

FMS Solutions



NGA Financial Forum

Elevate Financial Insight and Improve Outcomes

PRESENTED BY:

FMS Solutions

Harold Lloyd

Harold Lloyd Presents





Harold Lloyd, Harold Lloyd Presents

Introduction

Charlie Rapiere, FMS Solutions

Using Data to Drive Decision Support

Rachael Gideo, FMS Solutions

Controlling Insurance Costs

**Brian Burgess & Wells Gunn,
Houchens Insurance Group**

**Rethinking the Next Generation of
Independent Grocery**

Carey Berger, The BSR Group

Using Data to Drive Decisions

Rachael Gideo
Sr. Director Solutions Engineering, FMS Solutions

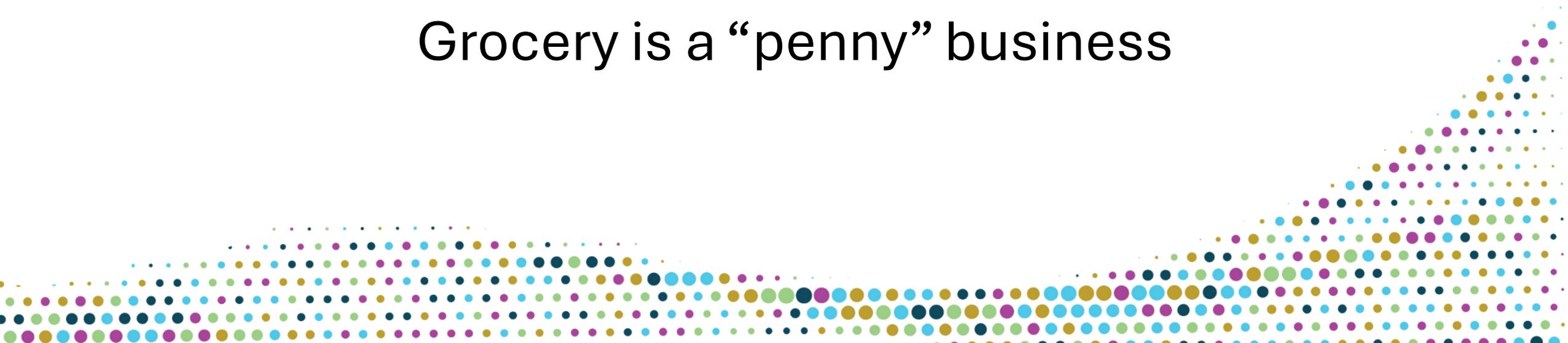


Using Data to Drive Decisions



Independent grocers are operating in an increasingly demanding environment

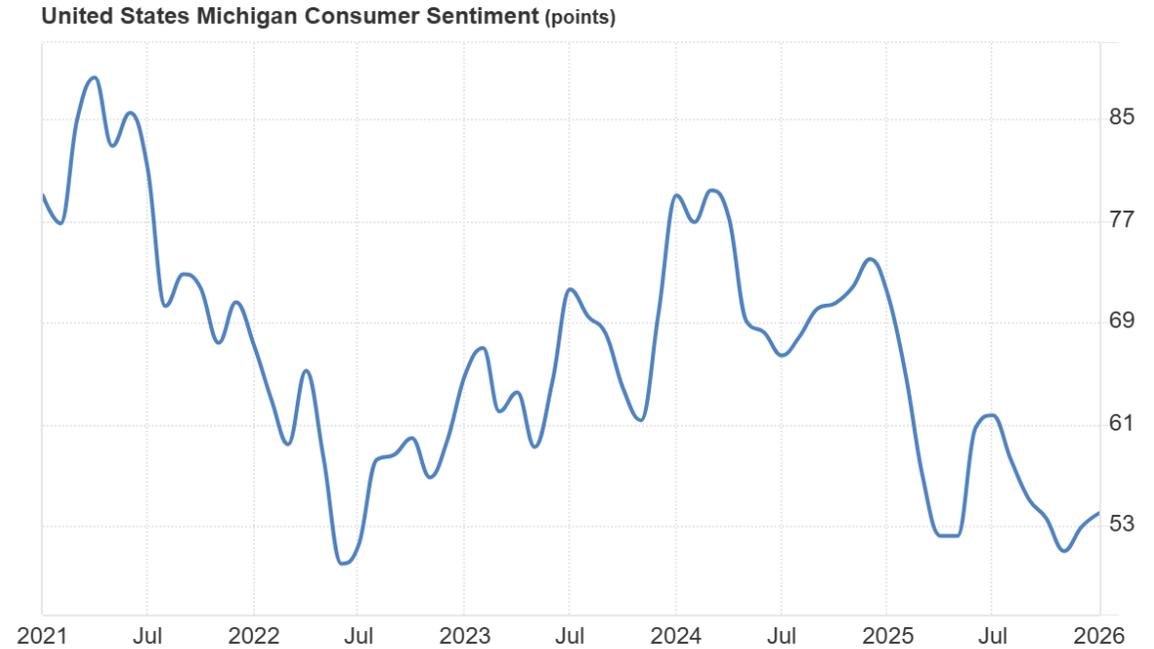
Grocery is a “penny” business





The Economy is “OKAY”

