped believing they can meaningfully compete in the most critical arena of all: pricing theatre.

Unfortunately, ceding pricing theatre to Walmart, Aldi, and Lidl in favor of more boutique, higher-value theatrical offerings only reinforces to guests that they can find better value elsewhere. The big EDLP players do not compete in special fresh zones or destination theatres.

They compete on the hard-core perception of lower prices, which trumps everything else every day of the week. So it is no wonder independents need help to compete.

But is it true that independents can no longer compete on price? What if it were possible to compete on price, improve profitability, and grow revenues simultaneously?

At Puzl, we believe it is time to return to pricing theatre.

Pricing theatre is logical because it responds directly to human nature. It is something innate in all of us. Hunting for and finding great buys generates excitement and relevance. It's why eBay became eBay and why TV shows like Storage Wars, Fixer Upper, or Antiques Roadshow are massively popular.

At the same time, guests' emotional connection with store brands seriously diminishes when they can't find deals. Stores that can't create this emotional connection struggle to stay in business.

The critical question is how. Independents live in a world of too much data and too little actionable intelligence. Independents understand their margins only 6-12 weeks after the fact, meaning they hesitate to take risks with pricing. What can be done?

In our experience at Puzl, stores don't need wholesale pricing reform to get back into the pricing theatre, at least not initially. If stores can understand where their gross margins will be 6-12 weeks in advance, they can model how aggressive they can be on 7-10 front-page ad items while still being able to hit their target margins.

Puzl gives independents a hyper-accurate understanding of their full-blended gross margins in advance and the ability to game out various aggressive pricing and promotional scenarios.

And the results so far are extraordinary. Stores using Puzl are experiencing 0.7-1.5% improvement in profitability while at the same time changing shopper perception of their price image and growing revenue, too.

There is hope. There is a path toward transformative profitability, beginning with pricing theatre.

**On Wednesday,
May 3 at NOON (EDT)
FMS and Puzl will be hosting a webinar
on how you can rediscover the lost art of
pricing theatre.
Click here for the link.
We hope to see you there!**

Maximize Your COVID-19 Employee Retention Tax Credit

As retailers know, the COVID-19 pandemic changed the way businesses operate. The early days of stay-at-home orders, occupancy limits, and hazard pay resulted in unexpected costs for many small business. Thankfully, independent grocers are recouping some of those costs with the Employee Retention Credit (ERC).

Part of the CARES Act, the ERC rewards businesses, including grocers, that kept employees on payroll during the pandemic. It is a credit back on your payroll tax dollars, not a loan, and therefore does not need to be paid back.

And while it may seem too good to be true, there are no restrictions on how retailers can spend their credit. However, many independent grocers are reinvesting the ERC dollars in their business and prepare for one to two years of heavy inflation ahead of us.

FMS has partnered with Syncstream - OnCentive, a reporting and compliance organization, to help independent retailers determine if they qualify for the ERC and if so, how much of a credit they can expect.

Who is eligible?

"This credit is for anyone who paid payroll taxes on employees in 2020 and 2021," says Syncstream's Vice President of Sales Michelle Kershner. "Even if you sold your store in 2021, you can apply."



SyncStream-OnCentive have vast experience qualifying hundreds of retailers based on the following:

- Restriction of occupancy (including Social Distancing)
- Interruptions to normal business
- Inventory price increases
- Lack of inventory from suppliers
- Change in operating hours

Some retailers may think they are disqualified from applying for the credit if they accepted a Paycheck Protection Program (PPP) loan, took a Work Opportunity Tax Credit (WOTC), made a profit in 2020 and/or 2021, or never closed their doors, but Kershner says those actions will not disqualify a retailer from receiving the ERC.

"All the grocers we've qualified had seen strong revenue increases in 2020 and 2021, but they also saw significant business disruptions, from supply shortages to capacity restrictions," Kershner says. "Our team has built an extensive database to identify various eligibility criteria for grocery retailers."

In fact, SyncStream – OnCentive is already working with 900+ retailers and have submitted to the IRS the necessary ERC documentation for the grocers to receive checks totaling over \$300,000,000.



ADVERTISE WITH US

Are you looking to reach a wider audience and boost your brand recognition?

Whether you're looking to promote a new product or service or increase your visibility in the marketplace, we offer a range of advertising options that can help you promote your business and connect with your target audience.

Contact Christy Speed at Christy.Speed@FMSsolutions for more information

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Maximize Your COVID-19 Employee Retention Tax Credit (cont.)

Syncstream-OnCentive, along with assistance from FMS, will handle the bulk of the ERC process for the grocer. Kershner says the retailer only spends between two to four hours over the course of a couple of months gathering the information needed to submit the claim. Once the claim is submitted, Kershner says retailers are currently waiting about six to nine months to receive their checks from the U.S. Treasury.

How much does it cost to apply?

There is no upfront cost for retailers to work with Syncstream-OnCentive to submit their claim. “If you don’t qualify, you’re out nothing,” Kershner says. “If you do qualify, we’ll wait until you get your check to get paid.”