- Consumer sentiment mixed
- Unemployment steady
- Credit stress is rising and personal savings low
- More at home food planning in 2025
- Generational shifts
- Increasingly K shaped economy



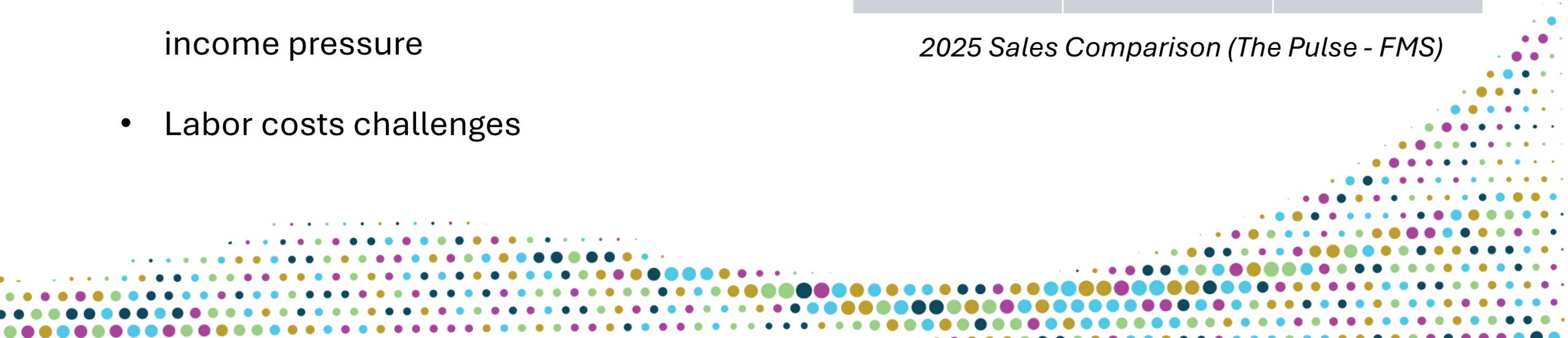
Source: tradingeconomics.com | University of Michigan

Independent Grocers Challenges

- Sales stagnant or down year over year
- Margins under pressure
- Below-the-line expenses inflation
- Consumers under significant disposable income pressure
- Labor costs challenges

	Sales	Customer Count
YTD 2025	-0.13%	-1.62%
Q4 2025	-1.25%	-2.97%
Dec 2025	-1.52%	-3.15%

2025 Sales Comparison (The Pulse - FMS)



What Challenges do YOU face?

What can independent grocers do to get an advantage in this increasingly difficult financial environment?



Get back to basics

&

**Translate data into actions to affect the
bottom line**

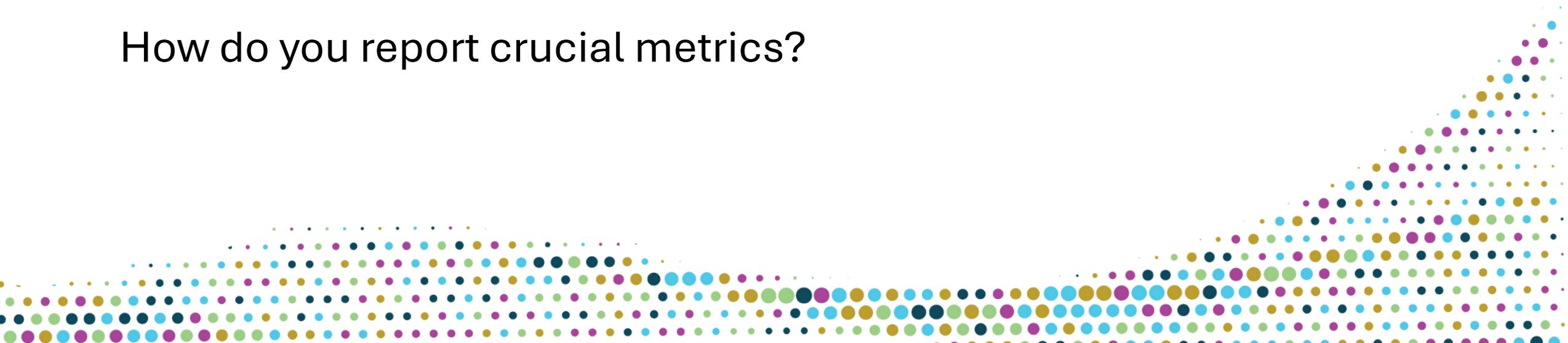
Get back to basics

What does good look like?

Do you prepare a budget and share with your decision makers?

How do you articulate what good looks like to your team?

How do you report crucial metrics?



What does good look like?

Benchmarking:

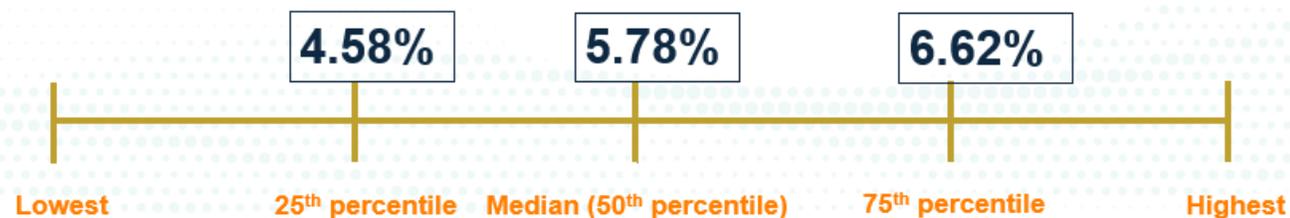
Budgeting

If it isn't written down, it isn't a plan

NGA/FMS Independent Grocer Financial Study

Share Groups

Net profit among the top 25th percentile



Get back to basics

Key benefits and best practices for budgeting include:

- **Strategic Alignment:** Ensuring financial plans support overall business goals and margin plan align with your expense structures to yield profit?
- **Collaborative Process:** Involving team members to improve accuracy and ownership. Involve your key operational personnel in financial planning – they need to KNOW what the numbers mean and why
- **Flexibility:** Adapting to changing conditions rather than being rigid. KPI reporting predicated on your budget plan is **ESSENTIAL AND CRUCIAL!**
- **Balance sheet planning is crucial as well.** Inventory turns, cash flow, etc.

Get back to basics

Regular Monitoring: Reviewing data weekly, monthly or quarterly to track performance. Timely review of your and standard industry key metrics (KPIs) allow you to course correct quickly! Sales, margins, labor, etc.

“Rising costs, labor uncertainty, changing consumer behavior, and growing industry consolidation require operators to make faster, more informed decisions with greater confidence.”



What does good look like?

KPIs:



Sales & Gross Margins



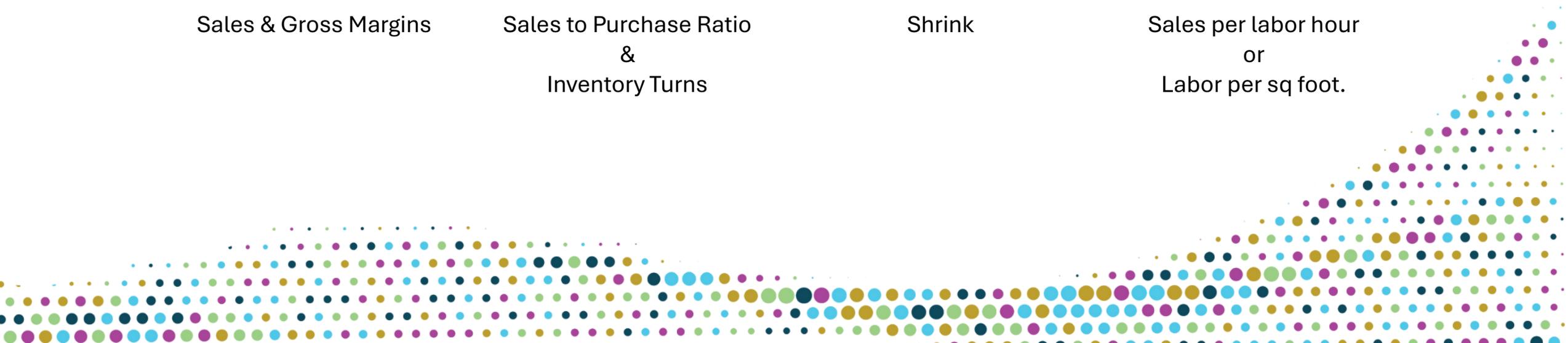
Sales to Purchase Ratio
&
Inventory Turns



Shrink



Sales per labor hour
or
Labor per sq foot.



What does good look like?