The fees are based on the amount the retailer receives in credits.

- \$1-100,000 in credits: 20% fee
- \$101,000-250,000 in credits: 17.5% fee
- \$251,000-750,000 in credits: 15% fee
- \$751,000-1,000,000 in credits: 12.5% fee
- \$1,000,000+ in credits: 10% fee

Why SyncStream – OnCentive?

FMS has selected SyncStream – OnCentive as its ERC partner for the following reasons:

1. **No upfront payments to evaluate eligibility.**
2. **No upfront “success fee” before filing the credit.** SyncStream – OnCentive only charges once your business receives payment of the successfully claimed credit.
3. **ERC process quality guaranteed.** If the IRS contests a credit, SyncStream – OnCentive will defend their work and they will pay back their fee and any penalty or interest billed by the IRS.
4. **Ample experience and references.** 900+ retailers trusting SyncStream – OnCentive to process their ERC claims and many millions of dollars in checks already received by grocers.
5. **CPAs and tax attorneys on staff.** Including a highly reputable former senior IRS Attorney: Garrett Gregory.

What happens if I’m audited?

Audits can happen to anyone, which is why it’s important, with SyncStream – OnCentive’s assistance, to follow the rules, gather and keep the documentation related to your application. Kershner says some retailers are playing it safe by putting their credit in a bank account to collect interest until after the audit period, when they plan to reinvest it in their business.

“Anything that seems too good to be true, you want a good professional standing behind you,” FMS Solutions CEO Bob Graybill says. “Quite frankly, PPP [Paycheck Protection Program] seemed too good to be true. It worked out for a lot of people. [ERC] sounds that way — it’s about having the backup and understanding the rules, not just putting your hand out.”

When is it too late to apply?

While it’s not too late to apply, Kershner recommends starting the process as soon as possible. The ERC qualification is a lengthy process, and the ERC program begins to expire at the end of calendar 2023.

How do I get started?

Click on one of the following links to self-register for the SyncStream – OnCentive 30-minute webinar:

Click Here
to join a webinar on
Tuesdays
at 11:00am Eastern
(8:00AM Pacific)

Click Here
to join a webinar on
Wednesdays
at 3:00pm Eastern
(8:00AM Pacific)

Alternatively, contact your FMS accountant, sales representative or contact Michelle Kershner at: 877-291-9256 ext. 151 or at: MichelleK@Sync-Stream.com.

The Pulse

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Succession Planning - It's Never Too Early to Plan

Paul Adams, BSR Group

A recent article in the New York Times business section stated that most workers strive to keep their personal and business lives separate. Yet, for those who start or inherit a family-owned business, the opposite is true. And it can get even more complicated when it comes to retirement or transitioning the business to the next generation.

Family-owned businesses in the United States employ close to 60 percent of the nation's workforce. Yet, only about 30 percent of these businesses have a succession or transition plan.

It is a big, sometimes overwhelming topic. To simplify the topic of transition, we can divide it into general areas. There are more, but these three are extremely important:

Preparing for Transition - Often regarded as something that begins a few years from the current leader turning over the operation to new leadership. Yet, it is a process which should take place for a much longer time frame. Good preparation is an on-going process involving developing regular, timely strategic business plans focusing upon such key aspects of the business as the vision, mission, values, operational standards, financial results, people development, physical plant conditions, and competition. Having in place an updated on-going planning process makes any transition easier as the business is viewed from a current perspective. Finally, during the process of long-term planning, often a succession plan for new leadership will emerge.

Developing Effective Successors - Let us assume that the successor will be a family member. It can be a mistake to predict that the eldest child is always the "chosen" one. Find out the motivators and talents of each child. Who appears to have the drive, emotional intelligence, vision, and willingness to lead the company? Perhaps some personality preference testing would be useful. There are many ways to determine this. Once a decision is made, what is the development plan for the selected? Does the person work for a length of time in another company to gain broader experience? Is there a development plan for the individual once back in the company?



What about involvement in other business processes such as the company board, peer share groups, business planning, regular one-on-one meetings with the current leader? The goal is to prepare the child, or children, for leadership succession but also ownership succession.

Preparing for Ownership - In their book, "Family Business Ownership, How to be an Effective Shareholder" by Craig Aronoff and John Ward, the authors identify five attributes of good owners which can be demonstrated and taught to their successors:

1. Be stewards of the business.
2. Consider the welfare of others - family members and employees.
3. Be a constant learner concerning business ownership.
4. Understand that ownership is a privilege.
5. Always try to add value into the business.

Operating a family business is the highlight of entrepreneurial success with passing it on successfully as the apex of that success.

Paul Adams works with Carey Berger of the BSR Group and both are involved with the "Crossroads" program, which focuses upon family transitional planning. He can be contacted at pauladams100@comcast.net .



Take Control of Your Labor Costs

FMS Labor Saver is a complete time and attendance system that gives you powerful and flexible tools to manage your labor costs. Every aspect of the FMS Labor Saver system was designed to effectively reduce labor costs in a way that meets your business needs.



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