2025 Financial Study Data:

Profit Leader results on page 52



Sales & Gross Margins

Sales Median for Same-Stores **+1.3%**

Grosses depend on volume, departments and mix, but Total Store Margin Avg: **27.4%**



Sales to Purchase Ratio
&
Inventory Turns

Inventory Turns Total
Store:
17.8x



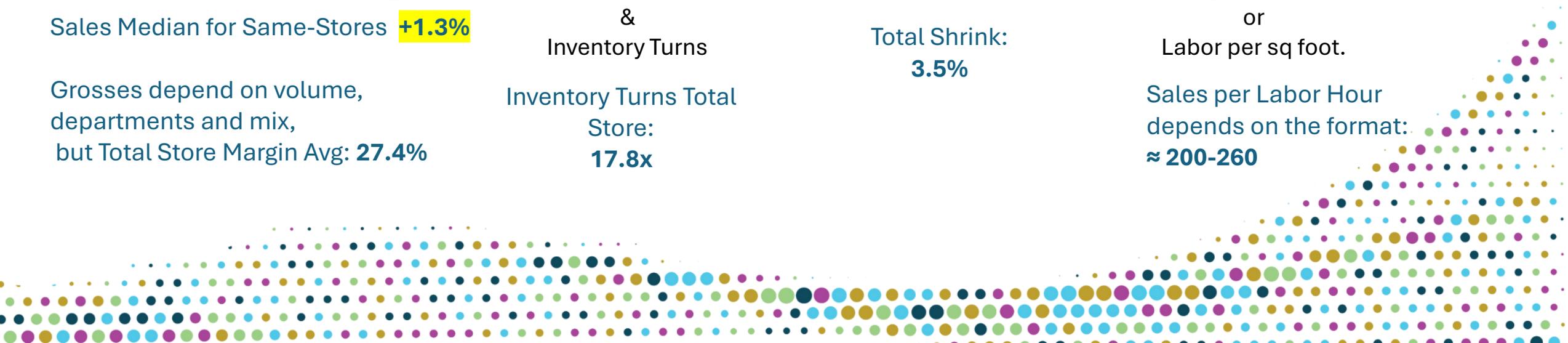
Shrink

Total Shrink:
3.5%



Sales per labor hour
or
Labor per sq foot.

Sales per Labor Hour
depends on the format:
≈ 200-260





How to see the data?

Dashboards and Reporting Platforms

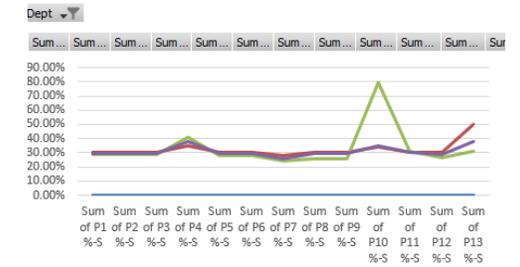
- Aggregates data from multiple systems
- Balcony view to drill down to street level data
- Removes human element



Reporting on a weekly basis

- Data visualizations
- Summarized KPI's

Sum of P1 %-S	0.00%	30.33%	28.55%	29.51%	£
Sum of P2 %-S	0.00%	30.33%	28.55%	29.48%	£
Sum of P3 %-S	0.00%	30.27%	28.48%	29.36%	£
Sum of P4 %-S	0.00%	34.92%	41.25%	37.63%	11
Sum of P5 %-S	0.00%	30.20%	28.23%	29.28%	£
Sum of P6 %-S	0.00%	30.25%	28.33%	29.39%	£
Sum of P7 %-S	0.00%	28.06%	24.51%	25.67%	7
Sum of P8 %-S	0.00%	30.13%	25.97%	29.29%	£
Sum of P9 %-S	0.00%	30.24%	26.09%	29.43%	£
Sum of P10 %-S	0.00%	34.11%	79.65%	35.05%	14
Sum of P11 %-S	0.00%	30.40%	30.95%	30.30%	£
Sum of P12 %-S	0.00%	30.03%	26.69%	28.98%	£
Sum of P13 %-S	0.00%	49.97%	30.72%	37.65%	11



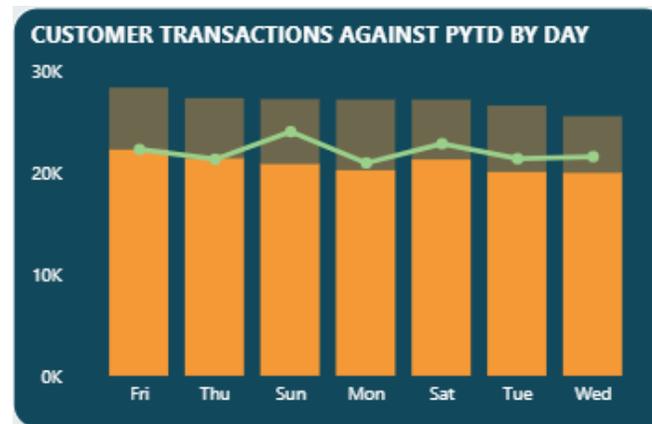
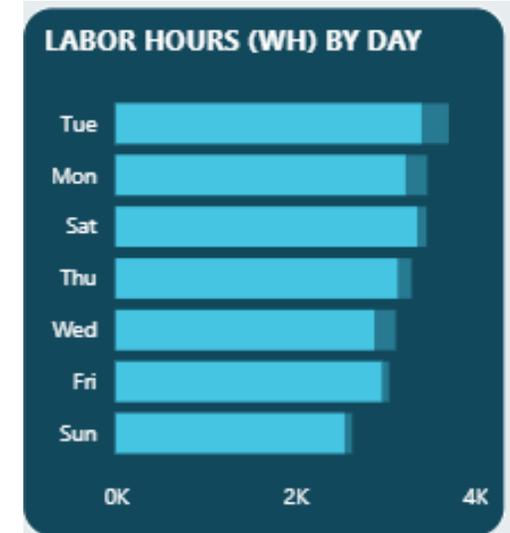
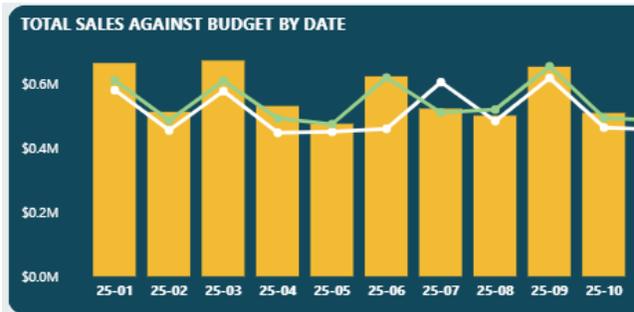
	CURRENT PERIOD	BUDGET	VARIANCE
SALES	(404,273.65)	(382,701.00)	(21,572.65)
COGS	305,869.71	276,558.00	29,311.71
TOTAL GROSS PROFIT	(98,403.94)	(106,143.00)	7,739.06
CUSTOMER COUNT			
TOTAL OTHER INCOME	(5,262.63)	(4,941.00)	(321.63)
TOTAL INCOME	(103,666.57)	(111,084.00)	7,417.43
OPERATING EXPENSES			
SALARIES PAYROLL & EMPLOYEE BENEFITS	60,160.60	51,782.00	8,378.60
STORE SUPPLIES	6,667.69	5,928.00	739.69
STORE PROMOTIONS	-	-	-
ADVERTISING	5,098.54	4,826.00	272.54
TOTAL OPERATING EXPENSES	71,926.83	62,536.00	9,390.83
OCCUPANCY & ADMINISTRATION	49,930.81	49,768.00	162.81
TOTAL EXPENSES	121,857.64	112,304.00	9,553.64
PROFIT & LOSS	18,191.07	1,220.00	16,971.07





Sales Performance Insights

Use data visualizations to find correlations in sales trends and operational decisions.



Pricing and Margin Discipline

Many technologies validate retail pricing to maintain appropriate grosses

Exception reports can tighten up processes without overwhelming end users.
Limit data to make a larger impact.

Eliminate lost margins



Shrink Identification & Control

Gross profit margins are already tight, use technology to find unnecessary shrink data and make operational changes

Track your shrink for *Profit Protection*

View shrink as a training opportunity.



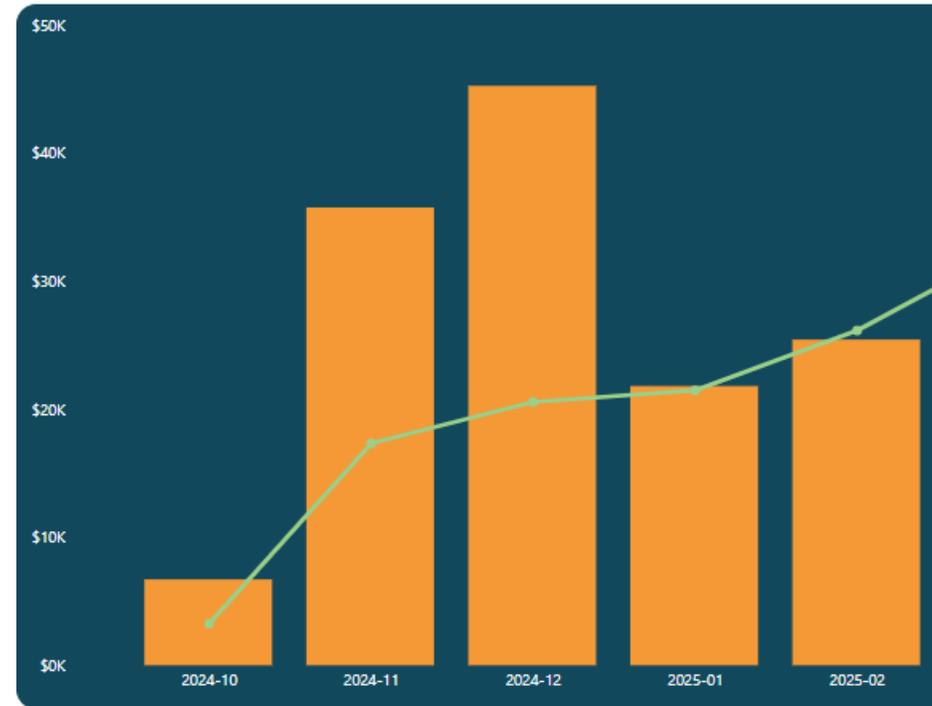


Shrink Identification & Control

Data visualizations and dollar figures together can identify a problem

Track shrink anomalies for better year over year comparisons

Address issues quickly to see resolutions



YearMonth	Total Shrink \$	Total Shrink \$ PYTD
2024-10	\$6,713	\$3,250
2024-11	\$35,747	\$17,330
2024-12	\$45,253	\$20,558
2025-01	\$21,803	\$21,463
2025-02	\$21,463	\$21,463



Labor Challenges

- Minimum wage increases
- Scheduling issues and employee turnover
- Fully burdened labor costs need to be evaluated for strategies.



Labor Optimization

- Utilize productive labor KPI's for ***scheduling and compliance***
≈ 200-260
- Labor per sq. ft. or transaction and other KPI's can eliminate inflation or skewed data
- Fully burdened labor costs need to be evaluated for strategies.

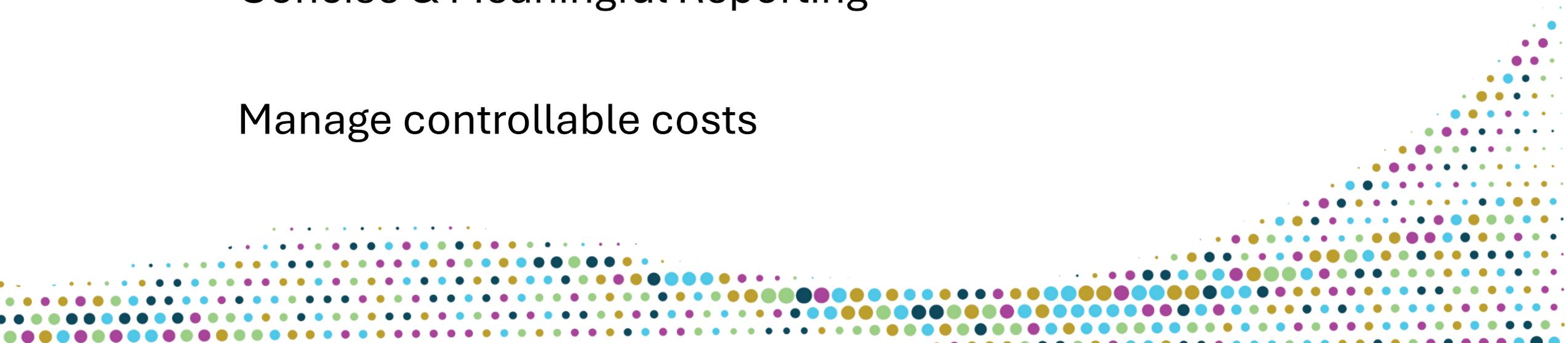
Translate financial insights into action.

Gross profit margins need to be compatible with expense structure

Budget & Forecasting

Concise & Meaningful Reporting

Manage controllable costs



Steps to Success

Determine the goal (budget)

Give decision makers a plan on how to achieve the goals

Give KPI weekly feedback to keep on track goals

Be scrappy and quick to adjust when KPI's are not being met
(forecast)



CONTROLLING INSURANCE COSTS

Presented by:
Wells Gunn & Bryan Burgess





2026 P&C Market Overview for Independent Retail Grocers

Market Conditions That Matter to Grocers

- **Hard market easing**, with increased carrier competition creating opportunities for better pricing and coverage - but only for well-managed, safety focused, low-loss operations
- **The E&S market remains strong**, with increased capacity & aggressive pricing
- Carriers have moved to **stability**, projected combined ratios between 96-97%, carriers remain disciplined
- **Premium Growth slowing to ~3% in 2026**, suggesting stabilization in rate pressures
- **Limited number** of carriers with retail appetite



Minimum Wage Impact on Grocers in 2026

States Increasing Minimum Wages in 2026

- **22 States** raised their minimum wage in 2026, most effective Jan 1st
- **States:** AZ, CA, CO, CT, HI, ME, MI, MN, MO, MT, NE, NJ, NY, OH, RI, SD, VT, VA, WA
- **Mid-year:** AK, FL, OR

Impact on Grocers

- Compressing margins
- Increase in exposure base for Workers Compensation, driving premium dollars due to increase payroll
- Increased cost in work comp losses, indemnity specifically, but also medical with inflation driving medical cost
- Importance of Return-to-Work Program
- Monitoring your experience modifier



Ensuring Insurability: What Independent Grocers Must Demonstrate in 2026

Carrier Expectations in the Current Market

- Know your #s
- Embrace a safety culture
- Risk Transfer with 3rd parties
- Formal policies & procedures
- Consistency across your stores

Key Areas Grocers Must Strengthen/Focus

- **Hazard & Facility Maintenance:** Slip, trip, & falls remain the #1 cause of liability claims
- **Employee Injury Prevention**
- **Refrigeration & Food Safety Controls:** Importance in temp monitoring, formal contingency plan, preventative maintenance
- **Cyber Liability:** Exposures in loyalty programs, POS Systems, Employee data, focus on the proper controls



Top 3 Drivers of Healthcare Cost

- **Cost of Care - \$4.9 Trillion in 2022**
 - Hospital Consolidation
 - Healthcare Inflation is Outpacing Economic Inflation
 - Leads to Leveraged Trend in the Stop Loss Market - +18% to 22%
- **High Cost of Prescription Medications**
 - Pharmacy Spend is **FASTEST** growing & most **CONTROLLABLE!!**
 - Specialty Drugs – Skyrizi \$23K per dose
 - GLP-1 Utilization is up 28% since 2023 / Up to a \$9B Spend
 - Emerging Treatments
 - Gene Therapy / Lenmeldy \$4.25M
 - Sickle Cell Therapy – first successful treatment with Lyfgenia (\$3.1M)
- **Increase in Chronic Diseases**
 - Since 2013 Claims Exceeding \$1M are up 110%
 - Ongoing Chronic Conditions such as Diabetes / Heart Conditions

Solution: Move from Reactive to Proactive

- **Purchasing Health Insurance**
 - Explore Level Funded Options with Traditional Carriers
 - Find a Captive Solution to Transition to Self Funded
- **Pharmacy Solutions**
 - Work with a Transparent Pharmacy Benefit Manager (PBM)
 - Take Advantage of Alternate Sourcing – Buy the Right Rx at the Right Price...
 - Implement BioSimilar First Programs - 4 New in 2026
- **Take a Clinical Approach**
 - Incentivize Employees to seek High Quality Care
 - Add Near Site or Virtual Primary Care
 - Implement Cost Containment Solutions





HIG Case Studies

- **Retailer facing a Fully Insured increase of +17% (+\$172K)**
 - Transitioned to a Captive Solution at an Expected Increase of 3%
 - Implementing PBM & Cost Containment Solutions
- **Retailer with a High-Cost Prescription – Stelara @ \$261K**
 - Resulted in a +30% Increase (+\$176K)
 - Moved to a Self Funded Plan at an Expected Increase of +9% (+\$54K)
 - Member moved to a BioSimilar at \$7200 annual cost
- **ACE Hardware Chain facing a +36% increase (+\$347K)**
 - Implemented a Near Site Clinic Solution with NO Cost Care
 - Adjusted Plan Designs to Drive Care to a lower cost option
 - Implemented a PBM Solution with expected savings of \$97K first year



Contact Us Consumer Staples + Retail



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Two Paths, One Future: Rethinking the Next Generation of Independent Grocery

Understand both short and long-term succession planning considerations, including preparation for unforeseen events and planned ownership transitions.

Carey Berger, The BSR Group, Inc.

Jason Cook, By Chance Markets

Jai Freeman, Freeman Foods

Introducing our Interviewer, Carey Berger

Carey Berger
Founder and Owner, The BSR Group, Inc.

Carey specializes in helping independent grocers make their own informed decisions regarding business succession and transitions.

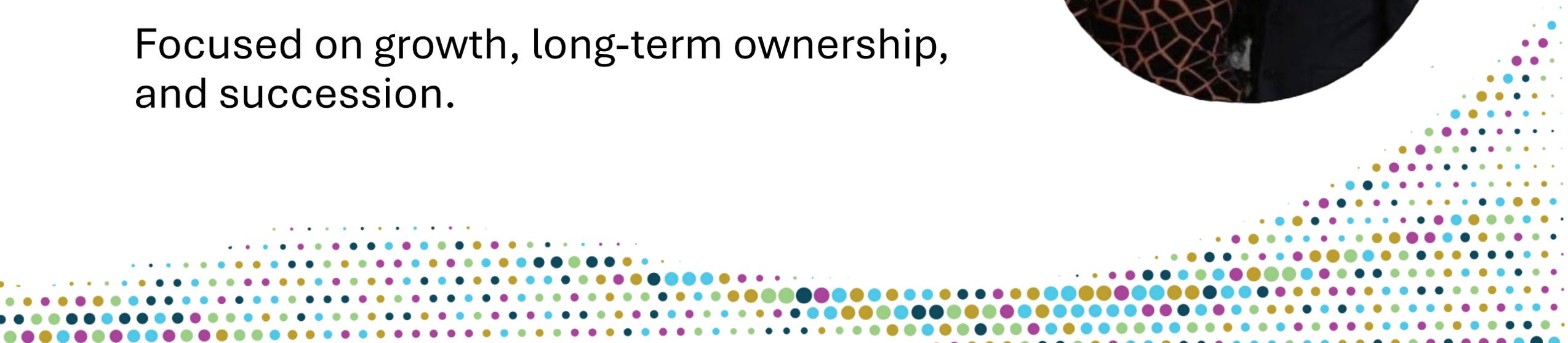


Introduction of Our Panelists – Jason Cook

Jason Cook Founder & Owner, By Chance Markets

Built By Chance Markets from the ground up.
Learned the business hands-on across the
grocery industry.

Focused on growth, long-term ownership,
and succession.





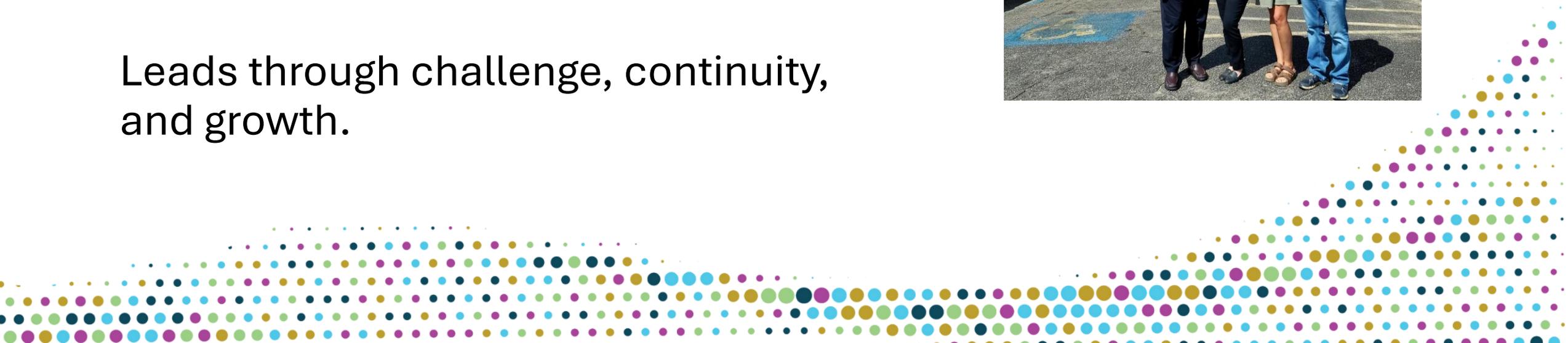
Introduction of Our Panelists – Jai Freeman

Jai Freeman Owner, Freeman Foods

Grew up in the family grocery business.

Earned the opportunity to buy the store at market value.

Leads through challenge, continuity, and growth.



Where are They Now? - Jason

“What happens to us if something happens to you?”



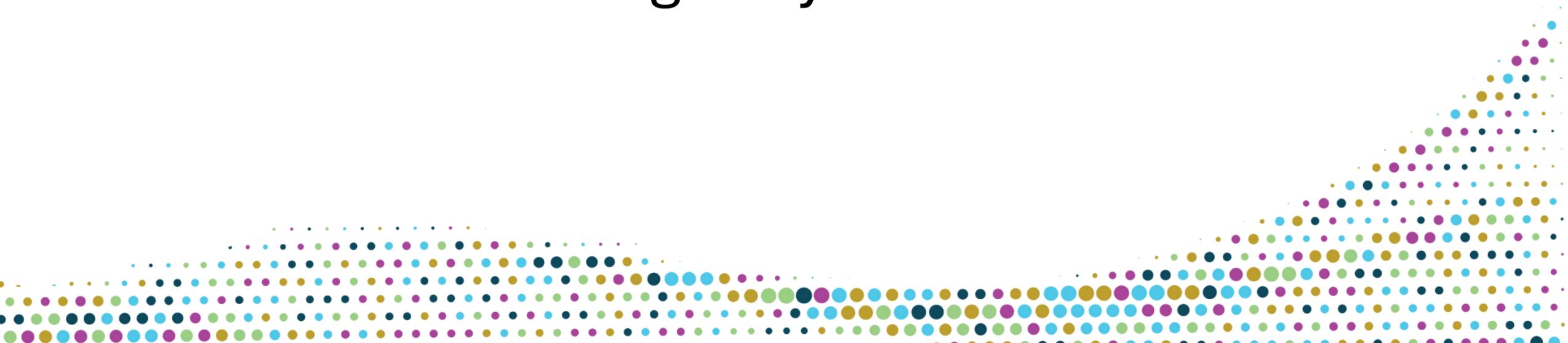
Where are They Now? - Jai

Buying the store – what mattered most when making decisions – the impact of the transition.



Final Thoughts

What excites you most about being in grocery right now, especially at this stage of your lives?



Final Thoughts

What do you think NGA, wholesalers, and others in the industry can do to help make sure independent grocery stays strong?



Thank You

Carey Berger, The BSR Group, Inc.
Jason Cook, By Chance Markets
Jai Freeman, Freeman Foods





FMS PROFIT SUMMIT

TAPATIO  SPRINGS

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SAVE THE DATE

2nd Annual FMS Profit Summit - October 6-8, 2026

Tapatio Springs, Texas Hill Country ★ San Antonio, TX



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Thank you for
your time today.



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